Essays in Comparative Political Economy: Bureaucracy and Participation in Policymaking



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Thesis introduction

This thesis belongs to the subfield of political science called Comparative Political Economy (CPE). As explained in the reference textbook *Comparative Political Economy* by Georg Menz (2017: 8):

> '*In the broadest sense, CPE deals with the interaction of economic and political institutions, based on the changing and fluctuating composition of the economy and the nature of the rules of the game governing the economy. Markets are almost never 'free'; they tend to be established, modified, shaped, and sometimes curtailed by government action and market forces. Regardless of whether we study labour market regulation, industrial relations, training and educational schemes, or systems of finance and banking, in CPE we are interested in what factors underpin different national economies, how they compare internationally, how they evolve, and why and how they emerge, blossom, and disappear. In that sense, we are "comparing' transnationally".*'

Specifically, CPE explores two main directions of causality: how economic choices have political implications and how political institutions affect economic outcomes. As Menz puts it (2017: 4): '*CPE is an encompassing subfield that helps us understand how economic choices have political fall-out, but also how political institutions limit or at least shape economic processes*'. It is in the latter area of research that the three papers presented in this thesis make their contribution.[1] They each draw attention to standalone yet related issues in contemporary political economies, which all relate to the overlooked role of bureaucratic structures and participatory institutions in affecting technological change and economic development.

Before outlining these studies, I begin by providing a theoretical overview of relevant approach in CPE. Historically, comparative political economists have emphasised three main groups of factors as critical to explaining cross-national, or over-time, differences in economic policy

[1] Political institutions will be considered here in very broad terms. I conceptualise that institutions can be both constraints on agency choices and institutions can be designed specifically to promote a set of preferences. The former is closer to the conventional view of institutions as a set of established and (relatively) stable '*rules of the game*' that function as constraints on actors' choices and behaviour (North, 1990), while the latter is closer to the idea of institutions as a policy tool that policymakers choose to promote certain interests or resolve some problem related to public management (Scott & Thomas, 2017). The 'thick conceptualisation' of institutions – institutions as embedded, parametric external constraints – will be more relevant for Paper 1 and its analysis of bureaucratic structures. However, the more 'thin conceptualisation' of institutions – institutions as policy choices endogenous to the situation itself – will be more relevant for Papers 2 and 3 and their analysis of participatory governance. Put differently, institutions as conceptualised in this research project mix the (conventional) concept of institutional constraint with an interest side. Because, ultimately, institutions reflect and embody human actions, or as North (1990) puts it: '*institutions are humanly devised rules'* (echoing the theoretical conceptualisation of the nature of state as an '*institutional order'* as advanced in King & Smith, 2005: 75: '*"Institutional orders" are thus more diversely constituted and loosely bound than state agencies; but they are also more institutionalized, authoritatively empowered, and enduring than many political movements*). Another way to think of it is that sometimes institutions are best considered as exogenous structures (the institutional constraint perspective; i.e. the rules actors follow), while at other times they are best perceived as '*endogenous to the interacting individuals*' (i.e. actors change rules and 'institutions' become endogenous) (Greif, 2005: 14). Each premise captures a distinct, but significant aspect of institutional reality. Subject to the research issue in question, it can be more fitting to study institutions more as (endogenous) policy choices or as (exogenous) self-reinforcing constraints. Therefore, this research project follows Greif (2015: 14) in that '*it is unsatisfactory to assert that either the structural or the agency perspective is always appropriate for studying institutions*'. Both of these seemingly alternative perspectives have their own merits in advancing institutional analysis. Especially given that institutions as policy choices – conditioned by external (institutional) constraints – become over time and some stability institutions as structural constraints themselves.

outcomes. Hall's (1997) interests, ideas and institutions framework is one standard analytical approach for analysing the effects of political-economic constraints and structures on economic processes. First, interest-based analysis emphasizes the material consequences of social and technological changes on different actors – such as firms, labour organisations and political agents. These material consequences induce them to forge coalitions and actively push policy towards their preferred direction so as to protect their interests (Clift, 2014; Lamb & Minx, 2020). For instance, incumbents can organise and engage in a political battle to pre-empt a new challenger firm from entering an established market, or to undermine the development of unfavourable regulatory changes. It is the strength and nature of these material interests across businesses and labour groups that affects what policy coalitions will emerge and, eventually, who will prevail (e.g. Gordon, 1994; Streeck & Thelen, 2005; Swenson, 2002; Thelen, 2014). Actors that are more collectively organised and coherent – such as established businesses and their associations – are generally expected to be better positioned to win regulatory battles. As summarised in Mukand & Rodrik (2018):

'Vested interests representing elites, lobbies, rent-seeking groups, or voters at large are the cornerstone of political economy. By focusing on interests, political economists have shed light on policy and institutional change and the persistence of inefficient policies in a variety of contexts. For instance, industrial lobbies lobby for tariff protection (Grossman and Helpman, 1994), financial interests helped push through the repeal of the Glass-Steagall Act (Kwak and Johnson, 2011), and the threat of expropriation by the masses historically provided elites the incentive to democratize in some parts of the Western world (Acemoglu and Robinson, 2005). The emphasis on vested interests provides economists and other social scientists with a powerful conceptual lens with which to analyse the political determination of policies and institutions.'

Idea-based explanations, on the other hand, argue that worldviews and ideologies underpin the actions of actors – rather than their material interests – and thus play a critical role in policymaking. Specifically, '*certain worldviews can undermine political consensus on important points of policy, such as a pre-disposition towards rationalising the status quo (Jost et al., 2004), or an increasing distrust of 'elites' such as scientists and politicians (Lockwood, 2018)*' (in Lamb & Minx, 2020: 2). In fact, interests themselves are argued to be social constructions. As Blyth (2002: 271) famously puts it, interests are '*social constructs that are open to redefinition through ideological contestation*'. In essence, this approach argues that underlying views of important actors – such as industry leaders and politicians – have a significant autonomous influence on how social and technological change is perceived and eventually acted upon. Ideas are argued to be a catalyst for policy change in their own right. As eloquently argued by Blyth (2002), actors do not act directly out of '*their material interests*', but rather as a result of '*particular* perceptions *of their material interests*' (in Hay, 2004: 209). That said, most idea-based explanations of political economy recognize that ideologies are likely to interact with material interests in producing more or less favourable paths for certain advocacy coalitions (Mukand & Rodrik, 2018; Seidl, 2020). However, what matters is that ideas are assigned an independent role as an explanatory variable, conceptually distinct from 'vested interests'. As exemplified in Mukand & Rodrik (2018, abstract):

'We make an explicit distinction between ideas and vested interests and show how they feed into each other. [...]. Our analytical wedge between ideas and interests relies on this distinction between ex-ante versus ex-post salience of identities and worldviews. Interests are determined by identities and worldviews that are salient ex ante. Ideas possibly intervene to transform these ex post. A broader implication of our framework, therefore, is that today's ideas become tomorrow's interests. In the very short run, it is all about interests. In the long run, it is all ideas.'

However, there are many pitfalls that characterise both idea- and interest-based explanations of economic processes (for an overview, see Hay, 2004). Besides the obvious operationalisation and measurement challenges as well as the difficulties in differentiating

between ideas and interests (see Hay, 2004; Barma & Vogel, 2008: 1-18), it is common for idea-based explanations to downplay interests and interest-based theories to overlook the role of ideas (the importance to consider both is eloquently summarised in Hansen & King, 2001: 237: '*[...] ideas remain powerful expressions of societal interests but depend upon key carriers to realize such expressions*'). For example, in their analysis of the reasons for the Great Financial Crisis (GFC) 2008-2009, Calomiris and Haber (2014) argue that the coalition between major banks and community groups, such as ACORN, played a critical role in leading to an unsustainable consumer credit expansion and housing bubble, which eventually brought down the American economy.[2] But as pointed out in Mukand & Rodrik (2018), one might inquire why the local community groups accepted in the first place the worldview that leveraging poor households with excessive loans – which they would have hard times to service – was the right way to improve the welfare of the poor. Similarly, idea-based explanations of, for example, German austerity policies after the GFC emphasize the country's elites' strong anti-inflationary ideational stance, embedded in stark historical experiences (Blyth, 2013), while overlooking Germany's objective interests: a creditor nation with limited economic slack and thus '*much to gain and little to lose*' from pursuing austerity policies (Mukand & Rodrik, 2018: 29).

More fundamentally, the accounts of political economy stressing the role of ideas and interests as the main explanatory variables generally overlook the influence of the remaining third component of Hall's (1997) 'trinity': the institutions. In general terms, institution-based explanations emphasize the consequences of the organisation and characteristics of political systems – the '*rules of the game*', as famously quipped in North (1990) – on actors' behaviour and policymaking trajectories. In the institutionalist political economy tradition, the state is perceived as having a critical role in determining the conditions for market operations and technological change, while 'locking in' certain patterns of capital and wealth accumulation (Crouch & Streeck, 1997; Gurr & King, 1987; Heilbroner, 1985; King & Le Gales, 2017; Skocpol et al., 1985), but also for reproducing racial prejudice (King & Smith, 2005), economic and monetary policymaking (Jacobs & King, 2009, 2021), corruption (Charron et al., 2017; Dahlström et al., 2012) and the broader quality of governance (Dahlström & Lapuente, 2017). Both the quality of institutions in charge of regulating and governing market interactions (e.g. bureaucratic capabilities) as well their organisational characteristics (e.g. exposure to political business cycles and veto players) are argued to matter for the constraints that emerge in policymaking and economic development (Gurr & King, 1987; Dahlström et al., 2012; Dahlström & Lapuente, 2017; Jacobs & King, 2009, 2021; King & Le Gales, 2017; Kuzemko et al., 2016; Lamb & Minx, 2020; Lockwood et al., 2016; North, 1990). In essence, these authors argue that institutions and their main characteristics – or the '*nature of state*', as some authors prefer to frame it (e.g. Jacobs & King, 2009) – can either foster or inhibit certain politico-economic equilibriums from emerging and being sustained.

Comparative political economists often emphasize the complicated relationship between interests, ideas and institutions in producing policy outputs and socioeconomic development paths (e.g. Hansen & King, 2001). Some authors even argue this interconnectedness locks in specific 'regulatory regimes' – or 'institutional orders' – that are internally consistent, self-reinforcing and hard to alter (e.g. Geels et al., 2017; King & Smith, 2005). However, while not disregarding the contribution of interests and even ideas in sustaining – or effectively altering,

[2] That is, the GFC was the product of the interest coalition between the '*big banks and community groups*' (Mukand & Rodrik, 2018: 29). The former demanded loose regulations to limit its operational costs (e.g. lobbying for minimal capital requirements), while the latter pushed for more access to cheap housing credit to supposedly advance the wellbeing of low-income groups.

as in Blyth (2002) – certain regulatory equilibriums, the three contributions of this doctoral project emphasize the autonomous influence of institutional structures and the incentives they provide to policymakers. Specifically, the theories I advance seek to 'bring back in the state' (King & Lieberman, 2008; Skocpol et al., 1985) – its structures and incentives – for elucidating contemporary policymaking trajectories around the regulation of consumer platforms and economic development, which will be shown to be unjustifiably overlooked in the existing CPE literature. The three papers emphasize the significant yet generally overlooked role of bureaucracy and participatory institutions in affecting policy paths in contemporary policymaking in the consequential areas of digital platform regulation and welfare provision. In that sense, the thesis leans towards the institutionalist arguments about the importance of state and its nature for economic policymaking, albeit with the caveats explained in footnote 1 in mind.

However, the theoretical goal of this thesis is not necessarily to situate itself with respect to the currents in (US) institutionalism. Neither does it feel a particular theoretical need to do so in order to contribute to the CPE scholarship (see Hay, 2004). In fact, effort is made to avoid a crude adherence to 'one side' of the simplistic three-fold categorisation of independent variables – interests, ideas and institutions. Specifically, rather than disregarding the established private interest and idea based theories of political economy – emphasizing the pre-existing constellation of interest groups and labour organisations (e.g. Thelen, 2018; Tzur, 2019) and ideational narrative framing (e.g. Seidl, 2020) – the aim of the three papers is to emphasize that the scholarship on comparative political economy has overlooked an important autonomous influence of state structures with respect to the contemporary policymaking even after controlling for the effects of interests and ideas. It follows in particular the theoretical intuitions advanced in Gurr & King (1987), Jacobs & King (2009), Dahlström et al. (2012); Dahlström & Lapuente (2017), Schnose (2017), Scott & Thomas (2017), Touchton et al. (2017) and Wampler (2008).

As a paper-based thesis, this doctoral project does not have a single overarching theoretical argument it defends across the three papers. Rather, the three papers seek to make three distinct theoretical and empirical contributions in two consequential and analytically fertile areas of policymaking: the contemporary politics around platform regulation and the more traditional area of welfare policymaking. The contributions of this DPhil project demonstrate in separate, yet related, arguments that it is critical to account for the nature of bureaucratic apparatus and the effects of collaborative governance for understanding policymaking dynamics in these two policy areas. But why focus on these specific domains of policy – why do they matter?

Both platform regulation and welfare provision are substantially significant and consequential domains of policymaking. First, platform regulations will determine the future of digital capitalism and the forthcoming investments and corporate development strategies associated with it. Specifically, what has been (misleadingly) labelled as the 'sharing economy' and defined as '*online platforms that help people share access to assets, resources, time, and skills*' (Wosskow, 2014: 13) was estimated to have generated global revenues worth a whopping $15 billion in 2015 and forecasted to grow to a striking $335 billion by 2025 (PwC, 2015). However, despite the continuously increasing economic and societal weight of the platforms, there is still limited research on the political-economic dynamics surrounding their regulation. Specifically, we still know very little about how policy responses emerge around new digital platforms as well as under what conditions opposing parties come to accept them. Ride-hailing is a particularly convenient area of platform policymaking for investigating these dynamics. First, Uber entry is a similar technological shock, and has raised comparable regulatory

questions and challenges across the locations where it has set foot (Thelen, 2018). It facilitates a comparative research approach. Second, Uber entry generally provokes a relatively noteworthy push-back from the incumbent sector, often leaving transportation bureaucrats caught in the middle of these political battles to umpire the way forward (Dubal, 2017). It provides a fertile ground to specifically explore the role of bureaucrats and how different bureaucratic structures might affect the contours platform capitalism takes.

Second, welfare provisions have been critical for fostering socioeconomic advancements for a long time, but particularly in an era characterised by increasing socioeconomic inequalities and even – somewhat shockingly – relative poverty (Milanovic 2016, 2019). Basic socioeconomic welfare also has significant implications for our life chances and the broader flourishing of human capabilities (Sen, 1999). In this context, a large body of literature emphasizes the importance of democratic accountability in producing superior welfare results (Boix, 2001; Brown & Hunter 2004; Garay, 2017; Gerring et al., 2015; McGuire, 2010). But it often remains unclear in these studies what is it about democracy that enhances wellbeing. The implicit assumption appears to be competitive electoral contestations and some mechanism of electoral accountability. However, it is only a partial view on the topic as democratic regimes can also be imagined to have other channels that could foster wellbeing, namely bottom-up citizen empowerment. It is therefore important to clarify the respective roles of high-level accountability and grassroot empowerment in bringing the social and welfare improvements associated with democracies. The study of the effects of participatory institutions – such as participatory budgeting – provides a particularly promising venue for such a research endeavour as these structures can be thought of as enhanced forms of bottom-up citizen empowerment. Last but not least, the significance of participatory governance as an area of research is raised by its increasing widespread use across both developed and developing countries, particularly at the local level (for an overview of the rapid expansion of participatory institutions over the last two decades, see Wampler et al., 2021, and Touchton et al., 2020).

Paper 1 carries out a comparative case study of the challenges facing Uber when first entering the markets of both San Francisco and London, and asks when do digital consumer platforms face a regulatory push-back and when a regulatory accommodation? In particular, while both partisan and interest-based policymaking theories often overlook the role of bureaucrats – the actors who are actually in charge of designing, negotiating and implementing policies (Boix, 1998; Dalton et al., 2011; Garrett, 1998; Romeijn, 2020) –, I focus specifically on these by 'bringing the bureaucrats back in'. The case selections are thus instructive in this regard as while the cities are similarly in many respects, they differ considerably in the nature of the political executive-bureaucracy relationship. The study shows how bureaucratic nature – whether meritocratic, insulated and materially well-resourced (London), or not (San Francisco) – critically affects how policymaking around ride-hailing platforms plays out. The results indicate that nothing is so novel about contemporary consumer platforms – at least in the case of ride-hailing apps – that justifies disregarding established theories of bureaucratic influence (Dahlström et al., 2012; Huber & Shipan, 2002), despite recent and already influential contributions to the contrary (namely, the consumer-platform alliance theory advanced – perhaps somewhat surprisingly – in Culpepper & Thelen, 2020; more in Paper 1).

Secondly, the established political economy theories on economic development generally focus on the quality of conventional (electoral) institutions (Boix, 2001; Brown & Hunter 2004; Garay, 2017; Gerring et al., 2015; McGuire, 2010) and the constellation of private and labour interests (Gordon, 1994; Jacoby, 1997; Martin, 2000; Swenson, 2002) in explaining cross-country differences in welfare provision and human development. However, the nature of

political participation often goes overlooked in these theoretical formulations and empirical investigations. What is it about democracy that fosters welfare gains and more social spending? Paper 2 addresses this literature gap through a case study of participatory budgeting in Brazil by examining how the presence of this particularly deepened form of bottom-up participation affects spending and socioeconomic development patterns, even after controlling for the quality of electoral institutions and other possible confounders. The results suggest that the overlooked role of institutionalised bottom-up participation in the existing political economy of development literature – which mostly focuses and measures electoral aspects of polities – could explain its weak and inconsistent findings with respect to the relationship between democracy and human development.

Lastly, Paper 3 seeks to bring together the topics of platform regulation and participatory democracy examined in the previous two papers by examining under what conditions bureaucrats decide to expand participation in the first place, while using ride-hailing regulation as an empirical case. To do this, I carry out a comparative case study of Uber policymaking in Estonia and Taiwan, drawing attention to the strategic problem-solving motives behind bureaucrats' decision to expand participation in the ride-hailing cases examined. As it appears, collaborative governance practices are likely to be implemented primarily when policy conflict in question runs high enough so as to tilt the benefits associated with practicing deepened participation (more legitimacy and actors 'buy-in') to outweigh its costs (more time and funding needed, as well as less policy control).

In terms of the cases, as one can observe from the brief outlines above, this thesis project loosens the standard focus of CPE literature on advanced liberal democracies, generally implying countries in the Western Europe and North America. Contemporary 'democratic capitalism' (as Boix, 2019, labels it) – be it in South-East Asia, Eastern Europe, South America or Western Europe and North America – is facing an increasingly comparable set of domestic and external pressures, such as the rise of populist politics, right-wing nationalism, globalisation pressures, increasing wealth inequality, technological change and digital platforms as 'semi-sovereigns' (Frey, 2019; Sundararajan, 2016; Susskind, 2018). However, in this context the geographical focus of the traditional CPE literature (e.g. the Varieties of Capitalism studies) – which has often been exclusively on 'advanced capitalist economies', often proxied through the OECD membership – appears overly restrictive. Albeit understandably caution must be applied in research design to ensure 'apples are compared to apples', it is assumed in this doctoral project that several key concepts of contemporary political economy are likely to travel increasingly well across established capitalist democracies under similar technological and political pressures. And indeed my evidence does provide support that the rise of 'noisy politics' – characterised by consumer mobilizing platforms, participatory governance and political populism – does not only affect democratic capitalism in the cases of Western Europe and North America, but indeed travels beyond.

The theoretical and empirical work presented has benefited from having chosen the standalone paper-based thesis format. It allowed for sufficient theoretical flexibility to address three distinct research questions, while limiting the potential pitfall of conceptual stretching. Lacking an overarching theoretical argument perhaps limits some form of 'immediate intelligibility' of this doctoral project – that is, the '*cost may be theoretical intractability*' (Iversen, 2011: 827) –, but crucially it improves correspondence and complexity across the three analyses presented. Borrowing from Hay (2004: 218), my aim has been to avoid fitting '*a variety of angular pegs of different sizes and shapes into a common round hole*'. That is, developing a '*theoretical framework within which the extensive empirical evidence presented is insufficiently flexible to*

do justice either to the complexity and contingency of the issues [...] or to the variance in the dependent variables – over time or between cases' (Hay, 2004: 218). Indeed, the rich empirical evidence collected for this thesis project as a whole (field interviews, an original dataset etc.) was best operationalised across three standalone studies. In short, this thesis project departed from the assumption that although '*parsimony, analytical purchase and predictive capacity*' are important standards against which to evaluate competing theories so are '*complexity and correspondence*' as such standards (Hay, 2004: 212).

And yet, there is a consistent underlying theoretical theme across the three papers. In broad terms, the theoretical aim of this DPhil project is to emphasize how institutional constraints – and the incentives they equip policymakers with – systematically delimit policy processes around new technology adoption and welfare provision. Specifically, this doctoral project is animated by the aspiration to discern to what extent the institutional variables of bureaucracy and participatory institutions – often overlooked in the traditional CPE literature, as will be discussed more specifically in each paper's literature review (again few noteworthy exceptions exist, such as Dahlström et al., 2012, Dahlström & Lapuente, 2017, and Jacobs & King, 2009, 2021) – affect contemporary dynamics around economic policymaking. Therefore, the critical backdrop is the relatively limited attention paid to the dimensions of bureaucratic structures and participatory institutions in the existing CPE scholarship (for an overview, see Menz 2017, and Barma & Vogel, 2008: 1-18).[3] If one unifying research theme should be singled out for this doctoral project, it would be comparative governance patterns.

In addressing this research agenda and as alluded to above, the three papers draw on the literatures of public administration and bureaucratic studies (e.g. Dahlström et al., 2012; Dahlström & Lapuente, 2017; Huber & Shipan, 2002; Jacobs & King, 2021; Schnose, 2017) as well as that of participatory democracy and collaborative governance (e.g. Scott & Thomas, 2017; Touchton et al., 2017; Wampler, 2008; Wampler et al., 2021) with the goal to 'bring back in the state' (Gurr & King, 1987; Jacobs & King, 2009; King & Smith, 2005; Skocpol et al., 1985). The objective is to incorporate theoretical insights from established public administration and participatory democracy theories into the study of CPE and demonstrate empirically how these factors are also critical for contemporary policymaking paths around consumer platforms as well as welfare development. Specifically, I show that the existing CPE theories over-emphasize the role of interest groups, labour organisations, government partisanship and dominant ideologies, while unjustifiably downplay – or outright ignore – a significant autonomous source of policy influence from bureaucracy and participation in policymaking. I demonstrate that these factors remain critical for policy outcomes in various geographical locations.

In a way, by stressing that institutional constraints and incentives matter, the thesis also speaks to the intellectual tradition of the influential Varieties of Capitalism literature, which has been one of the dominant subfields of CPE since the late 1990s (Hall & Soskice, 2001; Hancké et al., 2007). In simplified terms, these authors categorise different political systems according to their politico-economic models of governance and then stress the implications of these distinct

[3] Again, it must be stressed that there are some noteworthy exceptions, namely the CPE scholar Carl Dahlström, who has studied bureaucratic influence on various 'good governance' practices (e.g. Charron et al., 2017; Dahlström & Lapuente, 2010, 2017; Dahlström et al., 2012, 2017) and Desmond King, who has developed a highly conceptual theory of the nature of the state and its structural, embedded impact across policy domains, ranging from race politics (King & Smith, 2005) to monetary policymaking (Jacobs & King, 2021) to patterns of wealth accumulation (Gurr & King, 1987; Jacobs & King, 2009) to the rise of populist politics (King & Le Gales, 2017, 2017b).

institutional arrangements for socio-economic outcomes. However, unlike the classical VoC literature that argues that some combinations of core institutional features produce superior economic and innovation performance compared to others (e.g. institutional coherence is preferred over intermediate, 'mixed' regimes; see Hall & Soskice, 2001), the three papers presented in this thesis show that certain institutions, or institutional configurations, produce systematically *different* policy outcomes than others (e.g. meritocratic versus partisan bureaucracies, participatory versus representative institutions), all else being equal. Although the three papers do not seek to specifically engage with the VoC literature, it remains a broader disciplinary milestone of the 'institutionalist turn' in the CPE literature that this thesis project draws upon. However, the three papers make an effort to limit any normative underpinnings or 'policy prescriptions' in their analysis.

Put differently, the three papers of this DPhil project examine – each from their own distinct angle – the importance of the *nature of the state* for technological and economic change. The broader comparative politics scholarship has a long tradition emphasizing the importance of the state and its characteristics for the regulation of market activities and economic performance (e.g. Gurr & King, 1987; Finegold & Skocpol 1984; Heclo, 1974; Jacobs & King, 2009; King & Smith, 2005; Skocpol et al., 1985; Skocpol & Finegold, 1982; Skocpol et al., 1985). These scholars examine '*how and when do states regulate and what actors and factors drive them? Are states still capable or, maybe more importantly, willing to reregulate market processes?*' (Menz, 2017: 7). The three papers presented in this DPhil project also adhere to this research programme.

An important area of difference for this thesis project is vis-à-vis the assumption that a large part of contemporary policymaking is still characterised by 'quiet politics' (Culpepper, 2010). If this was the case, the policymaking model presented in Culpepper (2010) would still accurately account for most of the policy processes studied in this paper. Specifically, the core insight from the 'quiet politics' theory suggests that '*the more the public cares about an issue, the less managerial organizations will be able to exercise disproportionate influence over the rules governing that issue. In other words, business power goes down as political salience goes up*' (Culpepper, 2010: 17). This thesis project does not disagree in and of itself with Culpepper's central proposition that low salience can under certain circumstances be beneficial for businesses pursuing their preferred policies.[4] Rather, it draws attention to the fact that numerous contemporary spheres of policymaking are no longer 'quiet' and hence the continued relevance of the quiet/noisy politics dichotomy itself has become questionable.

In fact, an increasing array of contemporary policy spheres – such as ride-hailing (Uber) and short-term rentals (Airbnb) – are notoriously 'noisy' as far as public attention and debate, media coverage, street protests and consumer mobilizations, and overall intensified and politicized atmosphere around them is concerned (Rosebrook, 2019). In these circumstances, Culpepper's main argument that businesses prefer 'quiet politics' and prefer not to be dragged into the limelight of policymaking simply does not hold up against the empirics of contemporary

[4] Culpepper's proposed mechanism for why 'quiet' politics is beneficial to businesses is neatly summarised in Morgan & Ibsen (2021: 4): '*Culpepper proposes that where issues are of low salience to the public, business is able to be highly influential in shaping policies and regulations, in part because it has the expertise and capabilities that government requires to understand complex and technical situations and in part because governments generally make it their business to provide a favorable environment for business and therefore need to know what business requires. Allowing business to have a central role in policy discussion and formulation, therefore, suits both sides. Such a role takes place "quietly", with minimal scrutiny from the public or from politicians who have little knowledge or understanding of the issues and have no great incentive to become interested*.'

policymaking. To the contrary, firms like Uber actively seek to mobilize consumers on their behalf to make their regulation as 'noisy' and politized a topic as possible, while both taxi and ride-hailing firms are constantly deploying several 'outsider strategies' – such as large-scale street protests, road blockages and public petition campaigns – to pressure and win over regulators in cities around the world (Dubal, 2017; more in Paper 1).

Additionally, an increasing array of contemporary policy processes are constrained by the expanding use of collaborative governance principles and procedures – at the backdrop of heightened demands for more public inclusion and transparency in an era of voter dissatisfaction and absenteeism (Dalton, 2017; Scott & Thomas, 2017). Dalton's (2017) rigorous study of participation trends across the established democracies in the last two decades concludes that there has been an expansion in non-electoral forms and institutions of citizen engagement and participation: '*The decline in voting turnout is obvious and a very troubling trend. However, the good news is that democratic institutional reforms and citizen innovation have increased the number and variety of access points that people can use to influence political outcomes. The expansion in citizen skills and resources also enables more people to engage in these more demanding forms of participation. Direct contact with political leaders has increased. More people are joining public interest groups, civic associations, Bürgerinitiativen, and other collective forms of action. [...]. Many of these activities also offer greater policy content and policy focus than the simple act of voting'.* Put differently, the 'noisy politics' – in the form of increased public deliberation and civic scrutiny over policy processes – appears to characterise numerous contemporary policymaking spheres, particularly where outright participatory governance structures – such as participatory budgeting – have been implemented (Dalton, 2017; Wampler et al., 2021). The explicit goal of the latter is to raise civic oversight and transparency over policymaking, as will be explained in Paper 2. But bureaucrats themselves are also likely to make *ad hoc* use of the 'participatory engagement toolkit' to bridge entrenched policy divides and build a consensus, as will be discussed in Paper 3. It will show that the standard view of bureaucrats as 'bastions of exclusionary policymaking' is often overly simplistic and even misleading.

Taken together, this dual rise of consumer-mobilizing platforms and collaborative governance practices – not to mention the broader political tendency towards populism – is likely to make policymaking increasingly 'noisy' in the Culpepperian sense (2010) in contemporary democratic polities, In fact, and problematically for Culpepper's noisy/quiet politics theory, many contemporary businesses – such as Uber and Airbnb – seem to explicitly prefer 'noisy politics' and manifestly public confrontations – 'taking the politics to the streets' – over 'quiet politics' and behind-the-doors influence peddling. As it happens, contemporary platform firms like Uber and Airbnb appear to assume that 'noisy' rather than 'quiet' politics maximizes their influence in policy process and chances of obtaining a favourable regulatory outcome.

The main implication of this observation for the study of CPE is that the relative weight of institutions and actors other than private and business interests – such as bureaucrats and even citizens/consumers – is likely to be more significant than could be expected under the Culpepperian model. The 'noisy' nature of policymaking around contemporary regulatory issues – such as ride-hailing regulation – calls for more attention to structures and actors other than 'vested interests' and their lobbying. The particular emphasis in this doctoral project will be placed on bureaucrats and citizens. As Culpepper (2010) himself concedes (summarised in Morgan & Ibsen, 2021: 4):

'[...] when issues become of high salience to the public and to politicians and move out of the sphere of quiet politics, then business becomes merely one actor among many in a crowded and cacophonous public sphere.

Although business may be a particularly powerful voice because it has the financial resources to fund sophisticated lobbying efforts, it can still find itself on the losing side of the argument in situations where politicians are prioritizing winning the next election. In these circumstances, governments may not want to alienate key sectors of the electorate by seeming to "favor" business interests. Such an accusation can in certain circumstances swiftly delegitimate the opinions of individuals, parties, and business associations by shading into broader themes of corruption and self-interest'.

Similarly, the collection of articles in the recent special edition of the journal *Politics & Society* (Morgan & Ibsen, 2021) support the notion that the rise in 'noisy' politics – mostly equated to growing right- and left-wing populism, but also direct democracy (e.g. Switzerland's use of referenda) – have undermined instrumental business power. As the introductory article to the edition summarises (Morgan & Ibsen, 2021: 8, 13): '*Many of the case studies in this issue support Culpepper's proposition that business interests have to compete on a more equal footing with other interests, once politics becomes noisy. [...] the articles in this issue point to the difficulty of sustaining quiet politics in the current period and in certain countries.*' It is this fundamental observation about the increasing 'noisiness' of contemporary policymaking – reinforced by the rise of populist politics, with Brexit and Trump as paradigmatic examples (see Morgan & Ibsen, 2021) – from which this thesis project departs. This rise of 'noisy politics' – or 'an era of noisy politics', as put in Morgan & Ibsen's (2012) special journal edition of the same name – provides an interesting and important area of investigation for social scientists. Perhaps especially so for comparative political economists instinctively interested in understanding the influence and relative weight of different actors – both 'demand' side (e.g. private interests) and 'supply' side (e.g. bureaucrats and their principals) – over markets and economic development. Each of the three papers of this DPhil project – as already outlined – address one consequential research question with respect to this rise of 'noisy politics' and associated policymaking.

To summarize, each paper of this DPhil project will address one substantively important research questions that has only partially been addressed in the existing CPE literature. They fill a broader lacuna in the existing comparative political economy literature with respect to the role of bureaucracy and participation in policymaking, specifically in an era of increasingly 'noisy' politics (for notable exceptions, see Charron et al., 2017; Dahlström & Lapuente, 2010, 2017; Dahlström et al., 2012, 2017; Gurr & King, 1987; Jacobs & King, 2009, 2021; King & Smith, 2005). Each paper 'brings back in' into the policymaking picture some insight from an established theory – either on bureaucratic influence (Dahlström et al., 2012; Huber & Shipan, 2002; Schnose, 2017) or participatory democracy (Scott & Thomas, 2017; Touchton et al., 2017; Wampler 2008) – in order to explain the sources of change around platform regulation (Paper 1), welfare provision (Paper 2), and collaborative governance (Paper 3). These sources of change have remained largely overlooked in both the more established as well as more recent CPE literature on democratic capitalism (e.g. Culpepper, 2010; Culpepper & Thelen, 2020; Thelen, 2018; Tzur, 2019). In brief, the three contributions emphasize the overlooked – yet critical – role of bureaucratic structures and participatory processes in shaping the nature of contemporary digital capitalism and welfare development.

Methodologically, in each paper the goal is to provide a *theory*-driven analysis of one critical issue that concerns either platform capitalism or collaborative governance (versus post-hoc description). In line with the broader CPE tradition, the primary analytical lens will be both comparativist and institutionalist.[5] Specifically, the three papers aim to provide insights and a

[5] As pointed out in Menz (2017: 10-11): 'Early CPE scholarship preceded the division between the study of politics and economics as separate academic disciplines. [...]. Yet, in the modern era, with the discipline of

deeper understanding of bureaucratic structures (Paper 1) and participatory institutions (Paper 2) in policymaking by juxtaposition with other such systems. However, I also account for the broader problem context and its implications on policymaking (Paper 3). The aim is to use comparative research methods to identify embedded policymaking patterns, rather than being caught up in the more impressionistic issues of *du jour* (Menz, 2017: 12).[6] Importantly, all three papers are clearly advancing a comprehensive set of testable hypothesis based on established theoretical propositions, as opposed to an '*abstracted re-description*' as an explanation of specific outcomes (Hay, 2004: 2011).

In a nutshell then, this DPhil project addresses three distinct, yet interrelated, questions with respect to the nature of contemporary digital capitalism and participatory governance. Closely following standard comparative politics research practices, I test several established theories about bureaucratic influence and participatory benefits on contemporary policymaking cases across capitalist democracies (Paper 1 and Paper 2). I also develop a somewhat more original theoretical proposition on the strategic use of participatory tools in the last paper (Paper 3). The primary goal of this doctoral project is to theoretically explain and empirically validate the overlooked – yet consequential – role of bureaucracy and participation in contemporary policymaking. Through my findings from the three papers, I emphasize that bureaucratic structures and participatory governance can often act as significant catalysing forces, which delimit some policy paths, while nurturing others (*Table 1*).

economics defining itself as distinct from other social sciences and taking a distinctly mathematical turn in the early twentieth century, comparative political economy remains dominated by contributions from the discipline of political science and, as such, it has come to be heavily coloured by an emphasis on institutions'.

[6] Historically, CPE as a discipline has arguably often been more or less guilty in '*being caught up in impressionistic sentiments*', to borrow an expression from Menz (2017: 11) (e.g. Japan and West Germany hailed as the 'winning' capitalist politico-economic models in the 1970s (e.g. Johnson, 1982; Thurow, 1993), only for CPE scholars to relegate Germany to the status of the 'sick man of Europe' (Streeck, 1997) and condemn Japan as destined for endemic stagnation in the 1970s. Thus, the propositions advanced must be careful not to selectively 'pick' the winning explanation, while caught up in the *zeitgeist* (as will be explained in Paper 1, this specific weakness appears to haunt Culpepper & Thelen (2020) who argue that platform firms have introduced a completely new model of 'influence peddling' characterised by unprecedented consumer power that regulators find hard to oppose).

Table 1. The policymaking dynamics emphasized in the three papers.

Paper	**Research question**	**Main explanation**	**Methodological approach**	**Empirical cases investigated**
1	Why Uber gets a favourable regulation in some locations, but not others?	Bureaucratic structure (meritocratic vs partisan) induces systematically different policy responses across cities, with meritocratic career bureaucrats more oriented towards policy *status quo*.	Comparative process tracing case studies – two otherwise similar cases, except for the nature of bureaucracy.	London (meritocratic bureaucracy) versus San Francisco (partisan bureaucracy).
2	What effect does participatory democracy have on wellbeing, even after accounting for differences in electoral democracy?	Deepened bottom-up participation fosters social accountability, which limits waste and increases pro-welfare spending.	Large-*n* statistical analysis employing a two-stage treatment effects model (253 municipalities x 20 years = 5060 cross-sectional units).	Largest Brazilian municipalities between 1989-2008.
3	What motivates bureaucrats to expand participation?	Policy-makers expand participation when costs (time, resources, less control) are outweighed by benefits (more legitimacy, actors 'buy-in'), which is likely to occur in intense policy conflict situations.	Standalone and comparative process tracing case studies – two countries with a similar (meritocratic) bureaucracy but exposed to a different 'Uber shock'.	Estonia (moderate Uber shock) versus Taiwan (intense Uber shock).

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Paper 1

The ‘unmerit’ of meritocracy? How bureaucratic professionalism can hamper new technology adoption

Abstract

Why are new technology platforms such as Uber more regulated in some localities than others? Existing explanations on 'platform politics' have focused on consumer-platform alliances (Culpepper & Thelen, 2020), the pre-existing constellation of actors of interest (Rosebrook, 2019; Thelen, 2018; Tzur, 2019) and narrative framing (Seidl, 2020), while much of comparative politics literature stresses the critical role of political parties in translating individuals' preferences into policies (e.g. Adams, 2012; Boix, 1998; Dalton et al., 2011; Garrett, 1998; Romeijn, 2020). However, scholars often overlook the critical role of bureaucracy in connecting political preferences to policy output. In this paper, I argue that the bureaucratic apparatus is crucial to whether a new technology platform – such as Uber – has an 'easy ride' towards its preferred policy destination. Specifically, a political system with a meritocratic bureaucracy that is politically insulated and securely resourced produces a more challenging path towards a pro-Uber policy reversal of existing regulatory standards than a political system with a partisan bureaucracy that is less insulated and securely resourced. The mechanism is the result of a more sophisticated and permanent career bureaucracy in a meritocratic system, which responds to internal organisational and professional objectives rather than external political stimuli and consumer pressures. It limits the influence of Uber's consumer mobilization tactics and politicians' efforts to appear 'open to innovation' on policy process.

I test my theoretical proposition using a comparative case study of Uber policymaking in London, the main case, and San Francisco, the shadow case. I find that bureaucratic professionalism partly explains a more challenging path towards a regulatory reversal of existing for-hire transport requirements and is associated with more regulatory stability. The main contribution the paper makes is to tackle a general lacunae in the comparative politics literature on platform policymaking by 'bringing the bureaucracy back in' (Skocpol et al., 1985) and highlighting the autonomous influence of bureaucracy on the paths around new technology adoption. The existing theories over-emphasize the role of private interests, consumer power and partisan demands, while ignoring the critical role of bureaucracy in translating these pressures into a policy output. Nothing is so unique about contemporary digital platforms as to disregard the established principal-agent and public administration theories stressing autonomous bureaucratic influence (Dahlström et al., 2012; Hood & Lodge, 2006; Huber & Shipan, 2002).

Introduction

Governments around the world are grappling with the rise of the platform economy. They have to increasingly adapt to new technological environments and their associated social and economic implications. The challenging nature of how policy-makers should respond to these transformations is highlighted in the case of Uber regulation where politicians at all levels are struggling to respond to this disruptive service. The socio-economic and labour market implications associated with the rise of the 'gig economy', enabled by new digital marketplaces like Uber app, are increasingly well-documented.[1] However, what are less well understood are the political-institutional conditions under which these new technology firms initially obtain a favourable regulatory response. That is, it remains unclear under what conditions do permissive regulatory environments around new digital consumer platforms emerge.

A favourable regulatory environment as an enabling factor for technological change has been important throughout much of modern economic history, as illustrated by the paths towards the wide-spread adoption of most general-purpose technologies (Brose, 2014). Similarly, contemporary digital platforms thrive not only due to their technological superiority – such as algorithmic matching – but also as a result of benign regulatory frameworks (Culpepper & Thelen, 2020; Tzur, 2019). In fact, a restrictive regulatory environment often implies a fall of an otherwise 'innovative' and successful platform business model, as exemplified by the case of the TV streaming platform Aereo (for more, see Lobel, 2017). In comparative politics, scholars often assume that political parties play a critical role by determining the kind of policy responses that emerge around new economic and societal phenomena, such as technological change. According to the partisan theories, politicians have a strong incentive to respond to citizens' demands and deliver on partisan platforms, even if situational determinants, economic constraints and internal party fractions hinder these dynamics.[2] Partisan theories of policymaking are based on the standard assumption that politicians care about vote maximization and re-election prospects (Riker, 1962), while political parties are the best vehicles for achieving these goals (Müller & Strøm, 1999; Spoon & Klüver, 2014).

Generally, partisan theorists emphasize governments' left-right composition as being critical in explaining differences in policy outcomes (Alt, 1985; Hibbs, 1977). The expectation is that left governments want to amplify the role of state in economic and public affairs management, while right governments seek to reduce it. For example, Hibbs (1977: 1475) studies differences in macroeconomic policies across governments and concludes '*macroeconomic outcomes systematically covary with the political orientation of the governments*'. Another earlier study argues '*differences in party composition of government, in general, matter in public policy in constitutional democracy*' (Schmidt, 1996: 157). More recently, several authors have re-iterated the argument about the importance of government partisanship by emphasizing ideological orientation as a critical factor in explaining national policy differences despite increasing globalisation (Boix, 1998). However, others remain sceptical and argue for a limited systemic effect of government partisanship on policy outcomes, instead emphasizing contextual factors, such as macroeconomic constraints (Cusack, 1999; Ezrow & Hellwig, 2014; Inglehart, 1997), interest group environment (Bevan & Jennings, 2014; Gilens, 2012; Pampel & Williamson, 1988; Peters & Ensink, 2015) and administrative capacity (Lax & Phillips,

[1] For the impact of digital platforms on labour market dualization see Graham et al. (2017) and on inequalities, see Schor & Attwood-Charles (2017).

[2] For a review of the comparative politics literature investigating the links between citizens' preferences and party platforms, see Fagerholm (2016).

2012; Schnose, 2017; Wlezien & Soroka, 2012). For instance, Cusack (1999), writing on fiscal policymaking, argues that the '*relationship between partisanship and fiscal policy is contingent on macroeconomic conditions*'.

Similarly, in the context of platform policymaking, if partisan theories were correct, left governments should systematically produce different policy outcomes from right governments on issues such as ride-hailing regulation. Specifically, it could be expected that right governments would intervene more lightly than left governments in the management of private transport policies, especially due to the traditional concerns of left parties over 'gig economy' issues regarding workers' rights. Right governments should facilitate Uber's path towards a regulatory reversal of existing standards, while the left governments should complicate it.

However, the two relevant preliminary studies that exist cast doubt on these expectations – at least in the United States (US). Rosebrook (2019: 1, 21) studies the regulation of Uber (as well as Airbnb) across US states and concludes:

> '*Expectations from existing research would predict that the processes of short-term rental and ride-sharing policy adoption are similar and driven by partisanship [...]. Yet on the sharing economy specifically, it is difficult to tell the parties apart. [...] there is no clear partisan position on the sharing economy. When the services began, they were not immediately sorted into the neat ideological categories of national party politics*.'[3]

Empirically, she demonstrates how both Democratic and Republican state legislatures have passed benign 'sharing economy' bills.[4] A similar lack of 'partisan sorting' in ride-hailing policies is identified in Moylan and Graves (2015: 11) who study initial policy responses to Uber in 50 large American cities and conclude that '*While the political advantage of being seen as supporting the growth of popular new services is obvious, no clear ideological trend emerged in 2014*'. In short, the nascent literature suggests limited partisan influence on 'sharing economy' policies.

Rather, it has emphasized the importance of consumer-platform alliance (Culpepper & Thelen, 2020), the pre-existing constellation of interesting groups (Rosebrook, 2019; Thelen, 2018; Tzur, 2019) and narrative framing (Seidl, 2020) as critical factors for how Uber gets regulated. For instance, Rosebrook (2019) dismisses the importance of partisanship in lieu of venue fit and interest group environment as crucial for how Uber's regulatory path played out in the US. The author suggests that once policymaking was taken to the state level, Uber benefitted from an alliance with insurance firms and less opposition from taxi unions compared to the prior city-level policymaking. However, neither traditional partisan theories of policymaking nor subsequent theories that have explicitly explained policy outcomes in the context of Uber pay attention to one critical actor – the bureaucracy.

I argue that the bureaucratic apparatus is crucial to whether a new technology platform has an 'easy ride' towards its preferred policy destination. Specifically, a political system with a meritocratic bureaucracy that is politically insulated and securely resourced produces a more

[3] Besides a quantitative study, the author illustrates the argument with the case study of Pennsylvania. She concludes: '*This bipartisan agreement on removing the authority of the Pennsylvania's largest city to create a policy on local transportation needs exemplifies how the sharing economy straddles traditional party and ideological lines'* (Rosebrook, 2019: 24).

[4] Here and subsequently the term 'sharing economy' is used without implying any normative connotation around the phenomena referred to, in this case, the ride-hailing and short-term rental platforms. Rather, it is employed because the notion has already entered a general vocabulary, and thus is expected to be helpful for the reader.

challenging path towards a pro-Uber policy reversal of existing regulatory standards than one that is less insulated and securely resourced – irrespective of the external interest group environment and partisan pressures. The mechanism is a more sophisticated and permanent career bureaucracy in a meritocratic system that responds to internal organisational and professional objectives, rather than external political stimuli and consumer pressures. It limits the influence of Uber's consumer mobilization tactics and politicians' efforts to appear 'open to innovation'. I illustrate my argument with a comparative case study of Uber policymaking in two otherwise similar cities – except for their bureaucratic nature –, London and San Francisco.

The argument is conceptualised as follows. Large cities in the US and Europe have experienced a comparable 'Uber shock' within a relatively short time frame, leading some authors to even conceptualise its entry as a 'quasi-natural shock' (Thelen 2018; Hall et al., 2018).[5] Once Uber enters a city, regulators need to decide how to respond. Importantly, Uber generally cannot choose which regulatory agency or department will be responsible for regulating it – a local transit agency, competition authority or some third bureaucracy. Neither can it control or change how that bureaucracy is funded, what practices it uses for recruitments and so forth. Bureaucracies tend to have their own established 'internal life' that would be hard to manipulate (Hood et al., 2001). Uber can of course recourse to various influencing strategies – such as outsider consumer mobilizations, search for political allies etc. – in an attempt to affect the decision-making process that occurs inside bureaucracies. However, this paper argues that a bureaucrat's institutional environment affects how they respond. Specifically, the principal-agent relationship, career incentives and material capabilities that characterise their work environment are likely to be critical in shaping their motivation and policy goals when deciding how to respond to Uber. That some features of bureaucratic environments can systemically alter public policy managers' behaviour is well-established (Dahlström et al., 2012; Hood & Lodge, 2006; Huber & Shipan, 2002; Jacobs & King, 2021; King & Smith, 2005; more on this below).

Therefore, the main contribution this paper makes is to tackle a general lacunae in the comparative politics literature on platform policymaking by 'bringing the bureaucracy back in' (King & Lieberman, 2008; Skocpol et al., 1985)[6] and highlighting the autonomous influence of bureaucracy on the paths that emerge around new technology adoption. The autonomous influence of bureaucracy sheds light on the apparent lack of 'partisan sorting' around platform policies – and the broader conundrum around the effects of partisanship in policymaking (Rosebrook, 2019; Moylan & Graves, 2015). It also complements the existing theories on consumer power and consumer-platform alliance (Culpepper & Thelen, 2020) by highlighting the bureaucratic-institutional conditions under which these influencing strategies are more likely to be effective in altering policy dynamics. Differences in bureaucratic nature also explain why the strength of incumbent interests does not always accurately predict the strictness of the policy path that emerges around Uber – there are cases of permissive ride-hailing regulations despite the presence of a well-organised taxi sector (see for example Ayata & Önay, 2021). Private interest theories (Thelen, 2018; Tzur, 2019) are correct to point towards the intuitively important role of well-organised taxi unions and sector, but overlook under what

[5] Hall et al. (2018) show through a rigorous statistical modelling how market size, proxied by population size, accounted for more than 80% of Uber's decision over whether to enter a city (yes/no) and when to enter it (temporal order) during its initial years of operations, controlling for other confounders.

[6] A deliberate reference is made here to the title of the influential book *Bringing the State Back In* (Skocpol et al., 1985), which similarly stresses the importance of state structures and the autonomous influence that public administration can yield as an actor in its own right over policy outcomes.

bureaucratic-institutional conditions these actors are more likely to prevail. Similarly, the nature of bureaucracy affects what 'narratives' around Uber are more likely to gain traction and take hold (Seidl, 2020). The goal of this paper is not to disregard the existing theories of platform politics and partisan policymaking, but rather to show how they overemphasize their chosen explanatory variable, while overlook the autonomous influence of bureaucracy.

The paper proceeds as follows. First, the existing scholarship on platform politics will be critically reviewed. Second, the main argument about the role of bureaucracy in platform policymaking will be presented. Third, a comparative empirical study of Uber policymaking in London and San Francisco will be outlined. Finally, a conclusion will be drawn.

Emerging literature on platform politics

The emerging comparative politics literature on platform policymaking has provided three main explanatory accounts for the cross-country differences in ride-hailing policies.

First, the importance of consumers which platform firms often have a tacit – and occasionally explicit – alliance with is argued to be a critically overlooked new source of corporate power that contemporary platforms benefit from. Culpepper and Thelen (2020: 3) claim that this 'consumer-platform alliance' proves a '*formidable source of opposition to regulation that threatens the convenience provided by these platforms*'. The authors suggest that '*[platform power] flows from a technological capability from which consumers do not want to be liberated and whose capacity for radical innovation is attractive to politicians, regardless of whether they are monopolies or not*' (Culpepper & Thelen, 2020: 26). In fact, the argument made is that platforms are associated with '*profoundly new modes of influence peddling*', whereby consumers play an unprecedented role in supporting the emergence of favourable platform policies (Culpepper & Thelen, 2020: 25). Old models of political economy no longer apply in this context and platforms dispose unique opportunities to directly mobilise their users due to their constant access to them through their app (Culpepper & Thelen, 2020: 26).

However, even if the assumptions that contemporary platforms benefit from unprecedented levels of consumer support and an ability to mobilise them are valid, Culpepper and Thelen (2020) do not specify under what conditions firms like Uber can convert this 'consumer capital' into a desired policy outcome and when do they fail. Anecdotal evidence abounds of instances of non-receptive regulatory responses to large platform firms from the European Commission and national, or even local, regulatory bodies – often in spite of pro-Uber consumer mobilizations (for a recent comparative overview of regulatory challenges faced by Uber, see Ayata & Önay, 2021). That is, platforms do not always 'win' their regulatory battles, despite the triumphant language around consumer power.

Culpepper and Thelen (2020: 24) do discuss in the end of their article the possibility that whether a platform is successful in leveraging a consumer-platform alliance strategy may depend on whether individuals' consumer or citizen identity are primed (Culpepper and Thelen, 2020). The latter scenario is argued to be much more challenging for platforms, complicating their policy reversal efforts. This is however neither operationalized nor empirically tested. It remains unclear when we should expect individuals to act more as 'consumers' and when as 'citizens'. More fundamentally, not all regulators are likely to feel particularly beholden to consumer pressures in the first place.

Secondly, another group of authors emphasizes the importance of the pre-existing interest group environment and labour organisations. Thelen (2018: 941) argues that differences in '*national political-economic arrangements*' affect the kind of interest group coalitions that emerge and policy issues that become salient during a ride-hailing regulatory process: '*National political-economic arrangements refracted 'the Uber problem' into conflicts over different issues in the three countries analyzed here [US, Germany, Sweden] – mobilizing different actors and shaping the way in which struggles over Uber were framed and fought. Regulatory outcomes depended on the specific alliances Uber inspired among interest groups and politicians as they interacted with each other and with consumers*'. In a similar vein, Tzur (2019: 45) studies the regulation of Uber in 47 large American cities and concludes: '*The existence of* ex ante *interest groups indeed somewhat limited the extent of* ex post *regulatory acceptance of TNCs [...]*'.[7] However, the author also stresses the role of '*"technological regulatory entrepreneurs"*' in '*bridging collective action barriers*' as important for the development of an eventual permissive regulatory consensus around ride-hailing policies (Tzur, 2019: 48). Similarly, Rosebrook (2019) emphasizes the importance of a more favourable interest group environment and venue fit at the state rather than the local level as the main explanation why Uber was able to eventually reverse the initial regulatory push-back received at city level.

However, each of these studies has its shortcomings. In the case of Thelen (2018) the explanatory weight associated with private interests varies across the three empirical cases studied. The incumbent sector appears as critical for the policymaking path in the US, while in Germany Uber's regulatory path was more a mixed result of taxi associations and national labour union arrangements and in Sweden that of tax authorities and pre-existing welfare regime. It remains unclear why in some cases incumbent interests were critical, while in others it was more about national level institutions and labour organisations. Additionally, the US had substantial city level variation in its Uber policies in the time period covered by the author that goes overlooked. The main weakness of Tzur (2019) is the empirical section. The author only provides basic correlational analysis in support of his argument, leaving the association between *ex-ante* taxi sector strength and *ex-post* Uber regulation predominantly on theoretical grounds. Rosebrook (2019) – similarly to Thelen (2018) and Tzur (2019) – overlooks how bureaucratic structure affects the venue fit and whether some interest groups become more dominant than others. For instance, taxi associations are likely to have better access and closer ties with regulators from taxi boards and transit agencies – with whom they have worked together on regulatory issues throughout the years – than more remote utilities commissions and competition authorities (Amaxopoulou et al., 2020). However, the regulatory authorities, which delt with ride-hailing regulation at the state level were often utilities commissions with whom taxi sector had limited prior connection (e.g. California Public Utilities Commission).

Finally, an alternative line of scholarship emphasizes the role of ideas and narratives in affecting policy paths that emerge around Uber. Specifically, Seidl (2020: 4) argues for the importance of 'narrative framing' – how the 'Uber problem' gets described and viewed – as it affects the nature and strength of the coalition that emerges in support of Uber (and taxis). In his case study of Uber policymaking in New York City, Seidl (2020) concludes that shifting narratives played a critical role in the regulatory push-back that ultimately occurred against Uber: '*The ideational playing field on which the politics of regulatory response takes place is not level but shaped by the simultaneous power and vulnerability of platform companies [...] understanding the general interplay of ideas and interests as well as the more specific*

[7] TNCs refers to 'transportation network companies', i.e. the legal notion in the US for ride-hailing companies.

dynamics of narrative framing and coalition formation help us understand when platform companies succeed and when they fail in the essential task of managing their non-market environment' (Seidl, 2020: 2, 4). Thus, ideas interact with interests to produce a more or less strict regulatory response around Uber.

A novel quantitative discourse network analysis is applied to test this hypothesis. However, external validity issues remain given the single case, particularly so as New York City is susceptible to being an outlier, for reasons including its large population size, it likely being the most critical market financially for Uber (Laurie, 2019), and its serious congestion problem which raise the stakes around Uber regulation (Tarduno, 2021). Specifically, Uber's 'structural power' – its ability to shape policy by threatening to 'leave the market' (Culpepper, 2015) – is likely to be more limited in New York City than elsewhere. It is likely to affect how regulation plays out compared to smaller locations with less 'bargaining power' vis-à-vis Uber. More fundamentally, even if the premise 'ideas have an independent effect' is taken seriously, one should not overlook how the broader bureaucratic-institutional environment affected the narratives that emerged around Uber there. Different types of regulators are likely to care about, take up and magnify different narratives (e.g. competition authorities focus on stories around market concentration, while transit agencies on congestion ones; Hall et al., 2018).

Table 1 summarises these main existing theories. It also highlights the main factor that has been underemphasised: the bureaucracy. Specifically, irrespectively of the relative weight assigned to consumer pressures, private interest groups and ideational narratives, the emergent literature on platform politics has paid almost no attention to the bureaucrats who are generally in charge over deciding how Uber gets regulated. In the case of ride-hailing regulation, the main bureaucracy involved is generally the local transit agency, but not always. The political principal overseeing its operations is usually the mayor and their office.

In this paper, I will address this gap by examining how the type of bureaucracy in charge matters for how the various competing pressures emphasized in the existing literature get translated into an actual policy output. Specifically, 'taking on' a global corporate heavyweight such as Uber is likely to require expertise, resources and insulation – as it is likely to be followed by a fierce wave of criticism, consumer mobilizations and political pressure (Dudley et al., 2017). It can be expected that only bureaucracies having the right incentive as well as resources to endure under such push-back will be effective in their regulatory endeavour vis-à-vis Uber and willing to embark on it. For example, professional career bureaucrats – experts in their respective transport domains – are likely to be better positioned to effectively scrutinize and evaluate Uber's operations than their partisan peers with less expertise and experience in technical policymaking (Baldwin & Black, 2008). Once court cases arise, it can matter. However, the existing literature overlooks these dynamics. In short, the existing theories on platform politics are rich on demand side actors – the role of platform-consumer alliance and taxi associations –, while silent on supply side ones – role of bureaucrats and their principals.

Table 1. The main existing main theories on platform politics.

	Main IV	Role of bureaucracy	Empirical section
Culpepper & Thelen (2020)	Consumer-platform alliance ('consumer power')	Not directly considered; possible role mentioned in conclusion.	Qualitative discussion of regulatory battles around a handful of major digital platforms, incl. Uber
Thelen (2018)	National *ex-ante* interest groups and labour organization arrangements	Not directly considered; only the influence of Swedish tax authority on policy process mentioned.	Qualitative comparative case study of Uber politics in US, Germany and Sweden
Tzur (2019)	*Ex-ante* interest groups and 'technological regulatory entrepreneurs'	Not mentioned.	Quantitative correlation study of Uber regulations in 47 large US cities
Seidl (2020)	Narrative framing and resulting coalition formation	Not directly considered; although the influence of New York Taxi Commission briefly denoted.	Discourse network analysis of Uber's regulatory battle in New York City over time.
Rosebrook (2019)*	Venue fit and interest group environment	Not directly considered; however, the study finds a statistically significant negative effect on pre-emption (in ride-hailing domain) of 'state legislature's professionalism'.	Quantitative and qualitative study of trends in pre-emption (in ride-hailing and short-term rental domains) across US states

* Unpublished doctoral thesis.

'Bringing the bureaucrats back in'

The two main policymaking actors studied in comparative politics are political parties and bureaucracy (Schnose, 2017). Historically, the pendulum between the partisan and state-centred theories has moved in tides. In the post-War decades, state-centred explanations for social and welfare policies were common (Schnose, 2017). Scholars emphasized, for instance, the independent effect of professional bureaucracy on policy developments. Heclo (1974) is a good example. In his examination of the making of social policies in Britain and Sweden, he finds that pressure groups and electoral demands played a limited role, while singling out civil servants as critical. He argues that it explains why, in both countries, policies that were initially put forward by left governments subsequently re-surfaced as policies of the 'right', and vice-versa. Another influential book emphasizing the importance of public administration structures is *Bringing the State Back In* (Skocpol et al., 1985). It emphasizes the consequential role of state structures for areas as diverse as economic development, social redistribution, transnational relations and social conflict. Other authors show the importance of bureaucracy through concrete case-studies (e.g. for the emergence of New Deal labour and economic policies in the US, see Finegold & Skocpol 1984, Skocpol & Finegold, 1982). However, as a counter-movement, the partisan theories of policy started emerging and gaining authority in the 1980s (for an overview, see Schnose, 2017). These explicitly emphasized the importance of government partisan composition in explaining policy differences across countries, particularly in social policy and welfare state formation (Alt, 1985; Hibbs, 1992). Such studies generally concluded that the autonomous influence of bureaucracy on policy was limited.

More recently, the pendulum has moved again towards combining insights from both partisan and bureaucratic studies by emphasizing bureaucratic influence as well as partisan effects on policymaking. This is done through principal-agent models (Huber & Shipan, 2002; Indridason

& Kam, 2008) whereby the elected politician who has the authority is the principal, while the bureaucracy to whom power is delegated is the agent. This approach takes seriously the autonomous policy consequences of bureaucracy, as conditioned by its principal-agent relationship.

The main finding from this scholarship is that principals do not always get their way. Specifically, lacking the required time, expertise and resources, principals delegate their functions to agents. To control an eventual policy drift, principals put in place some constraints and controls in the hope of ensuring bureaucratic compliance. These include legislative monitoring, limited delegated powers, stringent governance rules and administrative penalties (McCubbins et al., 1987). However, existing literature shows that even under these circumstances there is generally some '*policy drift introduced by the bureaucrats*' (in Schnose, 2017: 343; see Chubb & Peterson, 1989; Dewan & Myatt, 2010; McCubbins, 1985; McCubbins & Schwartz, 1984; McCubbins et al., 1987; Moe, 1990). Bureaucratic drift is the ability of bureaucrats to propose and implement policies that differ from those preferred by their political principal, the parties in government (De Mesquita & Stephenson, 2007). The corollary to the extent to which bureaucrats engage in a policy drift is the principal's ability to achieve their preferred policy outcome. The more discretionary policymaking powers accorded to a bureaucrat, the less certain the principal in government can be that their desired policy outcome will prevail, all else equal. Bureaucrats can leverage their superior expertise, resources, experience and information asymmetries to 'bend' policies towards their preferences. Their preferred policy point is generally influenced by the nature of the bureaucracy as it conditions agents' career incentives and ambitions (e.g. Bawn, 1995; Dahlström & Lapuente, 2017; Dahlström et al., 2012; McCarty & Razaghian, 1999; McCubbins et al., 1987; Moe & Caldwell, 1994). Therefore, although not conceptualising bureaucrats as all powerful, the principal-agent models show that once power has been delegated some policy drift is likely.[8]

However, the question remains under what conditions can bureaucrats exercise discretion and thus yield an autonomous influence on policy. Some studies have sought to clarify the circumstances required for agents to maximize their discretionary influence. In one influential study, Huber and Shipan (2002) explore the institutional foundations of bureaucratic authority. They conclude that no single factor determines whether the bureaucracy can exert an independent effect on policy, but rather it results from various factors, such as legislative capacity, level of political conflict and the number of veto players involved. The authors suggest that elected politicians will delegate less discretionary powers to bureaucracy when legislative capacity and political conflict is high (Huber & Shipan, 2002). Empirically, the study shows how legislative statues in the US vary in their level of detail as a function of legislative capacity and policy conflict – with longer and more detailed statues taken as a proxy for less discretion given to bureaucrats.

Despite a meticulous empirical analysis of statues, word counts as an indicator of 'bureaucratic discretion' remains highly problematic as it does not imply anything about the substance of the power delegated. More fundamentally, assuming the authors are correct in their estimation about the scope of delegated discretionary powers, the study does not clarify whether and how

[8] Some scholars remain more hopeful about the prospects to use institutional design as well as administrative law to ensure bureaucratic compliance. For example, Horne (1995) suggests that parties in power can substantially increase their chances of faithful policy implementation by 'tweaking' institutional arrangements that govern their relationship with an agency. Once correct 'terms and conditions' for oversight are in place, politicians can improve their chances of reining in on '*unruly bureaucrats*' (Schnose, 2017). While these theories emphasise the importance of institutional design for policy drift, this paper considers it as an empirical question.

this power will be used. Specifically, should we expect bureaucracies where agents enjoy significant discretionary powers to produce systematically different policy outcomes from their counterparts operating in bureaucracies, where political control is more prevalent and discretionary authority more limited?

In another often-cited example, Indridason and Kam (2008) study under what conditions are political principals effective in controlling their agents and limiting bureaucratic policy drift. They argue that coalition governments can pursue more or less effectively a variety of coalition partner reshuffling strategies as a way to rein in on '*unruly bureaucrats*'. But the mechanism behind this expectation remains unclear. Specifically, what are the conditions around bureaucracy that are required for some political principals in government to be effective in ensuring bureaucratic compliance, but not for others. Additionally, the study focuses, similarly to Huber and Shipan (2002), on measuring the level of discretionary policymaking powers delegated to bureaucrats rather than its actual use.

To deal with these issues and clarify a theory of bureaucratic influence in the context of platform policymaking, I combine insights from both the principal-agent and platform politics literatures. I will outline in the next section a theory of bureaucratic influence.

What determines bureaucratic influence?

Building on these insights just introduced, I argue that the three features of bureaucracy critical for determining its autonomous influence are meritocracy, insulation and resources. In a political system with meritocratic, insulated and materially well-resourced bureaucracy (henceforth, the 'meritocratic bureaucracy') agents will have the most discretion to pursue their preferred policies, limiting the ability of political actors in government to obtain their desired policy outcomes. These meritocratic bureaucracies introduce a conservative bias into the policy process, complicating efforts of external political and private sector actors to overturn existing regulatory frameworks. The opposite is true for partisan bureaucracies that are less insulated and securely resourced (henceforth, the 'partisan bureaucracy').

In a meritocratic system, bureaucrats become semi-permanent fixtures in the local political landscape and accumulate great knowledge in their respective policymaking fields (Schnose, 2017). This provides continuity and coherence in the formulation of policies between elections (Dahlström & Lapuente, 2017; Dahlström et al., 2017). The limited control of political principals over a meritocratic bureaucracy's everyday operations, staffing decisions and funding should result in more policy stability. In contrast, in a partisan bureaucracy agents have the least discretion to pursue their preferred policies, while the ability of political actors in government is magnified. Specifically, bureaucratic careers, agency funding and accumulation of expertise are often politically influenced and malleable. It limits continuity and coherence in the formulation of policies between elections. The more direct control of principals should increase policy volatility. Meritocratic and partisan bureaucracies can be conceptualised as ideal-types, with real-life cases lying across the spectrum bounded by these two pure-types. This spectrum can also be thought of as ranging from a complete professionalism in public administration to a complete politicization.

A meritocratic bureaucracy as conceptualised in this paper is characterized by competency-based recruitment, standardised procedures and stable material resources. It follows closely the Weberian ideal-type of a neutral and capable bureaucracy (e.g. Evans & Rauch, 2000; Martela,

2019). Specifically, as described in Weber (1978), a meritocratic bureaucracy is characterised by competency, neutrality and efficiency of policy outputs. However, the use of meritocratic criteria in staffing decisions is typically considered as the defining and most consequential feature of the Weberian bureaucracy (Dahlström et al., 2012). The literature has shown that the Weberian ideal of administrative neutrality and efficiency is best achieved through meritocratic recruitment procedures as bureaucrats appointed through a competitive, competency-driven selection method bring the most technical expertise and professionalism (Moe & Caldwell, 1994; Schnose, 2017). Huber and McCarty (2004) show that bureaucracies using merit criteria in recruitment are associated with a better state capacity than bureaucracies using political criteria. Similarly, Evans and Rauch (2000) and Dahlström and Lapuente (2017) show that standardised, meritocratic recruitment procedures are theoretically and empirically associated with more administrative capabilities and better governance quality.

A meritocratic recruitment implies first and foremost competitive, technical entrance exams in staff appointments. A well-established example is the civil service model in the United Kingdom (UK). In the so-called Westminster model, a strict adherence to a merit criteria is evidenced by the use of competitive and anonymised written exams, followed by oral interview rounds and often even group exercises (Halligan, 2021). As a result, British bureaucracy consists of a disproportionate number of individuals from top-ranking universities, particularly the Oxbridge system (Rhodes & Dunleavy, 1995; Barker & Wilson, 2003). Most importantly for this paper, such strictly meritocratic recruitment practices are also the most constraining for political actors seeking to 'choose' suitable bureaucratic partners. Rather than being able to cherry-pick, politicians find themselves stuck with experienced public servants, who often have developed longer careers and accumulated more policy expertise than politicians themselves.

These well-trained and seasoned career professionals can represent a formidable, well-established source of authority in the local political landscape – and opposition to politicians. The public administration literature emphasises that it is only possible to maintain similar high levels of professionalism and technical expertise within a bureaucracy '*at the cost of its politicization*' (Schnose, 2017: 344). With career bureaucrats disposing their own strategic incentives, mostly as conditioned by internal organisation objectives and professional targets – or '*[accountability] to their professional peers*', as put in Dahlström et al. (2012: 660) – the chance of policy drift increases. It is more likely to result in a bias towards a policy *status quo* rather than policy volatility.

There are also other factors at play – that reinforce a conservative policy bias under a meritocratic system. These include a well-defined policymaking process that adheres to established procedures and typically raises the barrier for a policy change to occur (Golden, 2000). Meritocratic bureaucrats also display stronger risk adversity than their partisan peers (Golden, 2010). Ultimately, what matters is that a career bureaucrat typically benefits from various perks and advantages in the existing meritocratic system as an insider – such as job security and generous pension provision –, which disincentivize them to radically change policymaking practices and regulatory *status quo*.

Existing empirical work supports this expectation. Scholars such as Barker and Wilson (2003), Crossman (1975), Page and Jenkins (2005), and Schnose (2017) show that in established meritocratic bureaucracies experienced career bureaucrats are able to leverage various strategic resources to drift policy towards their preferred point – generally implying protecting the *status quo*. Crossman (1975) shows how British senior bureaucrats can effectively isolate senior politicians during the policy process and limit their access to relevant information in order to

re-direct policy towards their preferences. Barker and Wilson's (2003) meticulous case study demonstrates how determined career bureaucrats in the British system – enjoying significant insulation and vast resources – can derail governments' new policy proposals when deemed as 'damaging' by them. As one senior bureaucrat, with a long history in the British civil service explains: '*We need to take a longer-term view. With ministers being temporary, this task falls to the permanent secretary [highest level civil servant]. Ministerial whim must not be allowed too much sway*' (Barker & Wilson, 2003: 364, in Schnose 2017). Similar sentiment is also echoed in Page and Jenkins (2005), where the career bureaucrats interviewed stress the ability of even mid-ranking professionals to exert a considerable influence on the actual policy content that emerges: '*The ministerial team [...] gives a sort of vision and says 'I'm interested in this area' and we take this steer, which is generally very broad, away with us and it is up to us to develop something. We firm up policy ideas*' (Page & Jenkins, 2005: 137, in Schnose 2017). Similarly, Schnose (2017: 342), using two large cross-national datasets on budget allocations and policy stability, finds that '*Bureaucratic professionalism partially explains changes in allocation to the "ideological" budgetary categories and is positively correlated with policy stability around the world*'.

In contrast, the ideal-type of partisan bureaucracy is characterized by political recruitment, non-standardised procedures and unstable material resources. The fact that political parties in government can directly or indirectly influence the selection of bureaucratic personnel implies that they are able to staff agencies with likely allies who share similar ideological preferences and partisan goals. Prior research shows how in a partisan bureaucracy political parties can maximize their policy goals by selecting into office public servants with similar ideological preferences (Bendor et al., 2001; Epstein & O'Halloran, 1999; Gailmard, 2002). Moreover, the everyday operations, funding and material resources will be conditional on the political principal's active support and can be altered with short notice. It could be anticipated to result in a limited incentive of partisan bureaucrats to engage in acts of disloyalty towards their 'political masters' – in the fear of reprisal in terms of agency budget cutbacks or promotion side-linings –, especially when the principal has already communicated their policy preferences to bureaucrats. On the contrary, bureaucrats' policymaking under these conditions is likely to dynamically respond to the policy signals from the principal as it can be anticipated to maximize their career and agency funding prospects (Bull & Newell, 2006; Dahlström & Holmgren, 2015; Dahlström et al., 2012; Dahlström et al., 2017; Golden, 2003; Hine, 1993).

Likewise, the partisan ideal-type is above all characterised by the use of a political recruitment criteria in staffing decisions. In a partisan system, senior bureaucratic appointments are made by the executive in government employing partisan considerations (Cotta & Verzichelli, 2007; Dahlström & Holmgren, 2015; Dahlström & Lapuente, 2017; Peters & Pierre, 2004). A well-established example is the public service system in the US. Unlike the Westminster system, senior bureaucrats are politically appointed, both at the national (Halligan, 2021; Jacobs & King, 2009; King & Riddlesperger, 1984) and generally also local level (Gurr & King, 1987; Lapuente, 2010; Palus & Yackee, 2016). Typically, only a formal oral hearing is required to approve the appointment (Halligan, 2021). Halligan (2021) emphasizes how senior bureaucratic fillings are a way to compensate trustworthy party loyalists. In fact, studies on American government show that even in cases where merit criteria is formally used, partisan consideration still often plays an important role (see Palus & Yackee, 2016).

The politicization of bureaucratic recruitment has implications not only on bureaucrats' behavioural incentives and motivation, but can also affect their agency's capabilities and technical competence (Jacobs & King, 2009; Dahlström & Lapuente, 2017). Bull and Newell

(2006) show how senior partisan bureaucrats often have limited technical expertise in their respective policymaking fields and are generally involved in a passive oversight function, rather than active agenda-setting. In an earlier study, Hine (1993) shows that partisan recruitment strongly correlates with a low level of bureaucratic professionalism, albeit not implying any direct causation. Dahlström and Holmgren (2019: 823) associate partisan recruitment with a higher bureaucratic turnover, arguing that in these systems '*agency heads are considerably more likely to leave their posts following partisan shifts in government*'. Therefore, it is reasonable to expect partisan recruitment to negatively affect the stability of the broader policymaking environment.

In sum, political systems with a meritocratic bureaucracy are likely to experience more policy drift – oriented towards the perseverance of the *status quo* –, as politicians have less levers to push through their preferred policy changes. However, political systems with a partisan bureaucracy are likely to experience less policy drift – and more policy matching to principals' demands and preferences –, as politicians have strong levers to push through their preferred policy changes. Partisan bureaucracies should produce more policy reversals and incoherence, while meritocratic bureaucracies should experience more policy stability and coherence. Put differently, the autonomous policy influence of bureaucracy is maximized under meritocratic bureaucracy. As pointed out in Schnose (2017), these policy implications are supported by the formal modelling on the principal-agent relationship (Bendor et al., 2001; Epstein & O'Halloran, 1994, 1999; Gailmard, 2002; Gailmard & Patty, 2012; Huber & Shipan, 2002; Volden, 2002).

Before proceeding, it must be noted that some authors also argue for an opposite direction of causality (Schnose, 2017). Horne (1995), Huber and McCarty (2004) and McCubbins et al. (1987) suggest that partisan systems lead to more policy stability than their meritocratic counterparts. Huber and McCarty (2004) start by showing – similarly to this paper's conceptualisation – that partisan recruitment brings weak and unstable bureaucratic capacities, while the opposite is true for bureaucracies with meritocratic recruitment. However, according to the authors, the policy implications from this situation are that partisan bureaucrats have limited incentives to comply with the legislative statues that govern their work and hence political principals will find it challenging to introduce new policies, increasing inertia for existing rules. However, meritocratic bureaucrats will be more compliant with their legislative statues, which – together with their superior capacities and professionalism – facilitates the introduction of new policies as desired by the principal. It results in more, not less, policy change in meritocratic bureaucracies. The approach taken in this paper is to consider it as an empirical question. That is, the comparative case study of Uber policymaking must single out which theory is more supported.

Testable hypothesis for the case of Uber policymaking

These theoretical predictions just outlined are straightforward. However, to test them empirically and on the case of Uber policymaking in particular is challenging. Ideally, a researcher would want to measure the *ex ante* policy preferences of politicians in government as well as bureaucrats involved and then match them against the *ex post* policy outcome (Schnose, 2017), in this case the ride-hailing regulation. However, directly measuring the policy preferences of policymaking actors is notoriously difficult, particularly those of bureaucrats. In the case of elected politicians, prior literature has utilised roll call votes as a way to proxy their policy preferences (Aleman et al., 2009; Carrubba et al., 2008; Desposato

et al., 2011; Hug, 2010; Laver et al., 2003). But no comparable indicator is available for bureaucrats. In any case, no similar data for the policy preferences of politicians and bureaucrats exists for ride-hailing regulations, especially when decided at the more opaque local level.

In the absence of a direct measure, this paper will estimate the overall policy change around private-hire transportation, comparing the pre-Uber regulatory *status quo* with the post-Uber regulatory situation. The aim is to identify to what extent a bureaucracy 'bended' the policy environment away from the pre-Uber *status quo* following its entry (see also Schnose (2017) for a similar approach in the context of budgetary allocations). This overall policy change will be measured in two otherwise similar political and economic systems, except for the type of bureaucracy: London and San Francisco. These two cities were carefully selected to control for the main alternative explanations advanced in the literature (more on case selection below). This approach allows one to indirectly identify the effect of bureaucratic nature on the ability of Uber to reverse the existing regulatory framework.

I anticipate that more resolute interventions by meritocratic bureaucrats result in a higher stability of the existing regulatory framework in meritocratic systems. Meritocratic bureaucrats oriented towards policy *status quo* will complicate Uber's regulatory reversal efforts. In contrast, I anticipate that less resolute interventions by partisan bureaucrats result in a lower stability of the existing regulatory framework in partisan systems. Partisan bureaucrats oriented towards catering to their political principals facilitate Uber's regulatory reversal efforts.

This argument makes the assumption that politicians, in general, are likely allies for Uber. However, the standard partisan theory would suggest that left-right partisan differences should affect political preferences (Hibbs, 1992). That is, politicians from the right parties, assumed to prefer a more passive role for the state, should prefer a lighter regulation of Uber than politicians from the left parties. As suggested in the Introduction, existing empirical evidence does not support the hypothesis of ride-hailing policies neatly sorting along these partisan lines. Indeed, empirically, political parties from both the left and right of the ideological spectrum are rarely explicitly and vocally against the interests of ride-hailing platform.[9] The case of the US illustrates how it is difficult to distinguish between the major parties on the issue of 'sharing economy', with both parties broadly supportive of the growth of these generally popular services. The 2016 Republican Party manifesto reads: '*We want government to encourage the sharing economy and on-demand platforms to compete in an open market, and we believe public policies should encourage the innovation and competition that are essential for an Internet of Things to thrive*' (Republican Party, 2016; in Rosebrook 2019). Although the Democratic Party has not yet written 'sharing economy' explicitly into their manifesto, the party's close ties and previous comments around Uber suggest a similar favourable stance vis-à-vis the topic.[10]

[9] Specifically, Rosebrook (2019) found no relationship between partisan control and short-term rental and rides-hailing policies at the state level in the US, while Moylan and Graves (2015) showed no correlation between local government partisan control and 'ride-hailing friendliness' across the large American cities.

[10] These include the Democratic National Committee's partnership agreement with Uber to work on the transportation of the party's guests and members during its annual national convention (McCabe, 2016); the transitioning to sharing economy employment of Democrat affiliates such as David Plouffe (Uber, Obama 2008 Campaign Manager), Valerie Jarrett (Lyft Board Member, Obama Senior Advisor), Eric Holder (Airbnb, Obama Attorney General) and Chris Lehane (Airbnb, Clinton Campaign and White House Counsel); as well as the fact that Democratic voters are two times more likely to have a ride-hailing app and use its services (Smith, 2019). For more see Rosebrook, 2019.

Despite still lacking a well-grounded theory of this phenomena, one influential explanation advanced associates the broadly supportive political environment for 'sharing platforms' with their popularity among consumers, who are also voters (Culpepper & Thelen, 2020). Evidence from public opinion polls suggests most electorates like and trust platforms. For instance, according to YouGov (2018), platform firms like Google, Amazon and Facebook are five of the six companies voted as having the world's 'healthiest brands'. Similarly, the Edelman Trust Barometer (2018) shows the technology sector as a whole was voted as the most trusted industry, with 74% of the respondents saying '*they trust the sector does what is right*'. Perhaps surprisingly, these poll results came in already in the aftermath of the scandal over Cambridge Analytics and related concerns over users' privacy. Furthermore, the Pew Research Center (2018) asked adult residents in the US how government should respond to the 'fake news' issue. Only 39% of the respondents agreed that '*the U.S. government should take steps to restrict false info online*', while a clear majority sided with the statements supporting self-regulation by platforms and emphasizing the importance to protect the freedom of information. Specifically, 58% agreed that '*freedom of information should be protected, even if it means false information can be published', and 56% agreed that 'tech companies should take steps to restrict false info online* (...)'.[11]

Research is yet to study in-depth the links between citizen and partisan policy preferences around platforms. However, scholars such as Culpepper and Thelen (2020) highlight the political cost of going against popular platform services, limiting in most instances the political will to see popular services such as Uber completely banned from public access. This paper takes this point. However, if political parties and consumers are often interlocked in a positive dynamic supportive of a benign approach towards 'sharing economy', how then do instances of regulatory crackdown emerge? It is in this context that the type of bureaucracy becomes critical.

Building from my theory section above, I expect political systems with meritocratic bureaucracies to bend less towards an Uber-friendly policy reversal due to a greater autonomous bureaucratic influence on policy process. The meritocratic bureaucrats' professionalism, insulation, material capacity and inertia for existing rules should favour stability in the existing regulations, while limiting political principals' sway on policy. It implies a bureaucratic drift as political parties in government – pressured by voters and platform firms alike – will be unable to introduce a policy change to accommodate Uber, even if they wanted to. However, political systems with a partisan bureaucracy are expected to bend more towards an Uber friendly policy reversal due to a limited autonomous bureaucratic influence on policy process. The partisan bureaucrats' limited insulation, higher politicization and weaker independent capacity will favour the ability of parties in government to guide, and if needed override, bureaucratic activities. The political principal – pressured by their voters and platform firms alike – will be able to introduce a policy change to accommodate Uber. In short, the presence of an established meritocratic bureaucracy complicates Uber's policy reversal efforts:

> *Main hypothesis*: Political systems with a meritocratic bureaucracy will experience a smaller policy swing towards an Uber-friendly outcome than political systems with a partisan bureaucracy.

[11] These data points were initially presented in Culpepper & Thelen (2020).

Case selection and methodology

In my research design, I follow standard comparative politics research practices around variable operationalisation and case selection, with the latter warning in particular against selection on dependent variable (King et al., 1994). It gives confidence that the main causal relationship singled out will be robust (Schnose, 2017). I will first discuss my considerations around case selection, then around variable operationalisation and measurement.

I focus on Uber policymaking because it allows one to investigate bureaucratic influence in an increasingly consequential area of contemporary policymaking. It is the same policy issue across geographies, but regulators have deployed different approaches to deal with it. Specifically, upon Uber's entry authorities around the world have been compelled to respond, but different regulators have chosen different responses (for a conceptualisation of Uber's rapid market entry across Western cities as a 'quasi-natural experiment', see Thelen, 2018).[12] Understanding how these responses have played out allows one to clarify under what bureaucratic-institutional conditions is Uber more likely to obtain a permissive regulatory environment. Uber can be considered as representing a more generic example of contemporary 'sharing economy' platforms.

Additionally, Uber policymaking is a convenient area to explore the role of bureaucrats in policymaking. While elected politicians typically set the broad macro direction for ride-hailing policies, bureaucrats preside over the micro content. However, it is precisely the 'small' technical detail that makes all the difference for Uber and other parties affected (for more on the importance of 'legal regulatory detail' for ride-hailing firms, see Dubal, 2017). The bureaucrats' steering of the negotiations, expertise and decision-making over the actual micro content that goes into the final draft can play a critical role (for more detail, see Paper 3 of this DPhil thesis). The technical transportation issues involved are often too complex and demanding for any single politician to comprehend and guide, increasing the theoretical potential for policy drift. As one bureaucrat described the Uber's regulatory process he was involved in: '*Some politicians in the government did not understand to the very last day what we had put into the legislation and whom it benefitted*' (interview quote, Allvee, 2018, Advisor in Transportation Affairs, the Ministry of Economy and Transportation of Estonia). Therefore, it leaves scope for bureaucrats to intervene – if they wanted.

To empirically investigate my hypothesis, I conducted a comparative case study of Uber policymaking in London and San Francisco. London is the main case, while San Francisco is the 'shadow case' for a comparative counterpoint. A qualitative methodological approach was preferred because a strong reliance on aggregate numerical data could easily obscure the main theoretical mechanism of interest, specifically the independent policy influence of bureaucrats. I collected data mostly from field interviews, local newspaper reports and secondary literature. The time period covered is from the initial entry of Uber to the city until some regulatory solution was found around ride-hailing. Note that it has taken longer in London with some of the regulatory debates still unfolding, while an accommodative regulation for Uber was adopted in a relatively short time span in San Francisco. The main case of London shows how a traditionally meritocratic bureaucracy can constrain the ability of Uber – and its political

[12] As mentioned, Uber entered during its initial years large metropoles within a very short time span and almost exclusively based on the population size, almost taking largest cities one after another by population ranking in the US and then Europe (Hall et al., 2018). For more details on Uber's market entry strategy and timing across cities, see Hall et al., 2018.

allies – to reverse an existing regulatory framework that the company deems unfavourable. The shadow case of San Francisco, presented before the main case for a comparative context, illustrates how a bureaucracy with a more partisan nature can facilitate similar efforts by Uber – and its political allies – to swiftly reverse an existing unfavourable regulatory framework. The case study of London relies more heavily on field interview input, while that of San Francisco relies more on secondary sources.

My case selection includes London and San Francisco because both share many similarities in their basic socio-economic and political make-up. These background features function as useful controls for alternative explanations. Specifically, albeit not identical in detail, both feature a strong, historic taxi sector with vested interests (a restrictive medallion system and strict pre-existing regulatory framework); a sizeable tech sector within the local economy (strong pro-innovation forces); a progressive, centre-left party mayor during most of the period covered (Mr. Lee in San Francisco and Mr. Khan in London); and widespread pro-Uber consumer mobilizations as well as taxi protests (strong consumer-platform and incumbent sector cross-pressures). According to the existing literature all of these factors could influence policy outcomes, and thus need to be controlled for.[13] The pre-existing regulatory regime and *ex ante* interest group pressures (e.g. Thelen, 2018), the structure of local economy (e.g. David, 2005), government partisanship (e.g. Hibbs, 1992) and consumer mobilizations (e.g. Culpepper & Thelen, 2020) have all been argued to play a role in policymaking by either restricting or enabling certain policy paths for the government in power. From a slightly different analytical perspective, these factors could also play a role because they affect the number of 'veto players' involved in the policy process. A higher number of 'veto players' can increase the barrier for achieving policy change, thereby resulting in more policy immobilism and stability, all else equal (Tsebelis, 1995, 2002)

Additionally, the two cities share in common several fundamental democratic and economic institutions, many of which are associated with liberal market economic models. According to the convention, these institutions need to be accounted for within a comparative politics research design (Hall & Soskice, 2001). Albeit varying in detail, both cities have a comparable quality of democracy (cities within advanced democratic countries); party system institutionalisation (cities with established main political parties); economic development (advanced capitalist cities); and liberal market economy (innovation hubs with a deregulatory tradition). Why could these institutions be expected to matter in the context of Uber policymaking? First, democracies that are more mature and accountable could be more responsive to electoral pressures (Lipset, 1983). It could result in more policy changes as policies are 'updated' to reflect public opinion. Second, in locations where political parties are more institutionalised and established, their responsiveness and ability to reflect electoral demands could be higher (Kitschelt & Wilkinson, 2007; Mainwaring & Torcal, 2006). It could lead to more significant policy changes between elections. Third, the level of economic development could affect the ability of governments to respond and cushion against external economic and technological shocks (Campello & Zucco, 2016; Margalit, 2019; Paik et al., 2019) (see comment above on the 'quasi-experimental' nature of Uber entry). Governments with more resources could be more capable of absorbing external shocks, resulting in less necessity to dramatically alter existing policies and thus more overall policy stability. Finally, governments in liberal market economies – oriented towards the principals of competition and open markets – could provide systematically different policy responses to innovation and

[13] Following the established tradition in comparative partisan studies (Blais et al., 1993), I focus primarily on the partisanship of the executive rather than the legislature – the mayor rather than city council.

technological change from their peers in coordinated market economies (Hall & Soskice, 2001; Hancke et al., 2007).

Importantly, note that it is not claimed that the two cities are identical across the above-mentioned factors, but rather are similar enough to justify a comparativist approach, while singling out the effect of differences in bureaucracy on policy.

The two cities indeed differ in one important institutional way, the nature of their local bureaucracy. Following the theorising in the previous section, the nature of bureaucracy will be operationalised primarily through the level of bureaucratic professionalism. Bureaucratic professionalism will be understood as whether recruitment and promotions are based on a merit criteria, bureaucracy is procedurally insulated in its everyday functioning and the bureaucracy has a secure material resource base for running its operations (Berkman & Reenock, 2004; Dahlström et al., 2011; Halligan, 2021; Schnose, 2017). It will be the main explanatory variable. Thus, rather than being operationalised narrowly, a meritocratic bureaucracy will be measured more broadly to reflect the three features of 'meritocratic bureaucracy' ideal-type emphasized in this paper: merit recruitment, insulation and resourcefulness.[14] All these aspects are expected to matter for policymaking (see theory). Using these three dimensions, the independent variable will measure the *de facto* ability of bureaucrats to operate autonomously from political pressures. As Huber and MacCarty (2014: 76) would put it, bureaucrats' '*ability to accomplish intended actions*'.

Finally, to measure the main dependent variable – regulatory change in private hire transport rules – I rely on my field interview input and expert evaluations available in the secondary literature to estimate the extent to which the pre-existing for-hire transport regulation framework was reversed towards a more Uber-benign framework. Importantly, in both London and San Francisco the regulatory framework of for-hire transportation – and associated safety and consumer protection benchmarks – were strict and restrictive before the arrival of Uber. What is measured is the total change in this regulatory *status quo* as a sum of all relevant policy changes for private-hire operators. These include policies around market access (e.g. caps on the number of private-hire vehicles); consumer safety (e.g. requirements around drivers' background checks, such as fingerprints and licenses); consumer protection (e.g. rules around pricing policies); other public goods issues (e.g. congestion and CO2 surcharges); and workers' rights and protection (e.g. minimum wage and employee status) (for more, see Collier et al., 2018). Note that workers' rights and protection related issues, such as employee status, are generally resolved through courts – rather than regulatory bodies – and thus fall largely outside the scope of this study. Importantly, the amount of (pro-Uber) policy change varies significantly between the two cities.

Comparing local bureaucracies in San Francisco and London

To understand the role of bureaucrats in Uber policymaking, I first must give some background about the main independent variable, the type of bureaucracy. I will describe more specifically

[14] A narrow approach would measure exclusively whether a merit principle is deployed in hiring and firing decisions. A uniquely recruitment-based measure to capture the level of bureaucratic professionalism has indeed been widely used. See for example Dahlström et al. (2012) and Peters & Pierre (2004: 2), who both focus on the policy effects of '*the substitution of political criteria for merit-based criteria in the selection, retention, promotion, rewards and disciplining of members of the public service*'.

the nature of local transit agencies in the case studies, but this section is intended to give generic context about the differences in the local bureaucracies of the cities.

The local bureaucracy in San Francisco inscribes into the broader tradition of American bureaucracy. What characterises it? First, its most distinctive feature when compared to other advanced democracies is the high number of senior civil service appointments made using partisan criteria (Jacobs & King, 2009; Halligan, 2021). The high politicization of the filling of senior civil service posts is most visibly seen when a new administration comes into office and starts appointing partisan loyalists as the heads of agencies and departments. The lack of relevant technical expertise is a reoccurring topic during the senate hearings for these nominations. As summarised in Halligan (2021: 10), in the American bureaucratic system there is a distinctive '*use of political attitudes and loyalty as a basis for staffing decisions*'. In fact, this phenomena can also extend to the more mid-ranking civil service appointments. Lewis (2012: 56) emphasizes that the use of political appointments goes '*much deeper into agency hierarchies than most other similar countries*'. Similar findings are also presented in Peter and Pierre's (2004) edited influential volume – specifically, in the chapter *Politicization in the United States –,* which emphasizes the distinctive politicization of the American bureaucracy (for more comparable findings, see also Jacobs & King, 2009). It has therefore been argued that the American civil service system is a '*responsiveness model*', with bureaucrats dynamically responding to policy signals from the political executives in power (Halligan, 2021: 12).

These principles also apply in most instances at the level of local government in the US, specifically in mayor-council systems – especially where the mayor is qualified as a 'strong mayor', as in San Francisco. However, to understand the politicization of bureaucracy at the local level, specifically the influence of a (strong) mayor over bureaucrats, some context is also required about the American system of municipal government. There are two principal forms of local government in the US, the mayor-council and council-manager form (Frederickson & Johnson, 2001). The mayor-council system, which is of interest in this paper, includes '*an elected mayor who exercises the administrative authority of the city and heads up its executive functioning*', which includes the supervision of public employees (Lapuente, 2010: 873). The mayor-council system is the most widespread form of local government in the US among cities with more than 500,000 inhabitants, such as San Francisco (Svara, 2020). The mayor-council form was modelled essentially after the American version of presidentialism and contrasts to the logic of council-manager form (Frederickson and Johnson, 2001: 873).

Its traditional characteristics include a directly elected mayor with a veto and appointment power over senior administrative positions in the locality as well as city council's committee assignments (Svara, 2020). The hiring and firing prerogatives accord the mayor with access to administrative jobs with which to compensate and discipline their supporters (Lapuente, 2010). The mayor's direct control over the administrative apparatus, both in terms of the influence over personnel policy decisions as well as agencies' budgets and resources, accord the mayor in the mayor-council form an important lever to control the overall policy direction, akin to an '*elected CEO*' (Lapuente, 2010: 743). Their powers have even been suggested to provide the incumbent with an '*unfair electoral advantage*' in the mayor-council form (Lapuente, 2010: 743).[15] Taken together, the general view in the literature on American local government emphasizes, as one earlier study put it, that '*politically sensitive administration is ideal in mayor-council form, with non-routinization to facilitate responsiveness, while professionally*

[15] However, note that the angle of electoral malfeasance is not directly pursued nor relevant for this paper.

expert administration is ideal in council-manager government, with neutrally equal access and responsiveness' (Newland, 1994: 278). A similar proposition has also been defended in the more recent scholarship on American local government (Jimenez, 2020).

Furthermore, the mayor-council form comes in two main variants, the weak and the strong mayor type. It is the degree of 'actual power' disposed by the mayor that determines this classification (Adrian & Press, 1977; Svara, 1990; Lapuente, 2010). The strong mayor-council form is *par excellence* a local government characterised by a concentration of powers within the hands of a single elected politician, according to Lapuente (2010). The historical development from its emergence in the late nineteenth century and typical characteristics of a strong mayor system – of which San Francisco is a good example – are eloquently elucidated in Lapuente (2010: 747) where they have had exclusive control of staffing, an '*almost total control over policy making*' and the council do not possess the ability to '*counterbalance the mayor's prerogatives*'.

In regards to the specifics of the strong mayor variant of local government in the case of San Francisco, the following must be noted. First, the city has been unanimously classified as a strong mayor system due to the clear agreement in the literature on the American local government over the extensive control of the city's mayor over bureaucracy and their several other powers (Mullin et al., 2004; Feiock et al., 2016). Specifically, the 1995 charter reform accorded the office of mayor in San Francisco with significant new powers, both in terms of the control over bureaucratic staff appointments and administrative resources, but also budgeting decisions (Mullin et al., 2004). The same charter reform has been associated with the mayor's increased accountability and responsiveness to the electorate's policy demands. As argued in an earlier study by Mullin et al. (2004: 25-26), with its main policy implications also validated more recently (Jimenez, 2020):

'The charter increased the [San Francisco] mayor's authority over city administration, allowing the mayor to revise commission-approved department budgets, reallocate responsibilities among departments, and choose department heads from a list of finalists assembled by the commissions. [...]. Framed as an effort to make city government more efficient and accountable, the charter reform centralized power by shifting budgetary and administrative authority from unelected managers to the mayor and the board [of supervisors]. [...]. The charter amendments in San Francisco and San Jose reflected a shift in emphasis from the Progressive ideal of professional management to contemporary demands for electoral accountability. These reforms had important consequences for administration and governance in the two cities [...].'

However, what are the concrete powers possessed by the mayor of San Francisco in relation to the bureaucracy? First, in terms of budgeting authority, the mayor of San Francisco can veto spending items added by the city council, formally known as the Board of Supervisors, and has final authority over departments' budgets as approved by the relevant commissions (Mullin et al., 2004: 24). It accords the mayor significant influence over fiscal and funding decisions with respect to the bureaucratic agencies under its supervision, as will be shown in the case study with the example of San Francisco Municipal Transit Agency (henceforth, SFMTA). Second, in terms of appointment authority, the mayor nominates, retains and may dismiss the city's administrator and can yield a significant influence over the staffing policy decisions concerning senior and even lower ranking staff across the city's departments and agencies. Specifically, the mayor appoints the heads of departments and agencies, such as SFMTA, from a list of finalists proposed by respective commissions. Moreover, the mayor can advance a recommendation to discharge the head of a department or agency and the relevant commission '*must act within thirty days*' (Mullin et al., 2004: 24). The Board of Supervisors can only refuse the mayor's appointments for commission positions with a supermajority of two-thirds vote

(Mullin et al., 2004). The strong influence of the mayor of San Francisco over staffing decisions within the local bureaucracy directly echoes the high politicization of bureaucratic appointments distinctive to the American tradition of civil service discussed earlier.

Earlier scholarship has also emphasized the limited institutionalised protections and insulation of the city's bureaucracy from political interferences, specifically from the mayor, during its more everyday policymaking. In one earlier comparative study titled *City Caesars? Institutional structure and mayoral success in three California cities [San Francisco, Oakland, San Jose]*, Mullin et al. (2004: 34) argue that '*the extent to which a mayor can influence the selection of personnel does much to determine how city staff will respond to different management strategies and also affects whether a mayor will be successful in using administrative strategies to achieve political goals*'. The authors illustrate the high politicization of the city's bureaucracy with the mayorship of Willie Brown (in office 1996-2004), although similar findings have also been presented with more recent examples (Jimenez, 2020). As explained in Mullin et al. (2014: 36-37, emphasis added):

'In San Francisco, Proposition E [the 1995 charter reform discussed above] removed limitations on executive authority over personnel management by giving the mayor the power to appoint department heads and effectively eliminating the chief administrative officer position. As a result, Willie Brown was able to pursue political goals through his management of city administration. Brown used his appointment authority to operate a patronage system that rewarded political allies and punished his enemies, in many cases circumventing civil service constraints by appointing "special assistants". Brown's political approach to management created a loyal staff structure with a unified message and agenda, but critics charged that the inexperience of many of his top managers [...]. *Brown could pursue this strategy only in the context of structural arrangements like San Francisco's that allow extensive mayoral input over appointments. [...] appointment authority is an important tool for mayors to use in pursuing electoral and policy goals*.'

The described nature of local bureaucracy in San Francisco – and its principal-agent relationship vis-à-vis mayor – is in stark contrast to that of London. Specifically, the bureaucracy of London inscribes itself to the broader tradition of the British civil service, known as the Westminster model. It is therefore important to briefly clarify what it implies, before discussing the specifics of the bureaucratic arrangements in London. According to the established view, the defining feature of the Westminster tradition is the cohabitation of a '*neutral, professional public service*' and a '*responsible government*' (Aucoin, 1995). The relationship between the two, as well as how it contrasts to the American model of public service, is eloquently described in Halligan (2021: 12, emphasis added):

'Under the Westminster model [...] the embedded tension between the two elements [bureaucracy and government] was kept in balance by applying well-established principles. A traditional relationship was based on well-understood norms: *a neutral public service that serves the political executive regardless of party*, and a political executive that respects the integrity of the civil service by maintaining its apolitical and professional character. *Specific features were the career public servant, a permanent official who survived successive governments*; senior appointments drawn from the ranks of professional careerists; and the ministerial department as the repository of policy knowledge and primary adviser to government (Aucoin, 1995; Halligan, 2001).'

The central feature of the Westminster model that enables the described dynamic to occur is a strict adherence to the criteria of merit in bureaucratic recruitments and impartiality during decision-making processes. It directly derives from the British Civil Service Code. As explained in Hustedt and Salomonsen (2014: 756): '*Civil Service Code stresses the principle of merit and highlights the values of integrity, honesty, objectivity and impartiality (Cabinet Office, 2006: 1), reflecting the core idea of a civil service being able to 'speak truth to power' (Sausmann and Locke, 2004: 121). Most recently, the merit principle and a civil service code were rendered statutory in the Constitutional Reform and Governance Act of 2010*'.

Additionally, the Code explicitly prohibits any partisan activities or other political engagements for public service employees (Civil Service Code, 2015). The strict adherence to a merit-based recruitment procedure and its apolitical character have also been linked to the significant capacity and competency of the British bureaucracy. Specifically, comparative studies on public administration constantly underscore that the British civil service has a particularly high share of staff members with a tertiary education and advanced professional training compared to other advanced democracies (e.g. Halligan, 2021). Taken together, the Westminster model of bureaucracy has been argued to be one of '*permanence, anonymity and neutrality'* (Kavanagh et al., 2006: 44), and the UK as a whole '*the traditional homeland of an absolutely neutral merit bureaucracy*' (Hustedt & Salomonsen, 2014: 755).

The local bureaucracy in London also adheres to the same principles as the national level Westminster model. Specifically, the public service for the Greater London Authority and its various functional bodies, such as the Transport for London (henceforth, TfL), was founded around the Westminster model with a similar emphasis on the development of an apolitical, neutral and strictly meritocratic bureaucracy (Pimlott & Roa, 2002). It has resulted in a professional career bureaucracy across the city's various bureaucratic structures, specifically inside its functional bodies (more below). The few studies that are available on the topic emphasize the relatively high level of permanence and education of the city's public service compared to other local bureaucracies in comparable cities (Savitch, 2014; Baker & Wigan, 2017). In this paper's case study, these characteristics will also be shown to apply to the specific case of TfL. The evolution of public servants in London into an apolitical, semi-permanent fixture on the local policymaking landscape is closely related to the particular type of local government system that characterises the city. In contrast to San Francisco where, as discussed, mayors holds significant powers over the city's administration and bureaucratic appointments, in London the mayor has to share the leadership responsibilities and prerogatives with other cabinet members (Savitch, 2014; Baker & Wigan, 2017). In fact, the mayor of London has been unanimously classified in the literature on the English local government as a 'weak mayor' compared to their 'strong mayor' peers in the cities across the Atlantic, such as San Francisco.

Specifically, Hustedt and Salomonsen (2014) construct a hypothetical continuum ranging from a strong mayor ideal-type to a weak mayor ideal-type and conclude the city's chief political executive, the Mayor of London, '*is weak in London governance, as the Mayor has limited local autonomy, is heavily reliant on central government for funding, has no party connections, and as yet he has not harnessed latent governmental or nongovernmental capacity in London'*. Earlier scholarship has also pointed towards similar findings. For instance, Sweeting (2003) argues that the Mayor of London is '*relatively weak in London governance overall [...]*'. The author specifically stresses that the Mayor of London can only yield a limited unilateral influence over the city's senior bureaucratic appointments as well as the allocation of material resources and budgetary decisions across the city's administration.

To understand the mayor of London's weaker control over policymaking vis-à-vis the bureaucracy, some context is required about the type of local government that has emerged in the Greater London Area. If San Francisco has a mayor-council form with a strong mayor, then London has a mayor-cabinet form with a weak mayor. Specifically, when designing their model of city government for England in general and for London in particular, the British policymakers leaned heavily on the American experience in local government, especially their experience with the mayor-council form (Hustedt & Salomonsen, 2014). However, when the latter was transferred to the UK, there was a substantial adaption of the US-style mayor-council system of local government in order '*to respond to local requirements'*, particularly the long-

held British tradition of a cabinet government (Hambleton & Sweeting, 2004: 483). Eventually, it resulted in the development of a mayor-cabinet form, rather than a mayor-council form, of local government. It was implemented across numerous cities, including the Greater London Area. As Hambleton and Sweeting (2004: 478) put it: '*the nearest cousin to the GLA [Greater London Authority] within the Local Government Act is the mayor-cabinet model'*.

In practice, it meant that in London the mayor's executive powers and prerogatives were cut back compared to the US-style mayor-council form, where the mayor, especially a 'strong mayor', provides a much more '*individualistic*' leadership to the city's governance (Hambleton & Sweeting, 2004: 483). The resulting limited powers and cabinet constrained the leadership position of the Mayor of London, particularly when compared to the 'strong mayor' peers in the United States. As eloquently described in Hambleton and Sweeting (2004: 483, emphasis added):

'The mayor/cabinet model involves the mayor sharing leadership responsibilities with a group of senior politicians-the cabinet. *This approach, which resonates with the use of deputy mayors in French local government, is not typical of strong mayor leadership in the United States, for example.* The U.S. mayor does, of course, have a mayor's office and works with an inner group of trusted colleagues, but there is not usually a formal city cabinet in U.S. local governance. It can be suggested, therefore, that the U.K. arrangements for a mayor/cabinet form of leadership provide the platform for a more collective style of city leadership than the typical, individualistic U.S. mayor.'

Additionally, the weak influence of the Mayor of London over high-level policymaking as well as local bureaucracy's appointments and everyday operations is linked to its relatively recent creation as an office. Specifically, the position of an elected mayor for the Greater London Area was only created with the Greater London Authority Act of 1999. The Act united the previously distinct thirty-six London boroughs under a single local government entity, the Greater London Authority. But it also created '*the United Kingdom's first directly elected political executive'*, the Mayor of London (Hambleton & Sweeting, 2004: 475). Although several London boroughs had previously had a mayor, called the Lord Mayor, it was a ceremonial role and above all appointed rather than democratically elected post. With electoral legitimacy only established recently and the powers shared with its cabinet members, the Mayor of London has often struggled to reclaim decisive authority over policymaking, both with respect to the bureaucracy but also their own political party. For example, it has been suggested that they have to spend a considerable effort to convince other senior members from their own party to support proposed new policy agendas (Hustedt & Salomonsen, 2014). Although described in the context of previous London boroughs, the paragraph from Hambleton and Sweeting (2004: 475, emphasis added) illustrates some of the challenges the Office for Mayor of London has faced:

'In some urban authorities – and some London boroughs are notorious for this – the leader has to spend virtually all of his or her time dealing with infighting between factions within the ruling party. *U.K. political leaders have little formal security of tenure. In a disciplined local party this may not matter too much, but in a party where there is internal conflict, it can mean the leader is forever watching his or her back. Needless to say, this does not provide a good platform for assured local leadership*.'

Indeed, similarly to San Francisco, the Mayor of London can also direct the broad policy direction through mayoral strategies and other policy instruments – in areas ranging from the management of municipal waste and cultural activities to public transportation and local economic development (Greater London Authority Act of 1999). However, their powers to influence more granular, everyday policymaking are more limited than the mayor of San Francisco. For example, the Mayor of London can also appoint the board members – or even

chair personally in some cases – of the functional bodies under the Greater London Authority. However, unlike in San Francisco, they cannot formally influence the selection, promotions and dismissals of senior bureaucrats working inside the functional bodies under its supervision, such as TfL (more in the case study). The mayor can seek to guide the overarching strategic policy direction, but cannot control bureaucrats' everyday decision-making through threatening sanctions or dismissals, or promising promotions and more funding. That is, the functional bodies under the Greater London Authority, such as TfL, operate in an arms-length relationship vis-à-vis the mayor's office, providing an insulation from political inferences that tend to characterise agencies in partisan systems (Baker & Wigan, 2017). In fact, the creation of functional bodies itself aimed at increasing the autonomy of the city's bureaucracy.[16]

In summary, a strict adherence to the Westminster-style meritocratic bureaucratic model and a local government model with a 'weak mayor' has severely constrained the ability of the Mayor of London to unilaterally meddle in the local bureaucracy's everyday decision-making and operations. The local bureaucracy of London, particularly within its functional bodies, tends to have its own '*internal life*' and operating principles irrespective of the party in government (Hood et al., 2001). It contrasts to San Francisco, where senior bureaucratic appointments are made by the mayor and a 'strong mayor' has significant powers over the various aspects of the functioning of local bureaucracy, not least the staffing and funding decisions around agencies. The local bureaucracy of San Francisco, including across its agencies, tends to have its operating principals conditioned by the governing party. The subsequent case studies will show how these differences also existed at the level of local transit agencies and were critical in determining the distinct policy paths that emerged around Uber in the two cities.

Uber in San Francisco: regulatory accommodation under partisan bureaucracy

When Uber first appeared on the streets of San Francisco amidst the Great Financial Recession, the city, similarly to most other US metropoles, had already a long history of regulating the for-hire transit sector dating back to as far as the 1900s. The city's first proto-taxicab regulation emerged in 1909, while the first restriction on the number of taxicab vehicles allowed on the city's streets was put in place in the aftermath of the Great Depression in 1930s, to limit the number of unemployed-turned-into-taxi drivers clogging the city's traffic (Dubal, 2017).[17] Historically, these type of taxicab regulations have proven resilient in most American cities, including San Francisco (Gilbert & Samuels, 1982). However, the recent case of ride-hailing represents a departure from the historical 'stickiness' of local for-hire transit regulations. Specifically, it took Uber less than a year to reverse the existing regulatory framework and obtain a benign policy accommodation scrapping decades-long established standards around consumer safety and other public goods issues on the private hire transit market. It is puzzling perhaps especially given what the urban geographer Jason Henderson (2013) has referred to as a '*conservative mobility ideology*' in San Francisco. That is, historically, the city's

[16] There are four major functional bodies in London, established with the Greater London Authority Act of 1999, which operate under this model: '*the Transport for London (TfL), the London Development Agency (LDA), the Metropolitan Police Authority (MPA), and the London Fire and Emergency Planning Authority (LFEPA)*' (Sweeting, 2003: 471-472). They were created by aggregating previously disaggregated smaller and less autonomous agencies. The intention was to create more capable, professional and autonomous agencies compared to the prior fragmented and politicized system (Pimlott & Roa, 2002).

[17] For a comprehensive ethnographic study of the history of taxi industry in San Francisco, see Dubal, 2017.

transportation policy has been characterised by an incremental change, or even stalemate, rather than radical shifts. In this 'shadow case' I will try to show that the strong political control of the mayor over the local transit agency and the latter's heavy politicization and weak autonomous standing vis-à-vis the principal, reflective of the partisan bureaucracy ideal-type, was critical in facilitating this policy reversal. I will first outline the events that occurred around Uber policymaking in San Francisco, followed by a discussion of the main features that characterise the city's transit agency and how it affected the policy outcome.

In San Francisco, Uber launched its first service in June 2010. Initially, the company, founded a year earlier in the same city, started offering '*an app-based, on-demand limo service*' (Flores & Rayle, 2017: 3759). It is important to clarify here the difference between a limo and taxi service, and who regulates what in the city. Under a limo service a driver is not allowed to pick up a client directly from the street as the vehicle must be pre-booked, while with a taxi service a driver can pick up a street-hailing client who has not made a prior booking (Helderman, 2014). In San Francisco, the authority to regulate limo services falls in the hands of the state of California, while the city has jurisdiction over taxi and other private hire transit services. Specifically, the California Public Utilities Commission (CPUC) is responsible for regulating limo services, while taxi and other private hire transit services fall under the responsibility of the SFMTA.

When UberCab first launched its limo service, the company had previously obtained a license for its provision from the CPUC. Thus, UberCab initially started as a licensed, legally operating company providing only a limo service. However, the app-based booking process used by the company was novel. It allowed for a fast and efficient booking process that in practice often resembled hailing a vehicle from the street as the driver sometimes appeared in a matter of minutes. Its visible popularity among the city's residents and growing market presence started also causing concerns in the established taxi sector. As the company's app-based booking service was proving increasingly popular among the local residents, the San Francisco's United Taxicab Workers (UTW) and the San Francisco Taxi Workers Alliance (SFTWA), the city's two main unions for taxicab drivers, started publicly expressing their discontent over the new competition. Two earlier studies on a related topic have suggested, based on fieldwork interviews and other primary sources, that there were close and well-established connections between the city's two main taxi unions and the SFMTA's bureaucracy (Flores & Rayle, 2017; Dubal, 2017).

The 'embeddedness' of the taxi sector within the local transit bureaucracy has its roots in the city's stringent medallion system. Specifically, as medallions started becoming increasingly scarce and expensive in the 1990s, the interests as well as influence of the existing medallion holders through their privileged position augmented. Eventually, it led to the development of a protracted system where the interests of the medallion holders and their regulators at SFMTA became increasingly intertwined. It started expressing itself in the difficulties the city faced to raise the supply of taxis in response to the increased demand (Flores & Rayle, 2017: 3761, emphasis added; see also Dubal, 2017):

'The waitlist to obtain a medallion reached 12 to 15 years, and medallion holders became an aging group. *Most problematically, because medallion holders wielded significant power in the regulatory apparatus, and the interests of users were hardly represented, it became exceedingly difficult to increase the supply of taxis.* Moreover, the Prop K system proved resilient against reform, surviving two legal suits and five ballot initiatives between 1979 and 1996. It was only in 2007-2010 that a protracted, consensus-building reform process, led by Christiane Hayashi [then-Head of Taxi Division within SFMTA] held hope of gradually increasing the system's flexibility.'

In their formal complaints submitted to the SFMTA, the taxi sector associations, specifically the UTW and the SFTWA, argued that even though UberCab was seemingly offering a licensed limo service, the use of an app-based booking technology made the ordering of an UberCab's limo identical to hailing a taxi directly from the street, implying the company's service should be subject to the city's taxi regulation supervised by the SFMTA, rather than the state's limo regulation supervised by the CPUC (SFMTA, 2010). Ultimately, the bureaucrats at the SFMTA sided with the complaints submitted by the taxi associations. The agency argued there had been indeed a violation of local regulations, issuing a cease-and-desist notice against the company in October 2010 (SFMTA, 2010). The formal notice letter from the SFMTA's senior bureaucrat, Mr. Murray, the manager of its Enforcement and Legal Affairs Division, explained the agency's decision as follows (in Kolodny, 2010, emphasis added):

'*It has come to our attention that your business, UberCab LLC is operating without the appropriate licenses, permits and approvals from the San Francisco Municipal Transportation Agency [...]. Because UberCap LLC is operating without a permit and has demonstrated numerous violations, we demand that you cease and desist all activities, operations and advertisements related to car service in San Francisco*. The name UberCab indicates that you are a taxicab company or affiliated with a taxicab company, and as such you are under the jurisdiction of the SFMTA, and are in violation of Division II of the Transportation Code. [...]. Please be aware that the penalty for operating a taxicab without a permit is $5,000.00, and for each instance of this conduct we will issue a $5,000.00 fine to UberCab as well as the offending Limousine Driver/Service if this conduct is not stopped.'

However, UberCab responded by simply changing its name to Uber and continued providing its app-based limo service in the city. Uber was claiming, in a line that later became familiar to regulators around the world, that rather than being a transportation company itself, it was a technology company offering a third-party platform service (Kalanick, 2010). But despite the continued violation of their cease-and-desist order and the threat of penalties, the bureaucrats at SFMTA did not act with further enforcement. Rather, Uber was able to operate its app-based limo service without major inferences from the regulators at SFMTA up until it added to its app the more controversial ride-hailing option. What explains the behaviour of the SFMTA bureaucrats during this initial phase of confrontations with Uber? First, the initial issuance of a cease-and-desist order against Uber appears to indicate a clear willingness from the SFMTA's bureaucrats to reassert their regulatory authority in the for-hire transit market and rein in on UberCab's confrontational behaviour, while serving more or less consciously the interests of the incumbent sector. However, it is important to understand that until the launch of the ride-hailing service, which controversially used non-professional, unlicensed drivers, the regulatory contentions around Uber's limo service still remained a minor topic in the local political landscape. In fact, although the two Democratic mayors that held office between 2010 and 2012, Mr. Newsome (Jan 2004-Jan 2011) and Mr. Lee (Jan 2011-Dec 2017), were openly supportive of San Francisco's global tech hub ambition, the regulatory debate around the nascent for-hire transit company called Uber appears to have remained outside their radar during these initial years (Lee, 2012; Lee & Conway, 2012).

Under these circumstances the SFMTA bureaucrats' were in limbo. On one side, the SFMTA bureaucrats preferred to reclaim their authority, but they were concurrently aware that their actions might contradict mayor's office broader policy agenda around innovation and building a global tech hub in the city. The limited willingness of the bureaucrats at SFMA to strictly enforce their initial cease-and-desist order against Uber appears to have been related precisely to this lack of an explicit approving policy signal from the mayor's office that the bureaucrats were eagerly waiting. However, without a clear political signal that a strict enforcement of their initial cease-and-desist order against Uber would be tolerated by the mayor's office and not result in undesired repercussions for the bureaucrats involved, the SFMTA appears to have put

itself on a 'wait-and-see' mode, explaining their inaction. These dynamics are illustrated in an interview quote from Mrs. Christiane Hayashi (in Flores & Rayle, 2016: 25, emphasis added), the then-manager of the SFMTA's Taxi Commission Unit:

'*I wanted to go, you know, loaded for bear [and regulate Uber, but] I didn't want to go jump out ahead of the train and get myself run over [by the mayor's office]. So I went to my legal counsel, and I said, "Tell me what the scope of my authority is here to enforce."* And they declined to give me that advice. I think that the City Attorney's office, which is also an elected office, didn't want to mess with it politically. And I was sitting there waiting for this advice... They never came back to me. And it was just very frustrating.'

Therefore, the mixed policy signal from the SFMTA during their initial stand-off with Uber, a cease-and-desist order but without a strict enforcement, appears to have been the bureaucrats' compromise position. It allowed the SFMTA to voice its opposition towards the confrontational behaviour and 'regulatory cherry-picking' of Uber, while also avoiding a more open-ended confrontation over the matter and a possible conflict with the mayor's office due to the latter's tech-friendly city agenda. That is, the SFMTA was able to send a message to Uber regarding its views on the company's aggressive behaviour and possibly that similar actions would not be tolerated in the future, while at the same time minimising an open conflict and public attention which could have politicized the question and possibly led to an intervention and repercussions from the mayor's office. In the process, the SFMTA was also able to signal to the incumbent sector its attentiveness to their concerns over Uber's actions and its regulatory compliance. In short, the bureaucrats at the SFMTA worried that strictly enforcing their cease-and-desist order might not have allowed them 'to get away' with it in the face of a more pro-tech political principal, the mayor.

However, the state of affairs around Uber regulation significantly changed when the company quietly added a ride-hailing option to its app in July 2012. Most controversially, the service allowed clients to book rides provided by non-professional, unlicensed drivers. Importantly, unlike with the limo service, Uber as well as its two early competitors in the emerging ride-hailing space, Sidecar and Lyft, launched the new ride-hailing service without first obtaining a formal license from the SMFTA, which had the responsibility for taxi and other private vehicle service regulations (except for the limo service). It was a step that could be deemed in retrospect as the first manifestation of the company's later controversial market entry strategy, which the then-CEO of Uber, Mr. Kalanick, famously quipped as the '*act first, apologise later*' approach (in Shahani, 2014).

While still planning the addition of the ride-hailing service to its app, Uber, similarly to Sidecar and Lyft, had consulted the regulatory enforcement officials at the SFMTA. These discussions gave Uber executives little hope that SFMTA would approve a formal authorization under their envisioned business model, even if an application was submitted (Flores & Rayle, 2017). As recalled by Mr. Castro, one of the early employees of the Uber's main competitor at the time, Lyft: '*Ultimately, the vision of Lyft was to have everyone be a driver but to be participating on a very part-time basis, making themselves available when they're going somewhere that they already intend to go. And so, if you have a category [existing for-hire transport regulations] that starts out by saying, "You can only have a few hundred people [providing service]," there's no pathway that you can get to that vision*' (in Flores & Rayle, 2017: 3760). A similar conclusion was reached by Uber during their discussions with the SFMTA. It was concluded that their planned asset-light business model – where the employment security risk and car ownership requirement were shifted to the driver – would be incompatible with the existing regulatory framework and unlikely to be approved by the SFMTA (Flores & Rayle, 2017).

Despite having launched without formal authorization, the ride-hailing services experienced an almost immediate rapid growth in San Francisco. By 2014, one-in-five inhabitants was using at least once a week a ride-hailing service, according to SFMTA data (2017). The rapid growth of ride-hailing benefitted particularly from the lack of sufficient supply in the existing taxicab market (Erhardt et al., 2021). The incumbent sector was in an even greater shock this time, as even compared to the Uber's limo service the ride-hailing apps appeared to be taking the city by storm. Similar to the controversies around Uber's limo service, the two main taxi unions, the UTWA and the SFTA, started voicing their serious concerns to SFMTA officials (Flores & Rayle, 2017). Specifically, in their formal complaints submitted to the SFMTA's Taxi Regulation Enforcement Unit, it was claimed that the ride-hailing services are raucously unlawful and incompliant with the existing regulations in force in the city and therefore must be immediately halted. As Mr. Rathblone, a director of one local taxi company, later recalled, '*We were in a terrible state of shock. We just could not believe that what was happening would continue. It's so obviously illegal. Not in the grey area, but clearly illegal*' (Rathbone, 2015; in Flores & Rayle, 2017: 3761).

The concerns of the taxi sector over possible regulatory violations, even if self-interested, were echoed by SFMTA's enforcement officials (Cabanatuan, 2012). Perhaps the most fundamental issue for them was the use of non-licensed drivers (Cabanatuan, 2012). Specifically, the distinctive feature of the ride-hailing business model was the use of non-trained, self-employed drivers, which enabled the company to bring down the service cost (Dubal, 2017). However, besides allowing the company to take on the incumbent sector by storm, it also raised several questions around the regulatory compliance with the city's for-hire service rules supervised by the SFMTA. The unfolding of this process is described in Dubal (2017: 120, emphasis added):

'Following the decades of low but relatively stable wages maintained through regulation of rates and competition and accomplished through painstaking advocacy, the UTW and San Francisco taxi workers at large encountered a situation that they could not have predicted: the promulgation of worker precarity enacted – almost overnight – through new chauffeur company business models and subsequent deregulation. [...]. *Between 2012 and 2013, the next-generation of taxicabs emerged on the streets in the form of private vehicles. New chauffeur companies, Uber, Lyft, and Sidecar branded themselves as technology start-ups and enabled drivers to operate extra-legally, outside the state and municipal regulatory frameworks of for-hire vehicles. These companies enlisted an unrestricted number of commercially unlicensed drivers to download a centralized dispatch application on their smartphones and to use their personal vehicles to pick up and drop off passengers.* [...]. These business models were one-step removed from the taxicab leasing models enacted in the late 1970s. Under the taxi leasing apparatus, the taxi workers were independent contractors who paid to work. But they drove company cars with commercial insurance and labored in an industry in which competition was regulated. By contrast, the new chauffeur companies operated illegally, outside the context of existing regulations, and demanded that workers utilize their own vehicles and bear all the associated financial and legal risks.'

With concerns over serious regulatory violations around ride-hailing operations piling up, not least because of the complaints and actions of the incumbent sector, the enforcement officials at SFMTA were compelled to respond. However, in an effort to pre-empt any unfavourable regulatory action from the SFMTA, Uber tried to present a case about the legality of its operations. Specifically, during their encounters with the SFMTA's officials the ride-hailing firms had tried to argue that their operations were legal due to the explicit exemption from regulation provided for 'ridesharing' in the California Public Utilities Code of 2012 (Flores & Rayle, 2017). The ride-hailing firms were seeking to extend the term to their own commercial operations. Some of them even replaced in their apps the word payment with a 'suggested donation' in an effort to meet the non-profitability requirement of 'ridesharing', as defined in the Code (Flores & Rayle, 2017). But this argumentation was falling on unreceptive bureaucratic ears within the SFMTA's Taxi Regulation Enforcement Unit. As the then-Head

of Taxi Commission at SFMTA, Mrs. Hayashi, later recalled: '*It was obvious from the get-go that that the driver was not going to the place where the passenger was going and that it was the biggest lie in the world to call them ridesharing*' (Hayashi, 2015; in Flores & Rayle, 2017: 3760). There was understandably a limited interest on behalf of SFMTA bureaucrats to buy into arguments that undermined the scope and depth of their own regulatory authority in what appeared at the time to be set to become an increasingly consequential domain of for-hire transportation.

Being compelled to respond and with an intention to reassert their regulatory authority in an increasingly consequential domain of public mobility, the bureaucrats at the SFMTA were looking again for ways to send a message to Uber while not frustrating the mayor. In August 2012, the enforcement officials issued again a cease-and-desist notice against Uber (Geron, 2012). It was reasoned that the alleged 'ridesharing' service providers were simply taxis without medallions and thus failed to meet the standards and requirements put forward in the respective local regulations. At the time it started becoming increasingly clear to Uber and other ride-hailing firms that their best strategy going forward would be to put political pressure on elected officials in an effort to move the regulation of ride-hailing to a more benign regulatory venue and utilise the popularity of its services among their electorates. Uber's meetings with various policymakers during this period identified that they should pressure local politicians to move the topic of ride-hailing regulation to the state level, specifically into the hands of the more business-friendly public utilities commission, the CPUC (San Francisco Examiner, 2013). In fact, Uber, even managed to sign a memorandum of mutual understanding with that agency in January 2013 in a clear signal that a more accommodating policy framework would be on the way, if it was able to move the issue of ride-hailing regulation into that body.

However, as a first step, similarly to the limo case, Uber continued with its ride-hailing operations despite the SFMTA's cease-and-desist order and its threat of fines and sanctions. The bureaucrats were again facing a similar dilemma – whether to enforce its cease-and-desist notice and corresponding fines against the company. Specifically, they were pondering whether a strict enforcement of the order, to manage the risk posed by the ride-hailing firms' increasingly vocal and open non-compliant behaviour to the agency's credibility and authority, would also be politically tolerable to the mayor's office, given the latter's clearly pro-tech-oriented policy agenda (more on this below). In many ways the situation was reminiscent of what Black (2010: 324) has described as the regulator's balancing act between the political and regulatory risk, which is typical of partisan bureaucracies: '*Risk is critical, but it is the political risk which is critical in determining a regulator's risk appetite and its risk tolerance, and thus the allocation of regulatory resources; regardless of what the impact and probability studies would otherwise indicate*'.

As if this was not enough, Uber then launched a public campaign to court political support to obtain a new, more favourable regulatory framework. Specifically, by using consumer mobilizations on the streets of San Francisco, the company tried to bypass the SFMTA's bureaucrats and appeal directly to the mayor Lee to alter the course of action taken by the agency and introduce a ride-hailing-friendly policy change. These public campaigns were successful in making the topic of ride-hailing regulation for the first time a publicly visible, mediatized and increasingly political issue in the city (Collier et al, 2018; Dubal, 2017). The company's success in 'politicizing' the topic was linked to its access to the users through its own app, which greatly facilitated the process of requesting voters to sign petitions to put pressure on the mayor as well sending out invitations to ask its users to join pro-Uber street

demonstrations. As explained in Flores and Rayle (2017: 3764, emphasis added): '*Because all ridesourcing users and drivers have to register for the service using an email address or Facebook profile, each company has a direct channel of communication to its user base. This access gives them a distinct advantage over taxis, whose users are essentially anonymous.* Through email and social media, the companies mobilized their users and drivers in San Francisco to sign petitions, contact elected officials, and attend public meetings'.

In response, the taxi drivers, whose medallion values had already been in decline for some time, started organising their own counter-protests and events. The media coverage of the Uber regulation issue reached new heights (Dobuzinskis, 2013). It was clear by this time that the topic had become political. In fact, the tensions and protests had raised to such a level that the mayor was compelled to respond.

To understand the policy inclinations of the mayor in the 'Uber question' some context is required. As explained in Flores and Rayle (2017: 3762-3763), the mayor Lee's background made him highly supportive of the local tech community and the city's global innovation hub ambition, but he also retained strong ties with the local progressive activists:

'Lee built on former Mayor Newsom's agenda of supporting business and inherited many of Newsom's supporters, including tech sector leaders (CitiReport, 2012), but his close public alliance with community activists and his comparatively understated style shielded him from attracting the level of criticism that followed his predecessors. [...]. In his January 2012 inauguration address, Mayor Lee declared San Francisco "the Innovation Capital of the World," promising to facilitate development while also advancing traditionally progressive causes.'

Soon after Mr. Lee took office, the city's digital growth coalition was given a more institutionalised form with the launch of the non-profit organisation *sf.citi*, which became known as the San Francisco's '*tech chamber of commerce*' (McNeill, 2016: 501). It was initiated by a prominent local technology investor and one of Mr. Lee's campaign sponsors, Mr. Ron Conway. One of its important goals was to encourage its members, as it was formally phrased, '*to make pro-bono interventions in the city's urban infrastructure*' (*sf.citi*, 2012). When Uber's regulatory troubles started emerging, several prominent members of the local tech community came out in support of the company (for concrete examples, see McNeill, 2016). It added another layer of pressure on the mayor Lee, besides the widespread voter mobilisations, such as the petition campaigns, which were organised by Uber and already under way.

A similar policy process, characterised by both consumer mobilizations and tech community putting pressure on the mayor to alter the course of the bureaucrats' intended regulatory actions, had also played out a year earlier around Airbnb. It resulted in Mr. Lee stepping in to voice his solidarity with the emerging short-term accommodation rentals sector. At the time, Mr. Lee declared that companies such as Airbnb are '*leveraging technology and innovation to generate new jobs and income for San Franciscans in every neighborhood and at every income level*' and promised that San Francisco will remain '*at the forefront of nurturing its growth, modernizing our laws, and confronting emerging policy issues and concerns*' (Lee, 2011; in Flores & Rayle, 2017: 3762). The mayor's inclination to support the nascent 'sharing economy' was then formalised in a declaration made with the President of the Board of Supervisors, Mr. David Chiu, that promised to work on finding solutions for the sector's problems by forming a '*sharing economy working group*' (McNeill, 2016).

It was in this context that the mayor started intervening, a year after the debate around short-term rentals regulation had occurred, into the work of the SFMTA on ride-hailing regulation.

Specifically, Mr. Lee started signalling to the SFMTA's Taxi Commission Unit and the person in charge of it, Mrs. Hayashi, as well as other entities, such as the San Francisco Airport, his strong preference for a policy accommodation around ride-hailing. Mayor Lee perceived ride-hailing '*as the kind of innovation for which they wanted the city to be known*' for and related the topic to his broader '*global tech hub*' agenda (Flores & Rayle, 2016: 26). One incident is particularly revealing. As the stand-off between the bureaucrats and ride-hailing companies intensified, the three firms implicated, Uber, Lyft and Sidecar, sent a public letter asking the mayor to intervene on their behalf (Hoge, 2014). In his response, the mayor stated that '*ridesharing is an innovative transportation alternative for many City residents and SFO [San Francisco Airport] customers and the mayor is supportive of SFO's proactive efforts to permit and regulate rideshare companies to provide access and ensure customer service [...]*' (Hoge, 2014). The mayor's response letter sent a clear, even if diplomatically-worded, signal to the bureaucrats involved that the mayor welcomed the nascent ride-hailing sector and wanted the regulators' to ensure costumer access to its services. In fact, in that letter the mayor even used at the time controversial term 'ridesharing' to describe the operations of Uber and its main competitors in the segment, rather than simply designating them as a form of commercial for-hire transit service.

In another display of his support for ride-hailing firms, Mr. Lee sent a letter to the CEOs of Uber and Lyft stating that '*the City and shared mobility organizations both want the same thing for our city — a world class transportation network that is safe and efficient for everyone*' (Rodriguez, 2017). The letter stressed the mutual goals of both the city and ride-hailing sector in enabling the new ride-hailing service to take off and grow. Other increasingly publicly visible displays of the mayor's support for the sector included the co-hosting of an event '*to talk smarter cities*' during the 83rd U.S. Conference of Mayors held in San Francisco in 2015 (Rodriguez, 2015). In his presentation, the mayor made a case for the development of a 'sharing economy', including welcoming the ride-hailing companies, which were deemed as a reflection of the city's success (Rodriguez, 2015). Note that by that time 'sharing economy' was already becoming a broader term and phenomena, under which were grouped firms like Uber, Airbnb, but also 'bike-sharing' companies (Sundararajan, 2016).

Although there is limited information disclosed either in subsequent interview recollections or media coverage about the actions and discussions that took place at the time 'behind the closed doors' between the mayor and the SFMTA, it is clear from the publicly available anecdotes that the bureaucracy must have come under increasing pressure from the mayor's office once the 'Uber question' was politicized and unequivocally brought into the mayor's attention. Even merely the public letter of the mayor pointed out above must have made it clear to the SFMTA bureaucrats what their political principal's preferences were. In this context, the following conclusion about the subsequent events that took place at the time is reached in Flores and Rayle (2017: 3767, emphasis addded):

'Neither Mr. Lee nor other city government officials involved have spoken publicly about events taking place in this period behind the scenes. Three things are clear, however. *First, Lee actively blocked city regulators at the SFMTA from enforcing existing laws against ridesourcing [i.e. ride-hailing]. Second, he kept the SFMTA and the Board of Supervisors from pursuing regulatory change at the city level. Third, he urged the CPUC to step in and quickly create a new set of state-wide regulations. While the Mayor and the Supervisors were much less public in their support for ridesourcing than they had been for Airbnb and other "sharing economy" ventures, their support was widely felt.* [...]. When established taxi interests denounced the rogue operation of ride services in San Francisco, they were unable to rally more than a minority of BOS [the Board of Supervisors] members to their cause. *Similarly, the efforts of taxi regulators, like Hayashi at the SFMTA, received little support from the Mayor's office*.'

Irrespectively of the 'behind the closed door' events, it is clear that as the mayor started vocally stating his preferences for a benign policy path for Uber, the bureaucrats at SFMTA stepped back from a strict enforcement of their cease-and-desist order. The plans to enforce the city's long-held standards around consumer safety and protection and established regulatory frameworks for for-hire transport services were scrapped. The unwillingness of the SFMTA's bureaucrats to confront the mayor, once the topic had become politically salient and the mayor had clearly stated his policy preferences, are evidenced in the subsequent recount of the events by the then-Head of Taxi Division within the SFMTA, Mrs. Hayashi. The below quote characterises particularly bluntly the principal-agent dynamic during the process around 'Uber regulation' (Mrs. Hayashi, 2017; in Flores & Rayle, 2017: 3763): '*Since the Taxi Division had become part of SFMTA in 2009, the mayor had full control, and the SFMTA's Director Ed Reiskin reported directly to him. [...] I wanted to go, you know, loaded for bear [and regulate Uber, but] I didn't want to go jump out ahead of the train and get myself run over [by the mayor's office].'*

Importantly, with the bureaucrats altering their plans and stepping aside from the enforcement of existing standards and regulations, in order to align their activities with the preferences of their principal, Uber was able to carve out its intended overhaul of the established regulatory framework. Specifically, with the local bureaucracy under pressure from the mayor's office and stepping back, the path was paved for the mayor to relegate the issue of ride-hailing regulation to the state level. Namely, the regulatory authority was handed over to the CPUC, which was known for its pro-business stances and a focus on open markets and competition principles (Speta, 2020). As discussed earlier, Uber had already prepared the 'soil' for this to occur with its political courting campaigns (Rosebrook, 2019). In fact, behind the mayor's decision to move the regulatory jurisdiction to the CPUC was the consideration that it enabled the fastest path to reverse the existing stringent regulatory framework and standards and replace them with a completely new category of service, the Transportation Network Companies (TNCs), which would face minimal regulation compared to the traditional service providers (Flores & Rayle, 2017). As planned, once the jurisdiction was handed over, a completely new ride-hailing service category was created and a corresponding state-wide regulation adopted, which left Uber's ride-hailing service with only limited regulatory standards and consumer safety and protection requirements to comply with. The reversal of the existing framework implied that Uber's ride-hailing service benefited from a considerable regulatory advantage compared to its 'offline competitors'. Ultimately, the bureaucrats at SFMTA stepped aside and accepted a serious 'haircut' on their own regulatory authority, paving the way for Uber's success in reversing of the existing stringent regulatory framework and high standards.

* * *

I will now explain in more detail the specific features of the SFMTA's bureaucracy and how it impacted their decision-making around Uber. Specifically, why did the bureaucrats not fight back even when their own regulatory domain was seriously cut back? First, the responsibilities that characterise SFMTA must be clarified. The SFMTA was created relatively recently, in 1999, only after voters approved Proposition E, which resulted in '*folding the city's disparate transit, parking, and traffic engineering agencies into a single transportation agency*' (Henderson, 2013). Specifically, the City Charter gives the SFMTA '*authority over the city's transportation system, which includes roads, sidewalks, bicycle lanes, parking, taxicabs and Muni (the City's public transit system)*' (Ballotpedia, 2016). It is thus the main agency affecting policies around local transit in the city. Its component agencies however – the Muni, the Department of Traffic and Parking and most relevantly, the Taxi Commission – are

significantly older (SFMTA, 2015). In fact, the Muni dates back to 1912 and is one of the oldest publicly owned transit system in the US. Reflective of the city's size, the agency operates the eight largest public transit system in the United States.

Specifically, the SFMTA is the regulatory entity in charge of proposing and implementing taxi and other for-hire transportation regulations in San Francisco. The only exception are limo regulations, which are managed by the CPUC, as discussed earlier. On the taxi industry specifically, their regulation has '*long been a thorn in the side of San Francisco's elected officials'* (Dubal, 2017). The Taxi Commission was formed in 1998 in an attempt to resolve tensions in the sector, but was integrated into the SFMTA in March 2009 (Dubal, 2017). Importantly, the purpose of this integration was to increase the mayor's direct influence and control over local taxi and other for-hire transport policymaking. As the Head of the Taxi Division with the SFMTA at the time of Uber's regulatory process, Mrs. Hayashi, later recalled (in Flores & Rayle, 2017: 3763): '*Since the Taxi Division had become part of SFMTA in 2009, the mayor had full control, and the SFMTA's Director Ed Reiskin reported directly to him*'.

As shown in the case study, the willingness of the SFMTA's bureaucrats to protect and reassert their newly accorded prerogatives in local for-hire transport regulation was one factor behind their initial decision to twice issue cease-and-desist notices against Uber. However, before proceeding with strict enforcement, the bureaucrats were waiting for policy signals from the mayor's office as they must have understood that the context behind bringing the previously autonomous Taxi Commission in with the SFMTA was precisely to increase the mayor's control over such decisions. Specifically, the SFMTA enforcement officials wanted to ensure the political acceptability of their actions before reining in Uber, as another quote Mrs. Hayashi illustrates: '*I wanted to go, you know, loaded for bear [and regulate Uber, but] I didn't want to go jump out ahead of the train and get myself run over [by the mayor's office]'* (in Flores & Rayle, 2016: 25).

Uber managed, through its consumer mobilizations and political pressure campaigns, to politicize ride-hailing regulation and bring it to the attention of high-ranking local politicians, compelling the mayor to respond. As discussed, given his personal agenda, Mr. Lee started signalling a clear support for the continued growth of the emerging ride-hailing sector. Once the mayor's clear preference for an Uber-friendly regulation became apparent and was communicated through several mediums to the bureaucracy, the SFMTA did not feel the confidence nor incentive to go further with the pursuit of a strict enforcement of their cease-and-desist order. Instead, they pulled back to align their actions with the policy preferences of their political principal, mayor Lee. Subsequently, the mayor went a step further by moving the jurisdictional authority over the regulation of ride-hailing to another level of government and regulatory body altogether. The fact that once under political pressure the bureaucrats almost immediately pulled back – and did not fight back even when their regulatory powers were removed – goes a long way to highlighting the strong policy responsiveness of the SFMTA's bureaucracy to their 'political master'.

The bureaucrats' policymaking sensitivity to the preferences of the mayor were closely linked to the broader organisation and operating logic of the transit agency. First, the senior staff appointments within the agency, including the Head of the Taxi Commission Division, need to be approved by the mayor (Herrera & Zarefsky, 2018). In fact, media reporting suggests the mayor's office can even yield an influence over the promotions and dismissals of the agency's senior staff. A disobedient head of division deemed to have gone against the mayor's policy agenda cannot be sure of the ability to retain his job (for a concrete example, see Rodriguez,

2019). Similarly, the recent agency's independent audit – titled *SFMTA Needs to Improve Accountability* – emphasises the organisation's '*ineffective employee performance evaluation process to hold senior managers accountable*' (Kelley et al., 2021: 5). The SMFTA Director has to report directly to the mayor's office on a regular basis and its goal is to fulfil the mayor's public transportation preferences (SFMTA, 2019). Similarly, in the case of Uber policymaking, the senior personnel had to report directly to the mayor and were deeply concerned about the implications of going against Mr. Lee's policy preferences (as was pointed out by Mrs. Hayashi, in Flores & Rayle (2017: 3763): '*Since the Taxi Division had become part of SFMTA in 2009, the mayor had full control, and the SFMTA's Director Ed Reiskin reported directly to him*.').

The SFMTA's operations and policymaking are also under the heavy influence of the mayor due to the latter's right to appoint all of its seven board members. The city council, the Board of Supervisors, can only confirm or reject the mayor's appointments (often resulting in partisan, non-expert appointments; see CBS San Francisco, 2021). According to Henderson (2013), when SFMTA was set up, the decision to give mayor a full control over the agency's Board was made precisely to limit possible policy drift and ensure the mayor's agenda is faithfully implemented. Its implications on policymaking are also illustrated in Henderson (2013) with an earlier example concerning the funding of the agency. In a dispute between the mayor's office and city council over how to deal with the agency's budget shortfall, the mayor's proposition for local transit fare increases prevailed over the city council's own proposal that was initially also supported by the SFTMTA (Henderson, 2013). Although publicly available material around the Board's role around Uber policymaking is virtually non-existent, it can only be assumed that it represented another powerful lever in the hands of the mayor to influence and control bureaucrats' policymaking during the dispute over a much more overtly politicized topic.

To finish this 'shadow case', I emphasize the widely-acknowledged heavy influence and limited insulation of the agency vis-à-vis the mayor with the discussion that occurred around a subsequent reform proposal to 'de-politicize' the SFMTA, which emerged partially as a response to the events around Uber policymaking. Specifically, Proposition L was advanced in 2016 with the objective to decrease the mayor's ability to unilaterally interfere with the agency's everyday operations and funding (Ballotpedia, 2016). In concrete terms, the reform proposal put to vote for the city's residents suggested amending the agency's charter to considerably limit both the appointment and budgeting powers of the mayor over the SFMTA (Ballotpedia, 2016). On the bureaucratic appointment and staffing side, the proposition suggested to split the unilateral appointment authority of the mayor with the Board of Supervisors, the city council. On the budgeting and funding side, the proposition proposed to substantially cut back the budgeting powers of the mayor and give the Board of Supervisors the right '*to request changes*' to be made to the SFMTA budget put forward for a vote by the mayor as well as the right '*to reject the [mayor's proposed] budget*' with a simple rather than supermajority of votes (Ballotpedia, 2016).

The proposition is relevant for the case analysed because the reasons for its emergence were precisely the mayor's strong influence over the agency's decision-making that was also displayed during the Uber policymaking (Ballotpedia, 2016). Although ultimately voted down by the local residents, with the proposal largely framed as a vote for or against the mayor Lee, the arguments that were advanced to explain why a reform to 'de-politicise' the SFMTA was necessary go a long way to reveal its partisan characteristics. It shows that there has been a deep concern among several prominent local policymakers over the mayor's disproportionate

influence and political meddling in the local transit policymaking and funding. Additionally, the city's major newspapers came out openly in support of the reform '*to take politics out of public transit*', as one editorial put it (Bay Guardian editorial, 2016) and to ensure '*more accountability and diversity of opinions for San Francisco's transit needs*' (Examiner editorial, 2016). The issues raised closely echo the principal-agent dynamics observed during the Uber policymaking process.

In summary, with the local transit bureaucracy firmly in the hands of a 'strong mayor', the officials at SFMTA were highly attentive to the policy signals from their principal. Once Uber regulation had become politically salient to the mayor, in an effort to align their approach with the mayor's preferences, the bureaucrats pulled back from a strict enforcement of the cease-and-desist notice issued earlier against Uber, paving the way for an eventual policy reversal. Despite an understandable preference to retain regulatory authority, the bureaucrats did not fight back after their jurisdictional authority was pulled away. It was shown that the overtly partisan nature of the SFTMA's bureaucracy – the mayor's strong appointment powers, the bureaucracy limited insulation and the politicization in its funding – was a critical factor shaping the incentives and behaviour of the bureaucrats involved, which ultimately enabled a new, Uber-benign regulatory framework to be introduced.

Uber in London: regulatory perseverance under meritocratic bureaucracy

Uber launched in London in 2012, directly with the more controversial ride-hailing service. It was the same year the company 'went live' for the first time with a similar service in San Francisco (Sawers, 2012). Although the company had already established a presence in Paris and Toronto with its black limo service, London was the first international city outside the US where they entered with their ride-hailing service, which became known as the UberX (MacKay et al., 2020). The two cities then experienced a similar 'ride-hailing shock' around the same time. Additionally, as discussed in the methodology section and will be developed in this case study, the two cities shared several critical background characteristics. Specifically, a stringent legacy regulatory regime for the for-hire transportation services; an influential business community as well as taxi sector; and a mayor with a global tech hub agenda. In short, in both cities the bureaucrats faced strong cross-pressures from a well-established taxi sector, business community as well as the political forces in government.

However, the policy path took a radically different direction in London, specifically towards a perseverance of the existing regulatory standards and framework. In this main case study, I show that although the bureaucrats at the TfL – also an integrated local transit agency and thus a direct equivalent to the SFMTA – initially licensed UberX, as it supported their own internal organisational objectives during the London Summer Olympics, they did not shy away from protecting established standards and regulatory norms once problems around Uber's rapidly growing operations started emerging. It will be directly linked to the more meritocratic, insulated and materially securely resourced nature of the agency's bureaucracy that shielded them from the pro-Uber pressures from the government and public campaigns. Similar to the 'shadow case' of San Francisco, I will first outline the broad sequence of events that unfolded around Uber regulation in London, followed by a discussion about the specific features of the TfL's bureaucracy and how it impacted their behaviour during the regulatory process.

First, understanding the politics of Uber regulation in London requires some clarification over the relevant actors and regulatory regimes implicated. Similarly to San Francisco, there are also other ride-hailing firms in London. However, most of these emerged considerably later than Uber.[18] As a frontrunner and the largest operator, Uber was instrumental in setting the policy path that emerged around ride-hailing (Dudley et al., 2017). Second, again as in San Francisco, the main regulatory body responsible for issuing licenses and drafting and implementing the relevant regulations is the local transit agency, the TfL. More specific details on the mandate and institutional nature of the TfL will be provided below. However, to follow the subsequent 'regulatory battle' around Uber it is important to point out that the London's regulatory regime in the for-hire market is divided between a taxi service and a private-hire vehicle (PHV) service.

Specifically, the taxi sector refers to the iconic London Black Cabs, known as the Hackney Carriages, while the PHV sector includes the so-called minicab firms. The former is primarily regulated by the London Cab Order 1934 and Town Police Clauses Act of 1847, and the latter by the more recent Private Hire Vehicles (London) Act of 1998.[19] Ride-hailing companies such as Uber would fall under the PHV category. Importantly for the regulatory story, to obtain and retain a license to operate a PHV in London the operator must be deemed by the regulator as 'fit and proper' (Private Hire Vehicles (London) Act of 1998). Similar to the distinction between the regulatory regime of a limo and taxicab service in San Francisco, the PHVs cannot be directly hailed from the street without a previous booking, while Black Cabs are distinguished as precisely the service where licensed drivers can pick up clients directly from the street (Town Police Clauses Act of 1847).

With these clarifications in mind, how did the regulatory events around Uber unfold in London? In June 2012, Uber begins its journey there after having obtained a formal license from the TfL (Chapman, 2018). However, while in San Francisco the company initially obtained a license to provide the limo service, in London Uber managed to immediately obtain authorisation to offer the more controversial ride-hailing service. But to an extent, the context around the initial decision-making about whether to offer a license was comparable: a recent, still small-scale tech firm seeking to launch a new app-based for-hire transport service. Uber raised much fewer questions for regulators in 2012 than it would just a few years later. There was one important difference between San Francisco and London in the run-up to summer 2012 that contextualises the initial 'green light' for Uber in London. Specifically, London was hosting the Summer Olympic Games which represented a major public transportation challenge for the TfL bureaucrats. Even before the Olympics, the city's public transit system was running at or near full capacity (TfL, 2012). The agency's internal studies were projecting severe delays and capacity problems across the various tube lines for the Olympic summer period, and possibly a noticeable increase in accidents (TfL, 2012). That is, the anticipated additional public transit

[18] They are also different from Uber. As explained in Amaxopoulou et al. (2020: 104), '*Wheely operates only luxury 'chaffeur' services, Xooox is a networking platform for existing cab drivers (not a ride-hailing service themselves), and Kabbee specialises in airport transfers, but still all of these companies have entered the market after Uber, and trodden the path pioneered by it.*'.

[19] The following legal definitions have been provided to both transportation services, respectively. First, as per the Town Police Clauses Act of 1847: '*Every wheeled carriage, whatever may be its form or construction, used in standing or plying for hire in any street within the prescribed distance, and every carriage standing upon any street within the prescribed distance, having thereon any numbered plate required by this or the special act to be fixed upon a hackney carriage, or having thereon any plate resembling or intended to resemble any such plate as aforesaid, shall be deemed to be a hackney carriage*'. Second, as per the Private Hire Vehicles (London) Act of 1998: '*"Private hire vehicle" means a vehicle constructed or adapted to seat fewer than nine passengers which is made available with a driver [...] for hire for the purpose of carrying passengers, other than a licensed taxi or a public service vehicle*'.

demand coming from visitors and local residents was about to bring a major public transportation supply problem for the bureaucrats at the TfL responsible for ensuring an effective public transit system.

It was in this context of a credible risk of public transit dysfunction that the TfL bureaucrats decided to provide an initial, temporary license to Uber (Dudley et al, 2017: 2). However, the mayor was not consulted as later publicly acknowledged by the then-Mayor of London, the Conservative Party's Boris Johnson (in office 2008-2016). It must be emphasized that it was not at all obvious for the bureaucrats not to have consulted the mayor's office or indeed seek legal advice. As explained also in Amaxopoulou et al. (2020: 105): '*This was controversial, because the company required its drivers to agree to a clause stating that "Uber does not provide transportation services*, *function as a transport carrier or agent for the transportation of passengers", which contravenes the legal definition of a PHV, thus casting doubt on the ability of TfL to provide a PHV licence in the first place*'.

That the Office of the Mayor of London was not consulted prior to the decision – even given the events earlier in the same year in San Francisco which TfL officials would have been aware of –, underscores the arms-length relationship between the transit agency's bureaucracy and its political principal, the mayor. Confident in their authority and jurisdiction, as well as their ability to take on potential legal controversies, the TfL bureaucrats were exercising considerable discretion during this time. In fact, it could be qualified as the first example of the autonomous influence of TfL around Uber policymaking, as the preferences of the political principal in government were not consulted as was later explicitly acknowledged. Though if the mayor Johnson had been consulted, he could have been expected to be supportive given his strong liberal market economy leanings.

After the launch of its ride-hailing service, Uber rapidly experienced an exponential growth in London, similarly to San Francisco. It was likely in part precisely because of the public transit capacity constraints visitors and locals experienced during the Olympics, turning them to look for alternative modes of commuting just as Uber became available (Dudley et al., 2017). By 2015, an estimated 30,000 users in the city were regularly using Uber's application (Butcher, 2018). Soon after its launch, the company was not only reaching new user number and geographical coverage peaks, but also rolling out additional services, such as UberPool which enabled to 'pool together' several clients going in the same direction and eventually UberEats, a food delivery service. Under these circumstance of a rapid and largely unforeseen growth, the views among the TfL's bureaucrats were starting to shift (the unforeseen nature of Uber's rapid growth will be illustrated below). Specifically, with the Olympics over and Uber expanding in ways the TfL was unable to control, Uber started posing new unanticipated challenges, becoming a victim of its overly-rapid expansion. It made the TfL bureaucrats pay much closer scrutiny to whether the company was still 'fit and proper' to hold its operating license.

An important early tension was around consumer safety and protection. The Metropolitan Police had notified TfL's enforcement officials that Uber '*had not reported a number of serious and potentially criminal allegations against its drivers to the police*' (Amaxopoulou et al., 2020: 111). Uber's official response was blunt, reminiscent of its confrontational style towards regulators in San Francisco. The company argued that its privacy policy does not give it the right to disclose personal information related to its clients, and consequently clients themselves must notify the authorities of these type of incidents (Uber, 2014). This directly contradicted the official guideline issued by the TfL (Amaxopoulou et al., 2020: 111). Relatedly, the TfL's

staff members found Uber's criminal background checks of its drivers lacking, and requested a more robust check and control system to be put in place (Jones et al., 2014).

Additionally, tensions arose around the online system Uber was using for its drivers' medical checks, called the Push Doctor, and which was deemed as 'unsound' by TfL (TfL, 2017). As explained in Amaxopoulou et al. (2020: 111): '*ULL [Uber London Limited] recommended to their drivers to use a third-party company, i.e., Onfido,, to obtain these checks, instead of the TfL appointed GBGroup (a registered body to obtain these checks on TfL's behalf). It emerged that Onfido was relying on ULL itself to conduct identification of drivers. This move was interpreted by TfL as another step "to interfere with TfL's private hire licensing requirements"*'. Moreover, similarly to San Francisco, there was an ongoing dispute between the TfL and Uber whether the deployment of Uber's app qualifies as a taximeter. The problem from a regulatory perspective was that, according to the existing regulation, taximeters were prohibited on PHVs and only allowed on the Black Cabs. Eventually, the TfL argued that the company's app effectively functions as a taximeter and, therefore, the company operates in an infringement of the applicable PHV regulation under which Uber is licensed.[20]

However, a particularly significant complication was the issue around Section 2 of the Private Hire Vehicles (London) Act of 1998. According to this section (Private Hire Vehicles (London) Act of 1998): '*No person shall in London make provision for the invitation or accept private hire bookings unless he is the holder of operator's licence, a private hire vehicle operator's licence for London*'. It meant that not only Uber London Ltd., as an operating company, had to hold a license, but also the individual drivers *if* they were the ones accepting the rides (Amaxopoulou et al., 2020: 111). However, the business model of Uber, at least that of its ride-hailing service, the UberX, had been explicitly built around the use of self-employed, unlicensed drivers. But if this was the case, then only Uber London Ltd., the operating company, should accept rides to ensure regulatory compliance. As legal scholars studying the matter commented (Amaxopoulou et al., 2020: 111): '*The company's rhetoric of empowering individual drivers to freely choose their terms of employment and flourish as entrepreneurs clearly raised challenges from a licensing law perspective*'.

Thus, from the existing licensing law standpoint, the question for the TfL private-hire enforcement officials became whether individual drivers or Uber was accepting Uber ride bookings. The TfL, in a similar spirit of professional confidence that characterized their initial decision to autonomously license UberX without consulting first the mayor's office, decided to tackle the issue head on. The resulting outright confrontation between the TfL and Uber underscores how a self-reliant and insulated bureaucracy seeks to uphold existing regulatory standards and framework. The approach taken contrasts markedly to the much more hesitant approach in San Francisco as previously outlined.

Before discussing the confrontation in detail, the nature of legal battle over the issue of compliance with the existing licensing law must be clarified. It is important to stress the complexity of the issues involved and the bureaucratic confidence as well as capacities that are required to effectively take on these types of technical and challenging matters.

The events that followed from the licensing law perspective are explained in Amaxopoulou et al. (2020: 112, emphasis original):

[20] Note that subsequently Uber successfully challenged this specific provision in the High Court (TfL v Uber London Ltd, EWHC 2918, 2015).

‘To clarify the conformity of both of these parties with licensing law, TfL requested from ULL [Uber London Limited] the disclosure of the specific data flows associated with its ride booking process. ULL responded that booking requests are *accepted by* the ULL’s dispatch server, which *then* selects an available driver and forwards details of the client request to her. After that, the driver heads to the pick-up location. ULL stated that it retains full control of all dispatches and “has full responsibility for the data stored on the dispatch servers”. According to this narrative, there was no violation of the law as ULL’s dispatch server *first accepts* and *then allocates* a booking to an available driver. [...]. TfL were not content with this explanation and insisted on requesting more information from ULL, pointing out that Uber’s own terms and conditions suggest that drivers are “accepting” bookings. In response, ULL claimed that drivers “accept” rides only for the purposes of contract law and not for the purposes of the Private Hire Vehicles (London) Act 1998. Crucially, ULL stated that “acceptance by ULL of the passenger’s booking takes place *at the same time* as the relevant driver is notified of the booking. This is *an inevitable consequence of the technology used* (emphasis added)”. This was a different position than the explanation originally provided to the TfL, namely that ULL’s dispatch server first accepts and then allocates a booking to an available driver.’

Despite the technical challenges involved, the TfL was unwilling to back down. To the contrary, it contracted the consulting firm Deloitte to undertake a holistic, independent review of the IT architecture underlying Uber’s booking system (Butcher, 2018: 18-19). The findings went directly against the arguments previously advanced by Uber (Butcher, 2018). The study concluded that a driver must first accept a booking from a customer before Uber’s own platform can confirm and finalise the transaction. Thus, before Uber could ‘accept’ any ride, the driver had to first ‘accept’ it. Given that these findings went directly against Uber’s official reasoning, the TfL bureaucrats asked Uber to clarify if the company had changed its booking process since the start of the dispute. Uber responded in a familiar confrontational style and blunt terms: ‘*Our position on acceptance of bookings has not changed (...) we are not saying anything “different*”’ (Uber, 2015; in Amaxopoulou et al., 2020: 113). Uber added that during the last round of discussions with the TfL the company had engaged in a generic debate, but the study investigated specifics. In short, as will be evidenced below, the TfL officials were feeling a sense of a relentless push-back and confrontation from Uber.

Over time Uber accumulated a number of serious allegations from the TfL and in response appeared from the agency’s perspective to do little, if anything, to tackle them (illustrative quotes below). Uber’s reputation as a trustworthy partner for the regulators took several severe blows. For example, Uber found itself at the epicentre of a scandal involving a series of allegations over sexual harassment, including at the corporate headquarter level (Levin, 2017). Then, the debate around the poor working conditions of its drivers came to forefront after their CEO was recorded having a tense conversation on the subject with an Uber driver (Kleinman, 2017). However, Uber’s reputation took a particular blow in eyes of TfL’s bureaucrats when the company’s widespread use of the so-called Greyball programme was uncovered. The programme was set up to identify vehicle requests from users susceptible to being TfL’s enforcement officials. It then displayed to these users a false version of the Uber app, which did not allow for the booking process to proceed. In short, Uber had developed an IT tool explicitly undermining TfL in their efforts to verify the company’s compliance with existing safety standards and other regulatory requirements (BBC, 2017).

As a result, the TfL’s regulators became increasingly sceptical about the Uber’s self-cultivated narrative as a maverick disruptor bringing the 21st century mobility to London. Due to the increasing number of issues around consumer safety and protection as well as drivers’ own wellbeing, the bureaucrats were seeing the company’s platform as a rather old-fashioned and non-exciting development. Mr. McNeill, the Director of Public Affairs at the TfL, also vividly summed up the TfL’s views around Uber’s self-claimed maverick innovator status (interview, 2018, emphasis added):

'*Our view [at TfL] on the issue as if somehow Uber is a platform firm and not a minicab firm was – to put it rudely – that it's absolute bollocks.* And we've never accepted this point, because they act as an intermediary so there is no difference in practice – technology aside – on walking to a door of a Minicab or Highgate minicabs and asking can I have a cab take me to Heathrow or phoning up Midcab Firm to pick you up outside nightclub in Soho. Whilst the transaction can be done on a mobile phone using an app, they are going to Uber or Healing minicabs or Highgate minicabs to book a car. *You are using an intermediary to book a minicab – the fact that "oh yeah, we're a platform" is a nonsense. [...]. There were other similar products already before Uber arrived to London. So the idea that Uber was bringing something super special and new to London – for one we thought in law was total rubbish and in nature of the transaction it is still booking a minicab through an intermediary.* As there is a company being in the middle between a costumer and driver, we think that in law there isn't simply any distinction, they are simply using a different type technology to a telephone or window to transact the same type of business'.

In parallel to the regulatory confrontations, Uber's breakneck growth was also provoking strong reactions from the incumbent sector, specifically the city's historic Black Cab community. In London, the tense relationship between private hire vehicle operators and 'Black Cabbies' goes back to at least the 1960s, when the 'minicabs' first appeared on the streets (Butcher, 2018; Cohen, 2018). The arrival of Uber intensified these relations. According to the 'sharing economy' model, drivers had to supply their own vehicles and work as self-employed workers, rather than being on Uber's own payroll as company employees (Sundararajan, 2016). Therefore, similarly to the case of San Francisco, compared to the 'Black Cabbies', Uber could squeeze prices by cutting back all of its costs related to the ownership of vehicles and payment of insurance and healthcare coverage, which enabled it to drive down prices for consumers and undercut traditional competition. However, the lower prices came at the prices of Uber drivers' limited take-home pay and social insurance coverage. The resulting shrinking market share of 'Black Cabbies' was highlighted in the at-the-time influential report *Saving the Black Cab* (Ferrari, 2016). The impact these pressures from the incumbent sector, similarly to San Francisco, played in Uber policymaking in London will be discussed below.

What matters and differentiates London from San Francisco is that, as various incidences around Uber were piling up, the TfL decided not to renew Uber's operating license to safeguard existing standards and regulatory framework. Specifically, in September 2017 the TfL decided to crack down on Uber's regulatory incompliance and take on a company that by that time had become a global heavyweight. The TfL's formal decision not to renew Uber's operating license explained that '*Uber London Limited is not "fit and proper" to hold [a license due to a] lack of corporate responsibility*' (TfL Licensing Decision on Uber London Ltd, 2017; Samson, 2017a). It enlisted most of the regulatory tensions discussed above, namely the concerns over drivers' background checks, criminal reporting, medical certificates and the Greyball software. It was perceived at the time as an unprecedented move, as not often was a local transit agency willing to not just scrutinise Uber's operations, but to enforce the existing regulatory standards and framework that had been established around the for-hire transportation services and consumer safety and protection (Samson, 2017b; Financial Times Debates, 2017).

In its response, Uber made use of its right to appeal, during which it was allowed to operate. Although Uber eventually won the case in 2018 when the court ruled that '*whilst [Uber] was not a fit and proper person at the time of the [TfL's] decision [the company is] now a fit and proper person*' (Uber London Ltd v TfL, WMCJ 2018, in Amaxopoulou et al., 2020: 106), the regulator's determination to enforce established standards did not end there. According to the ruling, Uber was granted a fifteen-month grace period on agreed terms during which the company could continue its operations in the city, but TfL could then re-evaluate whether the company was 'fit and proper' and if not revoke again the license, which is what happened in November 2019. The agency justified its decision with a very concrete reason: '*A systems*

failure that allowed uninsured or even unlicensed drivers to pretend to be the booked drivers by uploading their photo to another driver's profile – this resulted in some 14,000 Uber rides that were uninsured and with unlicensed drivers of which the passengers were not aware' (TfL, 2019; in Amaxopoulou et al., 2020: 106). Uber appealed and eventually won. However, it highlights again the staggering determination of the TfL's bureaucrats to enforce existing regulatory standards and norms around ride-hailing operations.

Taken together, Uber arguably did not have an 'easy ride' in London. Specifically, with the TfL's officials determined to uphold long-held standards around consumer safety and protection and enforce the established regulatory framework, Uber's efforts to overturn unfavourable decisions and challenge the existing regulatory order was greatly undermined. Despite an initial brief welcoming during the 2012 Olympics, what followed after the company had exponentially grown and incidences around its operations started accumulating was a clear willingness by the regulator to ensure regulatory compliance. It resulted in the perseverance of the existing policy around for-hire transportation operations. Therefore, if in San Francisco the existing regulatory framework was overturned to accommodate Uber, in London it was meticulously enforced to ensure existing standards were preserved. As will be discussed below, in contrast to SFMTA, the TfL did not bow under severe external political pressure from top-ranking politicians in government and widespread consumer mobilisations organised by Uber. That is, operating under a comparable environment of external pressures, the TfL remained firm in enforcing the existing rules. I will directly link this to the more meritocratic, insulated and materially securely resourced nature of the TfL's bureaucracy.

* * *

In this section I first outline the main features that characterise the TfL's bureaucracy and then show how they were directly at play during the Uber policymaking process. I rely mostly on my own field interviews, particularly with the representatives of ride-hailing firms and the TfL, especially as represented by Mr. McNeill, the agency's Director of Public Affairs. I seek to demonstrate that the meritocratic, arms-length and materially resourceful character of the TfL's bureaucracy was critical to its confidence and resoluteness as it took on Uber.

First, some background is required about TfL's creation to understand the nature of its bureaucracy. The TfL was established around the same time as the SFMTA and was given a comparable set of local mobility issues to handle. Specifically, the TfL was established with the Greater London Authority Act of 1999 as a fully integrated local transit authority. It implies the agency was given responsibilities over the management and regulation of essentially every domain of public and for-hire transit relevant for Londoners. In fact, the newly created TfL took over a number of functions that previously belonged to the Government Office for London (Pimlott & Rao, 2002). The TfL was also given responsibility for the management of London's vast underground network, after a public-private partnership set up the new operating company, the London Underground, in 2001. More than 24 million journeys are made across the different parts of TfL's network every day, highlighting the scale of operations the agency manages on a daily basis (TfL, 2020). In fact, according to the agency's own Annual Report (2020), the TfL is classified as one of the largest integrated urban transit agency in the world.

But importantly, the Greater London Authority Act of 1999, which streamlined the organization of London public transport, also foresaw a professionally managed and meritocratic transit system with the creation of TfL. The Act stated that the transport

infrastructure and services within the Greater London Area must be organised in a safe, efficient, economic and integrated manner (Greater London Authority Act of 1999). To deliver on these, the burden was placed on the newly created agency that was expected to meritocratically recruit its professionals (Marique & Marique, 2018). A strict adherence to the merit criteria in staffing decisions and the development of a politically neutral career bureaucracy is evidenced in the TfL's own Code of Conduct (2008, 2020). Specifically, this document, which regulates the agency's recruitment, promotion and dismissal procedures and sets the broader operating principles and cultural values for the organisation, places a heavy emphasis on merit and political neutrality.

It stresses that TfL's public servants must strictly adhere to the of 'The Seven Principles of Public Life', also known as the Nolan principles (Nolan, 1997). These principles of conduct are the same that underpin the civil service at the central government level and were put forward by the Lord Nolan's independent advisory body's report (1997) *Standards in Public Life: Standards of Conduct in Local Government in England, Scotland and Wales*. These include the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership (TfL Code of Conduct, 2008, 2020). In fact, the TfL's Code of Conduct explicitly highlights the importance of its public servants' adherence to the criteria of merit to ensure fair and neutral conduct ('objectivity'). Specifically, the TfL Code of Conduct (2008, 2020) explicitly prohibits any political engagement or partisan activities for the bureaucrats employed at TfL. The agency is very resolute in stressing the organisation's zero-tolerance policy with respect to non-public interest based behaviour inside the agency, including a partisan engagement or other political activities.

Besides formal policy, a meritocratic career bureaucracy could be expected to result in longer average tenures for their civils servants compared to their counterparts in more partisan systems, where careers should be more linked to electoral outcomes (Dahlström & Holmgren, 2019). Although this data is not publicly available, comparative studies investigating average salary levels across major transit agencies in advanced economies highlight TfL as one of the frontrunners, even after controlling for differences in local living costs. Specifically, one recent study concluded: '*TfL remuneration (cash plus allowances) is 9% over the benchmark average*', while '*a separate benchmarking exercise in 2019 with rolling stock and maintenance organisations also found TfL [staff pay] was +9% over the benchmark average*' (Chew et al., 2020: 29). Albeit not directly linked to meritocracy as such, high salary levels for bureaucrats highlights at least the theoretical ability to attract best-in-class experts and professionals to deliver quality services. More relevantly, the TfL has developed over time a generous early pension system for its employees, providing another strong incentive for its staff to hold on and develop long careers within the agency. As argued in a recent independent review: '*TfL's current pension model is expensive and unreformed. The scheme is generous to employees when benchmarked against the Network Rail and Civil Service schemes, which have been reformed*' (Chew et al., 2020: 31).

Second, with respect to the agency's insulated nature. The meritocratic recruitment resulting in semi-permanent bureaucratic fixtures is closely linked with the agency's relative autonomy and insulation in the local political landscape. Similar to San Francisco, the city's broad transit policy direction is set by the Mayor's Transport Strategy documents, which in recent years have addressed in rather generic terms a wide range of issues under the overarching theme of public transit improvements and limiting motor vehicles numbers (e.g. Mayor's Transport Strategy, 2010, 2018). Additionally, to oversee the transit policy implementation at a high level, the Mayor of London yields powers over the appointment of the TfL's Board of Directors

and can choose to chair the Board, a prerogative which both Boris Johnson and Sadiq Khan have used. Outside of these non-negligible, yet macro-level levers, the Mayor of London disposes very few means to influence everyday micro-level decision-making within the TfL, particularly in the face of a meritocratically recruited and technically competent career bureaucracy, whose knowledge is likely to greatly surpass that of the mayor and even their close advisors. Concretely, numerous significant transit policy decisions, particularly at the micro-level, and regulatory powers fall outside the scope of the mayor's office. However, micro-level decisions can often be decisive in technically complex transit policy topics in determining the allocation of regulatory costs and benefits, particularly in the case of ride-hailing regulations, as discussed earlier. The limited ability of the Mayor of London to control transit policy is even noted in one of the mayor's own transport strategies (Mayor's Transport Strategy 2010: 286), the '*direct responsibility for the operation and improvement of London's transport system is not currently unified under the Mayor*'.

Thus, despite the democratic impetus that requires a high-profile local political figure, the mayor, to ensure that bureaucrats deliver on London's public transit objectives, the choice of a fully-integrated, stand-alone meritocratic functional body to oversee and regulate London's transportation system has contributed to the development of a relatively autonomous agency. As discussed above, and spelled out in the TfL Code of Conduct (2008, 2020), the recruitment and promotion decisions within TfL are strictly based on the criteria of merit and professional competency, isolated from the traditional line of command that flows from elected politicians to public employees in partisan bureaucracies (Hustedt & Salomonsen, 2014; Frant, 1993; Ruhil, 2003). It takes away a critical lever through which a mayor controls policy in more partisan bureaucracies (Lapuente, 2010). While previous studies have raised concerns over the strong influence of the mayor on the stability of transit planning in San Francisco (e.g. San Francisco Office of the Controller's audit (2020: 35-36) finds '*The SFMTA has a somewhat lower level of autonomy over budgets, fares and service changes than many peer transit agencies which are typically stand-alone [...]*' and recommends '*to establish consistent professional staffing [within the agency]*'), the meritocratic organisational culture and staffing principles within TfL have limited such issues. In fact, transportation analysts have argued that '*cross-party support ensures long-term funding security [for TfL]*', allowing the agency '*to plan into the future and reduces the risk of projects being stopped midway through*' (Badstuber, 2015). Additionally, the balance of power between the team working directly for the Greater London Authority and thus the mayor and the TfL bureaucracy is also in favour of the latter in terms of staff numbers. Specifically, the Greater London Authority employs around 400 public servants compared to the several thousand senior public employees who work at the TfL's new headquarter in Stratford, London (Marique & Marique, 2018).

Finally, with respect to the TfL's material resourcefulness. This feature of the agency is again related to the other two aspects discussed: meritocracy and insulation. The TfL's significant material resources – specifically, own agency income not subject to political approval processes – are evidenced in the findings of the most recent Independent Review of TfL (Chew et al., 2020), carried out by recognised independent transit experts. Before discussing the agency's revenue pie in numbers, it is worth stressing the association between stable material resources and broader policymaking capacity. Specifically, the authors of the Independent Review of TfL (2020), convened at the request of the Mayor of London and the Board of TfL to evaluate the impact of Covid on its operations, explicitly stress the TfL's strong bureaucratic capacities resulting from its centralised structure. It is also linked with improvements in policy stability and coherence.

The agency's policymaking capacity is linked with its high share of own income that provides stability and security in terms of material resources. It derives from large-scale ticket sales but also its other commercial activities in real estate and elsewhere. In fact, the latest TfL budget initially expected more than 72% of the operating income to derive from passenger revenue (Chew et al., 2020). At the same time, the share of operating grants, subject to political approval processes, has gradually decreased in its revenue mix over the last decade. According to the TfL Business Plan (2019: 9), the travel season 2018-2019 marked the '*first year without grant funding*'. As shown below, it is very rare for comparable transit agencies to operate without such external operating grants. Irrespectively, the high own-income share implies the TfL's more limited dependence on externally decided political funding grants.

Comparative studies highlight how unusual the revenue mix of TfL is and the associated material resource autonomy. In fact, according to the Mayor of London, the TfL is '*the only transport authority of any major city in western Europe which doesn't receive a grant for day-to-day operations [...]*'.[21] Specifically, in San Francisco the SFMTA's (2020) figures put its share of transit at only 18% of its total revenues, while parking and traffic fees and fines represented 31% with more than half of the funding related to external grants and federal subsidies. Similar findings about the TfL's high financial autonomy and resource independence vis-à-vis the political principal have been confirmed in other studies. The final report of the TfL Independent Review (2020, emphasis added) compares the TfL's funding with other major transit agencies in advanced democracies and concludes:

> '*[In international comparison] TfL is unusual among transport authorities in major cities in being so reliant on fares income received from public transport passengers.* TfL's original budget for this year forecast that 72% of operating income would come from passenger revenue. International figures should be used with caution due to differences in reporting formats, but data shown to us by TfL put the equivalent figures at 38% for the New York Metropolitan Transportation Authority, 38% for Paris's Île-de-France Mobilités and 47% for Madrid's Consorcio Regional de Transportes de Madrid.'

The TfL's high financial autonomy and its links to the limited control of the mayor over TfL's bureaucracy is also reflected in the summary findings of the same report (Chew et al., 2020: 57-58, emphasis added):

'The end of the PPPs [public private partnerships, leading to the creation of TfL] and *the move from grant to retained business rates has made the role of Government much less clear*. [...]. *The Board* [of Directors of TfL] *makes formal decisions for TfL but only at the end of the process.*'

I will now proceed with analysing how this nature of TfL's bureaucracy played out during the Uber policymaking process. As discussed in the theory section, in a meritocratic system the attainment of internal organisational objectives and professional targets is likely to take a centre stage in the decision-making process as bureaucrats expect it to positively affect their career development. However, in a partisan system it is the attainment of external political goals, as advanced by the principal in government, which plays this role. More fundamentally, a bureaucracy that is meritocratic as well as insulated and well-resourced is likely to be more confident and bold in the pursuit of its organisational objectives, irrespective of external political and other pressures. The field interviews carried out, with representatives of the TfL and ride-hailing companies involved, support this hypothesis.

[21] Note that this is also the reason why the impact of Covid has been particularly acute for TfL. With fares making up the vast majority of its revenues, the TfL's main revenues plunged by 90% during the Spring 2020 lockdown (BBC, 2020).

The sophisticated, autonomous and materially well-resourced nature of the TfL was a constant theme that emerged throughout the field interviews as a key factor explaining the direction that policymaking around Uber took. First, the professional and sophisticated nature of the bureaucratic apparatus in charge of Uber regulation in London – and the strong pride the TfL's own senior members took in their historical successful track-record in building sophisticated solutions to complex mobility challenges – was vividly illustrated with several relevant examples by Mr. McNeill (the Director of Public Affairs at TfL). He recalled the events around Uber regulation in London and how the TfL's prior experiences and bureaucratic capacity related to it as follows (McNeill interview, 2018, emphasis added):

'I think this is part of the Uber mythology [...] it was incredibly aggressive in the past [...] that there are all these vested interests and all these Luddites [at TfL], who don't understand all these complicated technologies, they're all just dreadful bureaucratic bad suits, who don't know anything about computers and they're just trying to protect their own vested interests. *For us in London, we find it desperately insulting and also please could they have done their homework better. We're a highly sophisticated, professional organisation*. TfL has the most sophisticated smart ticketing system in the world, we were the first to introduce contactless payment, Apple changed their contactless technology to reflect our technology – not the other way around –, we are selling that to New York, Boston and Tokyo... These are sophisticated operations we run and we make money out of them – we actually make a profit from all the online stuff we are pioneering, such as our work with open data, app developers, live information feeds, City Mapper and a whole series of other things. *We're really ahead of the game in this world on data analytics and the use of data – so we're not actually unfamiliar with this world and we were not sort of bamboozled by it. In fact, actually we think in many respects the Uber platform is rather basic, it's kind of about five years old in a world where that's almost historic. So this idea that we weren't ready for that [Uber], that we didn't understand it and its dynamism is really problematic. The things we actually work on [at TfL] are probably much more difficult*.'

More directly to the point, the interviews revealed a strong imbalance between the existing capacities of the TfL and Uber, but to the clear benefit of the former rather than the latter. Contrary to the popular idea of Uber as an all-powerful corporate global giant it was actually the TfL that had developed a superior know-how and had better-trained legal and technical staff for comprehending and taking on the legal and technical challenges associated with the regulation of ride-hailing. These imbalances during the unfolding of the regulatory confrontation between the TfL and Uber were eloquently recalled by Mr. McNeill (interview, 2018, emphasis added):

'Uber could have understood that every city environment they've been operating has got a separate regulatory system, and they haven't really got that. I personally think that they could have made life much easier if they had understood and worked their regulatory risk profile much better in London. They really mishandled it. *I think we [officials at TfL] were kind of sitting and watching here – employing 30,000 people directly with another 50,000 people contracted to us in London, another 60,000 in supply chain and operating all of this stuff across the country – and we just thought, you know, they [Uber] are treating us as if we were some sort of local authority in rural Wales. You know, it's like what are you thinking...* [...]. And one of their [Uber] people went to this reception just in the hope of seeing me – and sort of more or less pushed everybody out the way. I was like "they finally speak to me, for how long they had operated by that time...". [...]. It's very interesting because across the United States and developed nations the professional practice of regulatory risk management is very sophisticated and very well understood – but Uber as a company just seemed to have ignored it. They were entering heavily regulated markets across the world as if they had such a superior product that of course people will love that to an extent that regulators have no choice. Well, it didn't really play out that way with us [TfL].'

Expectedly, from the perspective of ride-hailing companies involved, the issue at stake was more one of '*bruised feelings and pride typical to the English*', '*unprecedented singling out and public shaming*' and '*malicious interpretation of facts*', as the CEO of Europe's largest ride-hailing firm, Bolt, later explained during the field interview. As the chief executive of the second largest ride-hailing company after Uber operating in London, Mr. Markus Villig

recalled the events that unfolded between the TfL and Uber as follows (represents the ride-hailing sector's viewpoint; interview, 2018, emphasis added)[22]:

'Uber obtained its license [in London] five years ago, and since then TfL has decided for a variety of reasons that they will revoke Uber's license. Specifically, what concerns their argument that Uber does not follow some safety regulations – I don't know the details, but Uber representatives have claimed to me that no legal basis for this exists. *If we face the facts, we see that TfL publicly shames Uber with untrue facts, by simply interpreting data incorrectly*. For example, TfL itself made a press statement that Uber drivers have a much higher risk level than all other drivers in the private-hire sector. They tried to claim that looking at the number of drivers and the number of incidents per driver, then Uber has more [safety related] incidents. Actually, it is false. In fact, the number of incidents is lower per Uber driver. Plus, they failed to consider that Uber drivers do considerably more rides in the city than all other drivers, because the utilization of Uber drivers is substantially higher. So, if we calculated it [safety incidents] also on a per-ride basis, then Uber drivers have a considerably lower risk level. *Overall, I believe this is quite a precedent that a state organ singles out a specific enterprise and levies negative criticism about it – which actually does not hold up to evidence. It is an absurd situation. [...]. [TfL] don't really think what is good for the people, but rather view it very much as some sort of diffusion of their regulatory control*.'

However, importantly, it was not only the level of organisational sophistication and resources that made the difference. As discussed, for example in the case of Uber's complex ride-booking process the TfL ultimately outsourced the final evaluation to another corporate heavyweight, Deloitte, to alleviate some of its own internal analytical challenges around the comprehension of this novel topic. But above all, it was the willingness and determination of the TfL's officials, characteristic to an insulated career bureaucracy, to meticulously and professionally carry out their statutorily pre-defined regulatory tasks and meet internal organisational objectives (i.e. to ensure consumer safety and protection) – even as Uber's consumer mobilizations and court actions as well as political pressure from the top was building up (Pickard, 2015, 2017; more on this below). This determination is best illustrated in the way the bureaucrats at the TfL decided to continue with their initial plans to enforce the existing regulatory regime and uphold the established standards around consumer safety, despite the fact that Uber '*sent an army of lawyers*' to confront these efforts and launched large-scale public protests and petitions in London (Farrer & Khomami, 2017; Powley, 2015). As Mr. McNeill recalled (interview, 2018, emphasis added):

'We initially granted them a licence as a minicab firm, very early on, as they met our basic standards. But then we saw a number of things emerge and opposition. *It's really rather straight forward, it's binary, you either comply with the law and our regulations or you don't. If you don't, you lose your licence.* And having a series of increasingly aggressive discussions, with larger groups of lawyers coming along each time with the ever-present threat of High Court action, isn't really a great way of having a conversation with a regulator. [...]. The management of their [Uber] regulatory risk was absolutely appalling. They underestimated London [TfL] and they had this kind of one-size-fits-all, very lawyered-up, very aggressive, "yeah act first, apologise later" approach, pretending somehow it was stealing things from poor people if they get regulatory intervention. It seemed to us rather extraordinary.[...].

I will put this in really crude terms, our role as a consumer protection regulator is to make sure that consumers of minicab firm – which includes Uber – are not robbed, raped, attacked, ripped off or ruined and wrecked by a bad driver. Simply no unsafe cars driving on the streets. We don't want uninsured cars, we don't want drivers with criminal convictions and sexual offenders, we want to make sure that if there is a reported problem with the driver then actually the minicab company, like Uber, acts appropriately and robustly. [...]. It is very straightforward binary – if they [Uber] are not doing what we think is required that they do to stop costumers being raped, robbed, ripped off, they lose their license. We put a lot of effort [at TfL] in making the Tube [metro] safe for women in particular, and we run campaigns on safe travel at night, we've had a problem with unlicensed illegal minicabs in London, where sexual predators have used it – we run a campaign every year "don't get in a car with a stranger, get a cab or pre-book a minicab". Therefore, it is a crucial responsibility of Uber to make sure the drivers are "fit and proper" and are not going to pose a risk to a 20-year-old woman drunk at 2 o'clock in the morning going home. It is a critical issue [...].

[22] Note that Uber London Ltd. declined an interview request.

[speaking of Uber protests] *So even if hundreds of thousands of people pressure [on TfL], we would not necessarily alter our course, because we [at TfL] are in the long game. You know, our mass transport strategy goes out to year 2040. In a little we open Crossrail that has been in the planning for 15-20 years. [...]. If we allowed Uber to continue carrying on knowing that there was this problem, specifically sexual assaults, then this problem would be much worse and worse for us [bureaucrats at TfL] than 300,000 people clicking on an online petition. For the TfL's position I would like to draw your attention to the blog website London Reconnection, which said TfL's annual turnover is way in excess of Uber's global revenues and we have more lawyers than Uber globally. We are a mature, large and powerful organisation, we've got 200 years of taxi regulation and over 200 years of innovation we've overseen in London – mad innovations, like the internal combustion engine, the traffic lights and all these marvellous new technology innovations like rubber tyres, asphalt... So it really wasn't as if our technology secretary [at TfL] didn't know how to deal with Uber. We've been there before we will in the future.* [...]. *As Europe's only mega city in size, we are an integrated transport authority with a very high degree of sophistication.*'

It directly contrasts to the experience of the partisan bureaucrats in San Francisco, where SFMTA, had a budget more reliant on local politics and the senior staff appointments were made under the influence of the mayor (e.g. see this paper's discussion). However, it is important to emphasize the scale and complexity of the challenge Uber entry poses to any local regulatory authority. Without the right technical expertise and professional capacity, the ride-hailing regulation can fast become a too demanding challenge for the local bureaucracy involved. The case of London shows how 'taking on Uber' to enforce established safety and other standards requires not just well-trained transportation and IT departments, but also a well-resourced legal department to handle the numerous court cases that inevitably follow from any non-conforming regulatory move towards the company. In fact, even for a professional, insulated and well-resourced bureaucracy – such as the TfL – it took more than three years to comprehend and work out an appropriate regulatory action around just one, albeit central, aspect of the Uber business model, its ride booking process. It is then perhaps understandable why bureaucrats in more partisan systems have been reluctant to embark on sincere enforcement of existing standards and norms in the for-hire transportation market against Uber. Facing an army of Uber lawyers, wide-scale public pressure campaigns and a likely dissatisfaction from political forces, not every bureaucracy is incentivized to enforce existing standards and policies.

Additionally, inevitably some surprises can surface during the regulatory process around a novel platform service such as Uber. Again, the bureaucracy involved must know it has sufficient resources and the right rewards to be incentivized to effectively deal with them. For example, the TfL's bureaucrats were taken off guard by the pace at which Uber's services continued to grow even after the Olympics, as evidenced in the quote below. However, it was precisely Uber's exponential growth that compounded the scale of incidences and challenges that the TfL had to manage to ensure consumer safety and protection as well as reasonable congestion and CO2 emission levels. Specifically, during the field interview with Mr. McNeill, it was pointed out that at one point there was allegedly a sexual harassment or assault incident linked to Uber in approximately '*every eleven days*'. The broader element of surprise around new technology platforms like Uber was described as follows by Mr. McNeill (interview, 2018, emphasis added):

'Forget the technology – the technology enabled an operating model. *But one of the things that did take us [at TfL] by surprise was the number of people, who would be prepared to drive around our streets in empty cars on the chance they might be able to pick up a few quid in a very long shift. We had not really seen that before* – we hadn't seen a pattern of empty vehicles circulating the streets of Central London earning no money, and with very little prospect of money, in such large numbers and with all the clustering effects it brings along. [...] we haven't really seen [this] in the old-fashioned minicab world'

Besides the professionalism and capacity issues, I have argued in this paper that the principal-agent relationship (insulation) can play a particularly important role in determining the willingness of bureaucrats involved to confront Uber. Specifically, the 'shadow case' of Uber policymaking in San Francisco showed how a more partisan and less insulated bureaucracy was unmotivated to carry out a similarly direct and determined confrontation with Uber as occurred in London after the political principal, mayor Lee, had sent out a policy signal in the opposite direction. It raises the question, what about the preferences and role of political principal in the case of London? Similar to San Francisco, where mayor Lee was supportive of the growth of the 'sharing economy' and had a global tech hub agenda, the Mayor of London, Boris Johnson (in office 2008-2016), was an elected politician concerned with promoting London's status as a leading global technology and business hub and was supportive of innovative services, especially ones enjoying broad public support (Dudley et al, 2017). This was arguably a natural policy inclination for a mayor who himself was a leading member of the pro-business, pro-liberal market Conservative Party.

Specifically, the leanings of the mayor Johnson in the debate around ride-hailing regulation were put to a first serious test in June 2014, '*when an estimated 5,000 black cabs blocked the streets of central London for several hours*' (Dudley et al, 2017: 3). Besides targeting the TfL, the protest was also explicitly aimed at the mayor Johnson, '*whom the LTDA [Licensed Taxi Drivers Association] accused of being too friendly and accommodating towards Uber*' (Dudley et al., 2017: 3). However, the demonstration appeared to have no immediate effect on the mayor's willingness to intervene to what was deemed at the time as the function of the TfL (Gidda, 2014; Plimmer, 2014; Tran, 2014). However, the following year the mayor became more directly implicated in the regulatory debate around Uber. Specifically, in September 2015, when holding one of his regular Mayor's Question Time events, which enables the general public to hold him to account, a row broke out. The event '*was disrupted when scuffles broke out with black cab drivers protesting about the legality of Uber*' (Dudley et al., 2017: 3). But in a highly revealing episode, Johnson stopped his speech and replied to the protesters by calling them as 'Luddites' and making a case for innovation to be allowed to thrive in London (Khomami, 2015). The incident appeared to reveal a clear sympathy of Mr. Johnson towards the ride-hailing economy.

Irrespectively, it was clear that by that time Johnson must have been well aware of the various tensions and controversies that had built up around Uber regulation. As the quote below shows, the differences in the views towards Uber held by him and the TfL's senior bureaucrats were apparent during the field interviews. But most importantly for this paper's argument, these divergences in the preferred policy path of the political principal, the mayor, and its agent, the TfL, did not derail the regulatory actions and plans already under way inside the TfL. As Mr. McNeill, described the agency's relationship with the mayor when asked about a possible divergence in views around Uber and the role it played in their decision-making (interview, 2018, emphasis added):

'*We [at TfL] were really focused on consumer safety, while the mayor of London [Boris Johnson] as elected politician was more kind of leaning towards Uber, especially as the pro-Uber public campaigns were taking off. It was very vivid, very sensitive.* I mean we do want to encourage innovation – London is an innovative city and tech makes up a big part of our economy, whether fintech or whatever it might be – *so we were attuned to it, but we always focused on our duty as a consumer protection regulator*'

However, the Conservative Party's Boris Johnson's successor as the mayor of London elected in May 2016, the Labour Party's Sadiq Khan, appeared to have a stronger inclination to support the Black Cab sector. At least that is what the expectation was among the city's Black Cab

drivers, particularly given that as a member of Labour Party he was expected to pay closer attention to issues around consumer safety and workers' protection. For example, Mr. Khan was anticipated to be more attuned to the various concerns around the rise of the so-called 'gig economy' and its precarious employment practices (Sullivan, 2016a).[23] At the time Mr. Khan was elected, the debate around the allegedly poor working conditions and small take-home salary of Uber drivers was becoming increasingly heated, in particular in light of the high commission Uber received on each ride and the low number of its drivers who could rely on it as their sole – or even largest – source of income (Dudley et al, 2017: 6). From the perspective of the Black Cabbies and other minicab companies, the market share of Uber continued to rapidly grow and until it was put on a halt, or even better reversed, little was achieved in the 'fight against Uber'.

Indeed, soon after Mr. Khan took office he released a new Mayor's Transportation Strategy. This included more resources for the TfL, with an explicit reference to bolster the staff numbers of PHV enforcement officials (Mayor of London, 2016). Additionally, the image of Uber took another blow right after Mr. Khan's investiture as several media reports alleged the company of having systematically failed to pay taxes in the UK, a topic particularly close to the Labour Party (Hook & Sullivan, 2017, Hook et al., 2017). However, besides according further resources to recruit new staff to the TfL, the new mayor initiated no dramatic follow-up actions to 'put breaks on Uber growth', at least of which there is a public record. As one representative of the TfL explained during the field interview, even under Mr. Khan's mayorship there was '*no real political consensus forcing TfL in one way or another*' (McNeill interview, 2018; full excerpt below). Similarly, the media coverage from the time does not suggest further pressuring of the TfL by the new mayor (Sullivan, 2017, Wright, 2017). Possibly, these dynamics occurred due to a certain ride-hailing policy preference congruence between the TfL and the mayor Khan. Why pressure an agency and risk with additional tensions with the bureaucracy if the latter already work towards achieving policy goals comparable to yours?

However, it is important to understand that even for a Labour mayor there was a politically sensitive balance to be struck between voicing support for policies around traditional areas of concern to the pro-labour forces with respect to the 'gig economy' (workers' rights, minimum wage etc.) and promoting London as the global tech and innovation hub (implying a welcoming message to platforms like Uber). On one side, Uber was seen by large swaths of Londoners as a helpful addition to the local transport market (Sullivan, 2016b; Murgia & Pickard, 2017). On the other side, with the vocal help from the local business and tech community, the narrative of Uber as a maverick innovator unjustifiably squeezed by an old-fashioned regulator and entrenched taxi interests (see, for example, the quote from the CEO of Bolt below) was gaining ground. Similar to San Francisco, once Uber regulation had become politicized, the local tech and business community came behind the company in large numbers to voice their support for an enabling environment for new technology businesses (Murgia, 2016). In particular, the influential report *Saving the Black Cab* (2016), published by a prominent right-wing think-tank during the Khan's year of investiture to the mayor's office, made a widely-reported case in support of welcoming Uber and the new competition it brings to the taxi market. Specifically, it argued that 'to save' the iconic London Black Cabs these operators had to work first and foremost on decisively modernising their own operations, rather than banning Uber. It was a

[23] As mentioned earlier, Uber does not qualify its drivers as 'employees', but rather considers them as 'self-employed'. However, note that more recently in a ground-breaking ruling the High Court of Justice in London ruled against Uber on the issue on March 17, 2021. It resulted in the creation of a third legal employment category, 'worker', for people like Uber drivers. In terms of protections and benefits it lies somewhere between 'employees' and 'self-employed'.

context Mr. Khan likely factored in and resulted in a limited appetite to lean too much against Uber.

Irrespectively, there was no visible sign of a policy shift around ride-hailing regulation, specifically the TfL's close scrutiny of Uber already under way, after Mr. Khan became mayor. For example, the TfL's investigation into Uber's ride booking process and its regulatory compliance continued. In fact, revealingly, the one important area where the mayor did possess a direct policy leverage against Uber was not used by Mr. Khan (and less surprisingly, Mr. Johnson). Namely, the decision whether to cap '*the number of private hire vehicles on the streets of London*' was a mayoral political prerogative (Dudley et al., 2017: 494). The fact that not even the Labour's Mr. Khan, who seemingly appeared more attuned to the concerns voiced by the incumbent sector, used this power against Uber highlights the likely high political sensitivity around the issue and no concrete political will of the principal to 'take on Uber'. In fact, it was a decision the TfL officials themselves were hoping for as it would have helped them manage the congestion situation in Central London, but it never came (Dudley et al., 2017: 5).

But what matters the most for this paper is that the TfL's policy path could have hardly been re-oriented, even if a mayor wanted it. The established arms-length relationship of the agency in relation to the political executive and its strictly meritocratic culture and autonomous resource base would have made it a tall task for any mayor – even a more US-type overtly partisan leader – to influence the work carried out inside such a bureaucracy. A similar sentiment was also echoed in the field interviews. Specifically, Mr. McNeill, explained the dynamics with local politicians during the Uber policymaking as follows (interview, 2018, emphasis and bold added):

'While in the city assembly people have voiced concerns over, I guess due to the shorter-term horizon, about potential consumer backlash. *For us [TfL], there was no real political consensus forcing us [TfL bureaucrats] in any one direction – but even if there was, you know, because we're in the long game and even if we had a mayor who sat down said that "you know I'm going to give it [Uber] an easy time", we [TfL bureaucrats] would say don't because that means that the first rape that is coming will have even more serious political consequences.* [...]. These are really serious [incidents]. If you actually can regulate, but don't regulate that is a much bigger risk to an organisation like ours, of which actually the mayor is the chairman. We are part of mayor's functional bodies, we are part of London's regional government and that's a much bigger risk than suffering the odd swear email from a special advisor [note: more on this incident below] or you know a glib "click this button petition".'

In fact, in the case of London, the real story of pro-Uber political pressures in relation to the bureaucracy's work comes from the national government. Specifically, Uber proved particularly skilful in winning over the political support of the Conservative Party's then-government members, particularly the prime minister up until July 2016, Mr. David Cameron. Most significant in terms of political weight were the efforts Cameron – highly supportive of Uber specifically and sharing economy in general (Pickard, 2017) – and his close allies to bend the TfL towards a more Uber-benign path. However, consistent with the argument of a meritocratic, insulated bureaucracy unresponsive to political signals, there were no signs that the TfL considered to abandon its plans to review and ensure the regulatory compliance of Uber's operations. It is worth stressing that this dynamic occurred even when facing overt political pressure from the nation's highest-ranking politicians and their closest advisors. As, Mr. McNeill recalled during the field interview regarding the events around the government's pressure campaign towards the TfL at the time (2018, emphasis added):

'*The biggest tension was with the previous government, which was that of David Cameron. We had some very, very difficult discussions [with the government], where we [TfL bureaucrats] said "look, you've got no power over us so we thank you, duly noted, but we will do what we need to do, even if the national government*

intervenes". If you look up the emails later disclosed under the Right for Information Act, you will find some documents, which show bad-tempered email exchanges between us [TfL bureaucrats] and 10 Downing Street [note: I discuss this correspondence below]. Yeah, at the time a special adviser to the Prime Minister called us 'bloody Luddites'. Given the importance of London, it was perceived not just as a local issue. But again, part of this has to do with language – I think that if I would have this time again, we [TfL] would have a much stronger narrative and tell our story in a different way. But we were confident in the fact that we were a regulator and we have some very specific powers, which we could use for consumer protection and we were comfortable with the technology, the technology wasn't giving problems to us. *We were very comfortable as a regulator, we knew what our role was and what we were interested in – to keep the passengers safe, make sure they're not ripped off and make sure they are not in unsafe vehicles, which are uninsured. Really, really straightforward and we were very comfortable with that role: we licence, but do that on the basis of an application that assures us the company is "fit and proper"*.'

Specifically, what had happened was that the TfL had launched a consultation process for their proposed measures to ensure regulatory compliance of the PHVs. These measures included the controversial proposal to require the PHVs to wait at least five minutes before being allowed to pick up the next client, as a means to ensure compliance with the pre-booking clause in the existing regulations. However, Uber's team in London became increasingly worried about the potential impact of these measures to its business. The company then embarked on an intense political courting campaign, both behind closed doors as well as on the streets of London, to take the measures off the TfL's agenda. It resulted in a petition signed by more than 650,000 Londoners in support of Uber as well as a public statement backing from the influential business association, the Institute of Directors (Murgia & Pickard, 2017). The heightened public pressure coupled with intense behind-the-doors lobbying culminated with Uber winning backing from the nation's top-ranking politicians, starting with Mr. Cameron and his closest allies (Pickard, 2017).

These high-ranking politicians then started exerting a strong coordinated pressure campaign on the TfL's officials to bend them towards a more Uber-friendly direction. However, in line with this paper's argument, the bureaucrats did not bend. The correspondence between the former top aide of Mr. Cameron and the senior bureaucrats at the TfL, subsequently released under the Freedom of Information Act, reveals the strong pressure bureaucrats at the TfL faced from Downing Street while seeking to regulate Uber. According to these, both Mr. Cameron and his then-Chancellor George Osborne lobbied against regulations that would affect Uber. After Mr. Jamie O'Hara, the Head of Government Relations at TfL, had sent a standard email to one of the PM's top aides requesting a regular 'catch-up' to discuss how the Tube's ticketless payment system could also be introduced elsewhere, he promptly received a response from the PM's top aide, Mr. Korski, who was the Deputy Head of Cameron's policy unit (Adams, 2017; Smith, 2017). It read: '*To be honest as TfL does the kind of insane and luddite things you're consulting on for private hire vehicles I can't really see much point in discussing innovation and technology with you*' (Freedom of Information Act document, 2017, in Smith, 2017; see also Adams, 2017).

Similar tense exchanges and political pressure from the prime minister's office towards the TfL's PHV regulation officials were also revealed in a further seven emails released under the Freedom of Information Act. As the Head of All-Party Parliamentary Group on Taxis, Mr. Wes Streeting, put it: '*[These emails] make it crystal clear, in black and white, the extent to which No. 10 under David Cameron was prepared to throw its weight around. [It's obvious Korski and No. 10] had TfL over a barrel, and were indicating that they would be unwilling to engage with them over a wide number of issues relating to transport in London unless they dropped proposals to regulate Uber. It's an abuse of power and a gross betrayal of black cab drivers*

and the travelling public' (in Smith, 2017; Adams, 2017). However, despite the TfL's civil servants receiving such criticism from central government, the TfL did not alter its course and continued with its plans to review and pursue the objective of ensuring the regulatory compliance of Uber. It was evidenced by the fact that, as discussed above, later in the same year bureaucrats at the TfL decided for the first time not to renew Uber's license, stating that '*TfL has concluded that Uber London Limited is not fit and proper to hold a private hire operator licence*' (TfL Licensing Decision on Uber London Ltd., 2017; see also Butler, 2017).

A similar dynamic of a clear unresponsiveness to the strong political pressure and pro-Uber public campaigns under the meritocratic, insulated bureaucracy of the TfL would have been hardly conceivably under a more partisan, less-insulated bureaucracy, as the case of Uber policymaking under the SFMTA in San Francisco earlier in this paper illustrates. However, in London, the TfL fought its way in protecting the existing standards and ensuring regulatory compliance of Uber all the way up to the High Court, despite the strong political pressure from the most senior members of the national government.

Finally, it could be argued that it was exclusively the black cab lobby and their powerful interest embeddedness within the regulatory body, the TfL, that caused the confrontation with Uber in London. It is also the position typically advocated by the representatives of ride-hailing firms themselves. As the chief executive of the second largest ride-hailing company operating in London, Bolt, Mr. Markus Villig, put it during the field interview (emphasis added) [24]:

'*I see that fundamentally there are two reasons why we don't have yet these [ride-hailing favourable] laws everywhere. First, strong taxi sector lobby.* As they try to protect their market share and in several countries they are well-organized – be it France, London or Germany –, where they actually manage to sell to politicians such a foolish idea that it is a good idea to create artificial market barriers. They have got politicians to agree them either through [campaign] financing or otherwise. [...]. *Clearly, they [taxi firms/medallion holders] invest in that tens of millions, independently of whether it is overall good or not for the society. They simply protect their investments. [...]. This is the main problem.*

The second situation is where regulators have such an old-school thinking that they see that a license provided by the state is so much superior from the safety perspective than a technological platform. They simply stick to this opinion that we can never outsource transportation service safety to some private enterprise, as it must stay in the hand of some state organ. I have also seen this in many countries. They simply say "No", this license must come from the city and this is not okey that some platform could decide it.'

Indeed, as discussed earlier, the Black Cab sector had put up a serious pushback effort against Uber ever since the company's growth in the city took off. To begin, already around the time of London Olympics the first Black Cab protests took place. These events targeted explicitly the TfL, whom the 'Black Cabbies' deemed as '*afraid of Uber's money*' (in Dudley et al., 2017: 3; Sharman, 2015). Revealing of who the Black Cab sector saw as the main culprit, the TfL or the mayor, the 'Black Cabbies' tended to mostly accuse the former '*on the grounds that it is the job of the regulator to ensure that innovative services remain within the bounds of what they judge to be fair competition*' (in Dudley et al., 2017: 3). The high level of coordination and intensity of interests across the taxi sector, similar to the case of San Francisco, is highlighted by the fact that the taxi protests in London were organised on numerous occasions and in large numbers, often even simultaneously with other major Western European capitals (Davies et al., 2014; Tran, 2014). In its initial official response to the sector, the TfL claimed that the agency had carried out in relation to Uber its '*largest ever compliance investigation*', which concluded '*its drivers held the relevant licenses and insurance*' (in Dudley et al., 2017: 3).

[24] As mentioned earlier, Uber London Inc. declined an interview request.

It is hard to pin down the exact influence of these and subsequent Black Cab protests on the TfL bureaucrats' decision-making. Specifically, the agency's decision to launch a new in-depth compliance review around Uber and its booking process in 2014. However, based on the interviews (excerpts below), it appears that although it is plausible that the Black Cab sector's social embeddedness within the bureaucracy of TfL had some influence on its decision-making processes, it is unlikely to have been the decisive factor shaping the latter's regulatory calculus around Uber. That is, even if the incumbent taxi sector's embeddedness within the regulatory structures is likely to have played some role, it was primarily the TfL's own internal organisational operating logic and objectives, conditioned by the agency's meritocratic, insulated and well-resource nature, as discussed earlier, that ultimately determined how policymaking around Uber played out. The very fact that the Black Cab drivers had to take it to the streets on multiple occasions and in large numbers to voice their concerns over the TfL's actions highlights their inability to conclusively shape policy through any of the alleged direct backchannels some claimed the sector to have inside the TfL (e.g. see the quote from the CEO of Bolt earlier).

First, in contrast to the 'all powerful taxi lobby' narrative, according to which the Black Cabbies decide for the TfL behind the closed doors, the growth of Uber was hardly put on halt at any point during the period covered. If taxi lobby was indeed so powerful and decisive, surely there must have been a more significant effect on the issue that actually financially mattered the most to them: the number of Uber vehicles on the streets. However, the number of private-hire vehicles, among whom Uber was clearly the largest with an estimated 18% of the PHV market share, grew by more than 20% in 2015 alone, achieving a total of 80,000 vehicles by 2016 (Ferrari, 2016; Sullivan, 2016a). By 2017, Uber had a larger fleet of vehicles on the streets of London than there were Black Cabs (Murgia, 2017). The increasing challenges of the Black Cab sector, coupled with the simultaneously growing confidence of Uber, were perhaps most starkly at display when Uber claimed during the taxi protests that these events actually benefited the company, as they made '*the public more aware of their distinctive brand and style of operation*' (Dudley et al., 2017: 3; Davies et al., 2014). In light of these developments, it is hard to find any convincing evidence of even some decisive taxi sector influence on the Uber policymaking in London.

That said, it is fair to assume that the TfL bureaucrats' established, and oftentimes long-held, social relationships with some influential members of the regulated sector was *one* of the contributing factors that made the agency more aware of the various problems caused by Uber's exponential growth. The field interviews with the TfL bureaucrats indeed revealed amical pre-existing relationships between the agency's senior staff members and influential figures from the taxi associations, specifically the LTDA, as well as labour unions, specifically the UK's largest and most influential trade union, the General Trade Union (GMB) (excerpts below). The TfL's bureaucrats also publicly displayed sympathy with some of the arguments advanced by the taxi sector. For instance, the concerns highlighted by the Black Cab sector around the poor pay and working conditions of Uber drivers appears to have fallen on particularly receptive ears (excerpts below). But many of the issues highlighted, particularly around the poor pay and working conditions of Uber drivers, clearly fell outside the regulatory scope of the TfL and thus could have not conceivably been impacted by the agency.

Significantly, the interviews also show that bureaucrats at the TfL clearly want to distance themselves from the Black Cab sector. On several occasions, the TfL staff voiced public support to the various alleged benefits that Uber is claimed to have brought along with its operations in London. For instance, and perhaps ironically, Uber is given credit precisely for

making for-hire transportation services more affordable to Londoners (excerpts below). The passages from the interview with Mr. McNeill, representing the official narrative of the agency, are particularly revealing. They illustrate the agency's simultaneous alignment on certain issues with the Black Cab sector, but on some others with Uber. There appears no evidence, at least in a publicly-apparent form, of a clear-cut one-sidedness among the TfL's bureaucrats. It is also revealing in itself about the alleged 'one-sidedness' of the TfL that both Uber and taxi associations have accused the local transit agency of being captured by the other side.

Below I highlight examples of the TfL's representative, Mr. McNeill, siding with the taxi sector, followed by examples of credit given to Uber. They highlight how the regulator voices a powerful and unequivocal opposition to some of the tactics and aims advanced by the taxi sector during the Uber policymaking process. It is fair to conclude that the TfL bureaucrats were socially embedded to an extent within the Black Cab sector, but no available evidence suggests a clear-cut capture as has been implied by some (McNeill interview, 2018, emphasis added):

"Pro-taxi" comments and anecdotes: 'In terms of worker protection, we don't regulate it for private-hire. But everybody [at TfL] is really concerned about it with respect to the private-hire sector. We are all worried about people driving tired and doing three jobs – is that safe? But well, we don't have any regulatory powers to stop people from doing it. So some of the trade unions, notably GMB [general trade union in the UK] and LTDA [Licensed Taxi Drivers Association], have been really concerned about the rights and protections of private-hire drivers. *We have a lot of sympathy with them.* We as an organisation through our own staff ensure that we pay London living wage – but we have no regulatory powers to guarantee that Uber or Lyft pays a living wage. [...]. There's been this really aggressive debate where the taxi drivers went to the streets in Central London – *and you can see the point as there are huge numbers of empty Ubers.* [...].'

'I was with the trade union [GMB] leader's special advisor, *who is a friend of mine, we've known each other for years and we were just chatting* [after a conference], and then she came along [the Uber's Head of Public Relations], sort of earnest young nice middle class white lady and she breathlessly said how she was really hoping to fight for the rights of data, for the poor drivers who have been so badly treated by the TfL. Then my friend [GMB's special advisor] went mad and sort of pushed her to where the GMB stand was and told about all the campaigning for the rights of Uber drivers they have done.'

"Pro-Uber" comments and anecdotes: 'The debate [around Uber regulation in London] has been somewhat cryptic as you had a very aggressive Uber, but *you've also had a very aggressive traditional taxi trade*, which has distorted the debates. We've had demonstrations on the streets and the black cab drivers fighting Uber as it has eroded their market share – but actually, Uber has a bigger impact on the small business minicab firms. It's a bit like people think Airbnb has eaten out all the hotels, but actually there's not so much change because hotels are more focused on business clients and that's where the money comes from. [...].'

'But again part of this has to do with language – I think that if I would have this time again, we [TfL] would have a much stronger narrative and tell our story in a different way. Two competing narratives occurred – these were contradictory, but lived a life independently of each other and were believed in equal measure sometimes by the same people. One was that we [TfL] were in the pocket of Uber and we were allowing them to get away with murder, to the point that our chief executive was being bribed by Uber and things like that. Then there was the other one, which was that our organisation is trying to protect the *status quo* and trying to destroy Uber, bring horse carriages back, stopping people from getting minicab cheap. These two narratives existed. *We would be the first to recognize that Uber did some really great things. They introduced a great platform, a great product into the market, which transformed the way in which people get home and which also made minicab much more cost-effective for people, and that was a good thing. And the technology also did actually increase the provision of minicabs – you didn't have to wait half-an-hour Friday night to get picked up to get home. All these things reduced waiting times*. But Uber's cost-effectiveness precisely depended on them having as little regulatory burden as possible. [...]. I mean this is where you get to a point where you know something, which was good can be bad. [...]. You need a binary regulatory compliance, we as a regulator need to know they [Uber] are doing enough to protect costumers.'

In summary, the local transport bureaucracy in London was embedded with the taxi sector much the same way as the local transit agency in San Francisco was embedded with its local legacy sector. Given the professional ties and acquaintances that members of any two professional sectors working together over decades tend to develop, it was also perhaps normal to have found evidence of some amical pre-existing social ties between the TfL's bureaucrats and local taxi sector members. However, most importantly for this paper, with the bureaucrats in both cities *a priori* more incumbent sector embedded and leaning, it could have hardly been uniquely a story of incumbent sector influence that accounts for the subsequent clear divergence that emerged in the regulatory approaches. Instead, this paper has drawn attention to the critical importance of the bureaucratic structures to account for these observed policy differences. In London bureaucrats dared to 'take on' Uber and uphold existing standards, while this was not the case in San Francisco. It was the nature of the local bureaucracy, and its principal-agent relationship with the elected officials, that explains these contrasting outcomes that emerged around ride-hailing regulation in London and San Francisco.

Conclusion

This paper's comparative study of Uber policymaking in London and San Francisco highlights that after controlling for numerous economic and political factors that could have been expected to explain the differences in ride-hailing policies – such as private interest groups, political pressures and consumer mobilizations – it was the bureaucratic influence that played a critical role. Specifically, through a meticulous recount of the regulatory process around Uber in London, the main case, and San Francisco, the shadow case, the paper found that a meritocratic, insulated and well-resourced bureaucracy tends to challenge Uber's policy path and result in stricter enforcement of the existing regulatory standards and framework. In contrast, a politicized, less insulated and less securely resourced bureaucracy tends to benefit Uber's policy path and result in the reversal of the existing regulatory standards and framework. As politicians often find it costly to go against popular services such as Uber, the presence of a partisan bureaucracy tends to benefit Uber and produce a more ride-hailing-friendly policy path, as evidenced in the case of San Francisco. However, the presence of a meritocratic bureaucracy tends to increase the bureaucratic barrier Uber must overcome, as more strict attention is paid to regulatory compliance, while Uber's external political pressure campaigns are less effective, resulting in a less ride-hailing-friendly policy path, as evidenced in the case of London.

These findings support the two main theoretical points raised. First, under a meritocratic bureaucracy – characterised by merit-based recruitment, insulated procedures and secure material resources – the political principal cannot easily choose bureaucratic allies of its likening and redirect resources in order to control policy. In fact, meritocratic bureaucrats often dispose a strong incentive to protect the existing policy environment that usually serves them well. In these circumstances policy stability is the likely outcome. Second, under a partisan bureaucracy – characterised by political recruitment, unstable procedures and insecure material resources – the political principal can more easily put in place bureaucratic allies of its likening and redirect resources in order to control policy. In fact, partisan bureaucrats dispose a strong incentive to dynamically adjust their activities according to the preferences of their political principal to avoid sanctions, such as agency budget cuts or deteriorated career prospects. In these circumstances policy change is the likely outcome.

The comparative case study of San Francisco and London was revealing because both cities have a long history and autonomy in the area of private sector commercial transportation regulation. In the United Kingdom, the Local Government (Miscellaneous Provisions) Act 1976 gives local governments a significant discretion to regulate local for-hire transit services. In fact, the national government can essentially only issue 'best-practice guidelines' in the domain. Similarly, in the United States the Urban Mass Transportation Act 1964 leaves cities with strong powers to regulate taxis and other for-hire vehicles. However, the way this comparable initial policymaking autonomy, as well as a pre-existing strict regulatory regime, played out in the case of Uber policymaking was starkly different. In the case of the more partisan, malleable and insecurely resourced bureaucracy of SFMTA, an activist mayor who had an upper hand over the bureaucracy incentivized the local enforcement officials ultimately to 'cave in' and respond to the Uber-benign policy signal that was sent out. It resulted in the reversal of the existing regulatory framework and policy accommodation that suited Uber's needs. However, in the case of the meritocratic, insulated and securely resourced bureaucracy of TfL, bureaucrats were able to leverage their arms-length relationship towards elected officials and avoided 'caving in' to Uber even as political pressure was building up, including from the nation's top-ranking politicians and their closest advisors. Ultimately, these meritocratic bureaucrats carried out their strict regulatory enforcement plans and were able to uphold the existing standards around consumer safety and protection, as well as the regulatory framework in place, the Private Hire Vehicles (London) Act of 1998.

Fundamentally, the paper has sought to 'bring the bureaucrats back in' to the debate around platform politics by emphasizing the importance of autonomous bureaucratic influence on whether Uber receives a regulatory accommodation and policy reversal, or a strict enforcement and policy continuity. Specifically, the extent to which a bureaucracy is meritocratic – bureaucrats are meritocratically selected, insulated through an arms-length relationship from their political principal and materially securely resourced – can be the difference between Uber's ability to politically pressure its way towards a favourable policy response or not. The divergent policy paths around ride-hailing regulation in London and San Francisco illustrate the opportunities as well as limits for new technology adoption under two distinct models of bureaucracy, a meritocratic and partisan bureaucracy.

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Paper 2

Democracy and basic welfare: the overlooked role of participatory democracy institutions

Abstract

A large body of literature claims that democracy enhances human welfare and development. But what is it about democracy that improves wellbeing? Several studies argue it is democratic electoral competition that equips politicians with incentives to deliver public goods and services, thereby improving wellbeing (Boix, 2001; Brown & Hunter 2004; Garay, 2017; Gerring et al., 2015; McGuire, 2010). It could thus be expected that the competitiveness of electoral contestations (for example, as measured by the winning party's vote margin and electoral turnout) is a critical factor that explains human development outcomes in democracies, while other features of democracy may be less consequential, such as bottom-up citizen empowerment. In this paper, I argue that institutionalised citizen empowerment through non-electoral, participatory tools can be an influential – yet often underemphasized – channel through which democracies improve basic welfare. It is theorised that participatory democracy institutions, such as participatory budgeting (PB), bring enhanced social accountability in the form of civic oversight. This enables better targeting as well as more efficiency in public resource allocations, resulting in better welfare outcomes.

I test my hypothesis on the case of participatory budgeting in Brazil. PB is an archetypical participatory democracy institution that empowers citizens to directly deliberate and decide over the allocation of a non-negligible share of local budgetary resources. I find that, by shifting the locus of decision-making 'further down', this type of bottom-up citizen empowerment is associated with (i) better primary sanitary and health outcomes; (ii) a higher share of municipal budget allocation to the Health/Sanitation category; and (iii) a reduced share of Total Capital Expenditures. My findings suggest that practicing a deepened form of non-electoral political participation, such as PB, could improve basic welfare outcomes by redirecting more resources to areas critical to local wellbeing (health and sanitation), while also improving the 'bang for buck' in capital investments. Almost none of the models show significant effects of changes in electoral competitiveness for the outcomes investigated.

The paper primarily seeks to make an empirical contribution to the debate on democracy and development by emphasizing the often overlooked, yet critical, role that bottom-up citizen empowerment can play in connecting democracy with improvements in basic welfare. It does not disregard the consequential role electoral democracy can play in aggregating preferences and enhancing accountability in high-level politics, but argues for participatory democracy as another influential lever for how democracies can foster concrete improvements in local basic welfare. The analysis draws on a novel dataset covering institutionalised citizen participation, electoral competitiveness and numerous other measures across the 253 largest Brazilian municipalities.

Introduction

Democratic practices are expected to benefit wealth creation and human development. Specifically, there is an established body of political economy of development literature investigating the relationship between democracy and improvements in human welfare. Although far from a conclusive consensus, the optimistic end of this debate argues that democracies achieve higher economic growth and outperform autocracies in human development over the long-run (Acemoglu & Robinson, 2013; Altman & Castiglioni, 2020; Besley & Kudamatsu, 2006; Blaydes & Kayser, 2011; Colagrossi et al, 2020; Deacon, 2009; Eterovic & Sweet, 2014; Gerring et al., 2015 Haggard & Kaufman, 2008; Hanson, 2015; Lindert, 2004: chs. 15–17; McGuire, 2013; Muntaner et al., 2011; Hausmann et al., 2005; Przeworski et al., 2000; Stasavage, 2020). Other scholars remain more skeptical (Doces, 2008; Halleröd et al., 2013; Jacobsen, 2015; Miller, 2015a; Nelson, 2007; Ramos & Tournillon, 2014; Rothstein, 2015).[1] However, independent of the strength of the relationship identified and the intrinsic normative benefits concurred on democracies, rarely do these studies engage in a more thorough theoretical and empirical investigation into what it is about 'being a democracy' that brings along a 'wellbeing dividend'.[2] The prime candidate advanced in most of these studies, albeit often implicitly through the choice of measurement strategy, is the presence of some form of competitive fair elections. With most scholars equating democracy with periodic credible electoral contestations, it suggests that the competitiveness of elections could be a particularly helpful dimension for understanding how democracies advance human welfare (Diamond, 1999; Gerring et al., 2015).

However, a narrow focus on electoral competition may overlook other important channels through which a democratic political system could enhance human welfare. These include, notably, citizen empowerment through non-electoral institutions. Focusing on the potential of citizens' direct inclusion in decision-making and community empowerment to alter existing patterns of development is also the approach guiding an increasing part of the work done by the large donor institutions, such as the World Bank, the UN and the USAID (Mansuri & Rao, 2013). The theoretical foundations of 'participatory development' as a mechanism to foster human welfare lie in the writings of scholars like Chambers (1983), Hirschman (1970, 1984), Sen (1985) and Ostrom (1990). Proponents of this approach often point out that a greater citizen inclusion in decision-making increases information flow between the residents and politicians/bureaucrats, thereby improving accountability in governance and efficiency in allocations (Goncalves, 2014; Touchton & Wampler, 2014; Touchton et al., 2017; Wampler 2008). Other authors have challenged these propositions by stressing the potential for capture and loss of technical expertise when decisions over the allocation of resources are moved 'further down' (Bardhan & Mookherjee, 2000, 2006; Brett, 2003; Mansuri & Rao, 2013; Mosse, 2001; Platteau & Abraham, 2002).

[1] Arguably, some authoritarian systems have had considerable success in achieving stellar economic growth and development outcomes. Often-referred examples include Singapore and China, but also the pre-democratization South Africa, South Korea and Taiwan. Studies have also emphasized their success in reducing poverty, e.g. for China see Fan et al. (2002) and Montalvo & Ravallion (2010); for Singapore Quibria (2002), for the pre-democratization Taiwan Wade (1990) and Tsai & Huang (2007); and for the pre-democratization South Korea Amsden (1992) and Booth (1999). However, the aim in this paper is not to look at whether all countries that have successfully engendered high GDP growth and poverty reduction are democratic (they are not), but rather to investigate how different aspects of democracy place pressures on officials and representatives to address issues around basic welfare needs.

[2] Following McGuire (2010), democracy, at its most fundamental level, will be defined in this paper as '*a political regime with fair elections, basic human and civil rights, and autonomy for elected officials*'.

This paper seeks to revisit the question about the ways in which democracy can enhance human development, with a particular focus on the opportunities and limits engendered by the tools of participatory democracy. Specifically, it asks whether participatory democracy institutions, focusing on the case of participatory budgeting, produce additional welfare gains even after controlling for the quality of local electoral democracy. I argue that citizen empowerment through deepened participatory institutions is a critical, yet often overlooked, ingredient of the 'inner life of democracy' that brings about basic welfare gains associated with democracies.[3] My findings suggest that deepened citizen engagement in everyday policymaking through participatory institutions improves basic welfare outcomes by enhancing social accountability, providing a form of civic oversight. The mechanism of social accountability allows public bodies to (i) improve targeting in public resource allocations as well as (ii) limit the misuse of public funds. I find empirical support for my theory using the case of participatory budgeting in Brazil.

The paper primarily seeks to make an empirical contribution. First, by building on an empirical strategy that uses a novel dataset on the 253 largest Brazilian municipalities, it provides a rigorous testing of the impact of participatory democracy institutions on basic welfare outcomes. Specifically, the subnational setting allows one to control for important variation in country level institutions (party system, electoral rules, system of interest group representation, type of variety of capitalism etc.) that often blur causal identification in cross-national development studies. To date, a comparative subnational approach in the study of the political economy of development remains surprisingly rare (for few exceptions on Brazil, see Fujiwara, 2015; Touchton et al., 2017). Second, the analysis shows that how we measure 'democracy' is critical to our understanding of how it impacts wellbeing. Part of the inconsistency in the existing findings on the relationship between democracy and welfare improvements appears to be explained by a focus on only the narrow aspect of electoral democracy. In other words, until the measure of democracy is disentangled into distinct sub-components, with citizen empowerment and electoral contestations as the critical ones (Mansuri & Rao, 2013), the research on the impact of democracy on welfare may remain partial and lead to misguided conclusions.

The paper will proceed as follows. First, the existing literature on democracy and human development will be critically reviewed. Second, the effects of participatory democracy on human welfare will be theorised. Third, the empirical strategy and main case will be introduced. Fourth, the main findings will be outlined. Finally, a conclusion will be drawn.

Electoral democracy and human development

The theories connecting democracy with human development can be divided into two broad camps. The first set of theories are elite level and focus on electoral politics and contestations as the dominant factors behind welfare gains in democracies. The second set of theories are

[3] It does not mean that other aspects of the state, namely its bureaucratic capacity, are not relevant for effectively delivering social goods and services that improve human welfare. Indeed, bureaucrats that are more materially resourced, trained and with a higher sense of civic duty are likely to be less prone to corruption and inefficient public resource management (e.g. Dahlström et al., 2012). However, this paper considers issues related to 'state capacity' as not intrinsic to any specific type of government (democratic or authoritarian) and thus are not in the direct focus of this analysis. For more on the role of bureaucracy in public policy, see also Paper 1 of this DPhil thesis.

citizen level and place the locus of policy change and associated welfare gains 'into the hands' of citizen empowerment and non-electoral political participation in democracies.

The proponents of the first approach argue that the vast majority of differences in wellbeing across countries is due to the presence of some form of competitive democratic electoral contestation, which incentivizes incumbent governments to deliver on social and economic improvements for their citizens (this scholarship has a long tradition, e.g. Cheibub & Przeworski, 1999; Dahl, 1971; Kitschelt, 2000; Madison, 1788; O'Donnell, 1998; Przeworski et al., 1999; Schmitter & Karl, 1991). The mechanism at work is argued to be electoral accountability. Politicians promise and deliver welfare-enhancing public goods because it is expected to maximize their chances of retaining or gaining access to the public office. The more recent scholarship in the field is anchored in the seminal work of Peter Lindert (2004), who demonstrates, using the median voter theorem, how a greater number of eligible voters also increases the prevalence of policies benefitting the majority (Jacobsen, 2015; Miller, 2015b). Other median voter theorem-based studies also show that a greater number of voters from some social group concurrently increase policy allocations targeting that group (Bueno de Mesquita et al., 2003; Keefer & Khemani, 2003; Lake & Baum, 2001).

Using these theoretical intuitions, a large body of political economy of development literature has built up seeking to explain the superior socio-economic performance of democracies through the presence of competitive and fair multiparty electoral contestations (Huber & Stephens, 2001; Wong, 2004; McGuire, 2010; Gerring et al., 2015; Garay, 2017). Scholars have also associated multiparty electoral contestations with superior outcomes across other desirable public goods, such as the efficiency of the state and the credibility of policies enacted (Barro, 1973; Brown et al., 2011; Geddes, 1994; Stigler, 1972; Touchton, 2016; Weitz-Shapiro, 2012), the level of public trust in the political system (Blais & Logo, 2009), or the extent of ideological diversity (Dahl, 1989). Besides being hailed as positive for socio-economic development and a range of public goods, competitive 'free and fair' elections with universal suffrage are claimed to be the very feature that defines what it means to be a democracy (Coppedge et al., 2019). As argued in Dahl (1971), without competitive electoral contestations there could simply be no democratic politics. This approach about 'how democracy works' is eloquently summarised in Przeworski et al. (1999: 50): '*Governments make thousands of decisions that affect individual welfare; citizens only have one instrument to control these decisions: the vote*'.

However, the literature emphasizing the role of electoral contestations in development tends to suffer under several substantive and methodological weaknesses. Specifically, there are good reasons to question whether the competitiveness of electoral contestations is necessarily the sole, or perhaps even the most critical, component of democracy in inducing superior development outcomes, particularly in the area of basic welfare. First, electoral contestations are generally fought over high saliency issues. These can revolve around fundamental development issues, but need not. Often issues such as foreign affairs, geopolitics and identity politics take the central stage (Harding & Stasavage, 2014; Meyer & Wagner, 2016). It can leave policy topics related to issues such as basic health and sanitation infrastructure with little to no political and media attention, effectively limiting their relevance in the electoral accountability equation. Second, voters across democracies show increasingly low levels of partisan identification, which further increases the cost of obtaining information and selecting the candidate most suited to represent their interests (Keefer & Khemani, 2003; Samuels & Zucco, 2018). In developing countries in particular political parties are often non-programmatic, clientalistic or simply short-lived, making it hard for voters to differentiate

between them (Kitschelt et al., 2010; Lupu & Riedl, 2013; Mainwaring, 1999; Power & Zucco, 2009). Third, equating democracy with periodic electoral contestations can obscure the fact that without a broader system of checks and balances required to effectively run a democracy, including civic oversight, competitive elections alone can yield limited or even counterproductive results. Collier (2008) has convincingly argued that setting up competitive electoral democracies across the African countries without a broader credible system of checks and balances on power has exacerbated, rather than mitigated, social conflict and strife over the allocation of public goods, effectively undermining development in these locations.

The ability of the poor to bring about social change through electoral means could be expected to be particularly problematic. First, poor individuals face a high cost when seeking to put together a winning coalition of voters behind a common political platform to defend their interests (Olson, 1965; Schattschneider, 1960). Previous research has shown a bias towards middle and upper-middle classes in representative democracies, as the cost of political organization and mobilization is tilted in favour of groups with more information, income and other resources (Sorace, 2018), while poor people have been shown to face numerous costs when seeking to collectively mobilize for electoral purposes (Hochstetler, 2000; Keefer & Khemani, 2003), especially in developing countries (Diamond, 1999; Lupu & Riedl, 2013). Second, even if the poor are able to identify and vote into the office the parties most suited to defend their interests, politicians once in office can still respond to interest group lobbying and other incentives that the poor are generally less able to access and manipulate, but which can affect the delivery of basic social goods and services (Haggard, 1990; Keefer, 2007; McGuire, 2006; Ross, 2006). Under these circumstances, rather than public resources being oriented towards the majority in the form of basic welfare-enhancing policies, they can easily be diverted towards private groups who are the most capable in placing demands on the state (Lipton, 1977; Przeworski, 2010), particularly in the developing country context (Lupu & Riedl, 2013).

Taken together, the connection between public policies and electoral accountability can remain loose, particularly where democracy is still weakly institutionalised and party systems are fragmented (Mainwaring & Zoco, 2007; Mozzafar & Scarrit, 2005; Riedl, 2014). At the very least, it remains an open question to what extent a sole reliance on the competitiveness of periodic electoral contestations leads to improvements in basic welfare under a democracy.

Additonally, the existing literature emphasizing electoral contestation as the privileged lever for advances in welfare faces several measurement and methodological issues. First, these studies typically use GDP as the prime proxy for human development (for a discussion, see Malay, 2019). However, it is well-established in the wider development studies literature that the size of GDP does not reflect, nor even proclaim to reflect, progress in broader human development (Costanza et al., 2009; Philipsen, 2015). From the perspective of less advantaged social groups, progress on issues such as access to basic health facilities, adequate sewage system and clean drinking water can be expected to be much more concrete and meaningful dimensions of everyday human welfare. Sen's (1999) ground-setting work on 'human capabilities' shows that the primary prerequisite for individuals and communities to flourish in their daily lives is the ability to secure a basic level of wellbeing, which consists of surviving birth, avoiding malnutrition and staying healthy. Underlying Sen's concept of 'human capabilities' is the idea that humans should have access to minimal means of welfare, namely a basic health and sanitation infrastructure, to enable them to pursue their desired life paths and

live a dignified life (Sen 1999; Nussbaum, 2011).[4] Whether and how democracy affects the broader concept of human welfare is not sufficiently addressed in much of the existing literature of political economy of development due to its narrow focus on the size and growth of gross domestic product.

Lastly, the existing scholarship on democracy and development almost exclusively uses cross-national research designs. However, it can complicate the causal identification process. Specifically, as shown in Touchton et al. (2017), cross-national development studies tend to suffer from a high number of trended variables, sample bias problems and limited robustness in the findings, all of which raise questions over the validity of their empirical conclusions. The cross-national approach can overlook, for example, important differences in national politico-economic institutions (e.g. party system, electoral rules, system of interest group representation, type of variety of capitalism), but which can nevertheless be consequential to the relationship between democracy and human development. Furthermore, the existing studies generally overlook within-country variation in bottom-up citizen empowerment through participatory democracy institutions. As will be discussed below, it can be expected to be another critical channel for how democracies could affect human welfare accumulation. Surprisingly, only a handful of empirical investigations have leveraged the subnational, more controlled environment to investigate the relationship between different features of democracy and human development (for exceptions, see for example Fujiwara (2015) and Touchton et al. (2017) on Brazil, and Miller (2019) on the United States). A subnational approach allows one to disentangle democracy into two critical components, electoral and participatory democracy, and explore their respective effects on basic welfare.

That is not to say that the often-hailed 'crown jewel' of contemporary representative democracies, competitive electoral contestations, is not likely to be one, and intuitively important, factor in inducing accountability in high-level decision-making and improving overall wellbeing in democracies. However, as I have just outlined, there are many doubts over the effectiveness of competitive elections on their own to radically transform local development patterns, particularly in basic welfare. It is therefore important to investigate how other important aspects of democracy, such as citizen empowerment through participatory institutions, could affect trajectories in human development.

Participatory democracy and human development

The theories explaining a democratic 'wellbeing dividend' with the competitiveness of electoral contestations ('thin democracy') contrast to the scholarship stressing the role of a broader citizen empowerment and deepened non-electoral political participation ('thick democracy'). The latter theories can be grouped, broadly speaking, under the label 'participatory democracy'. The literature on participatory democracy has its intellection roots in the distinct variants of 'direct democracy' advocated already by Aristotle and Rousseau and, more recently, by Carole Pateman and Jürgen Habermas. Building on a divide between aggregative and deliberative theories, the scholars of participatory democracy consider democracy to be primarily about the '*qualitative practices that approximate normative ideals*

[4] Focusing on the broader concept of human welfare is also the approach guiding much of the more recent work done by influential development institutions, specifically the World Bank and UN. In fact, the theoretical foundations of the World Bank's Human Development Index (HDI) and the UN's Sustainable Development Goals (SDGs) lie directly in Sen's work on human capabilities (for more, see Sachs & McArthur, 2005).

of democratic opinion-and-will formation rather than a set of representative institutions' (Baiocchi et al., 2011: 1). While it is acknowledged that electoral conceptualisations of democracy can be useful for high-level regime classifications and for inducing high-level political accountability, it is suggested that these approaches overlook a consequential variation in the more substantive dimensions of citizen empowerment (Diamond, 1999; Gerring et al., 2015). That is, even if all democracies share in common some fundamental features – such as basic constitutional political and other rights, periodic 'free and fair' elections and universal suffrage – the actual character of citizens' everyday political participation and empowerment can vary significantly.

Political participation at its broadest level is the '*ability of citizens to organize themselves and press their claims on government officials and other powerholders [...]*' (Touchton et al., 2020: 31). However, there are various forms for how political participation can manifest itself in democracies. According to Touchton et al. (2020), the four main ways citizens can participate in political life to pursue their interests in democracies include: (i) involvement in campaigns and elections (Dahl, 1971; Ferraz & Finan, 2011; Gerring et al., 2015; Huber & Stephens, 2012; Madison, 1788; Schmitter & Karl, 1991); (ii) lobbying elected officials and other powerholders (Adams, 1981); (iii) organizing protests and other direct activities (Alvarez, 1990; Alvarez et al., 2017; McAdam et al., 1996; Mische, 2008; Tarrow, 1994); and (iv) influencing policymaking through participatory and deliberative institutions (Avritzer, 2002; Dryzek, 2000; Fishkin, 1991; Fung & Wright, 2003; Santos, 2005).[5] The scholars of participatory democracy emphasize the importance of the latter category. Put differently, in practice, the closest contemporary real world approximation to the ideal of a '*democratic opinion-and-will formation*' comes in the form of deliberative and participatory institutions (Fung & Wright, 2003; Tarrow, 1994).

What are *strictu sensu* these participatory and deliberative institutions? No single definition applies as the participatory democracy 'toolkit' can involve citizens in policymaking in numerous different ways. Specifically, participatory democracy institutions can have a deliberative aspect, but this may only be one of their design features. The goal of deliberative institutions is to foster dialogue to change the participants' attitudes and build consensus (Baiocchi et al., 2011; Touchton et al., 2017). Some participatory institutions seek to go beyond a mere deliberative concept by equipping ordinary citizens with concrete levers to affect public resource allocations. The diversity in participatory democracy institutions reflects the multiplicity of experiments in more direct citizen inclusion that has arisen over the last two decades or so (e.g. PB, town halls, policy councils, referenda). Often participatory democracy institutions have been set up in the hope of curing, or at least alleviating to an extent, some of the 'deficits' associated with the functioning of contemporary representative democracies. These include increasing levels of political apathy, low electoral turnout, unresponsiveness in democratic governance and a general trend of a declining public trust in political elites and their ability to deliver meaningful outcomes for ordinary citizens (Stasavage, 2020).

A particularly enhanced form of participatory democracy in terms of taking the decision-making 'further down' is participatory budgeting (Baiocchi et al., 2011; Goncalves, 2014; Touchton et al., 2017). The defining feature of participatory budgeting is the embedding of local residents from early on into the local budget-making process and allowing them to decide over the allocation of some of its resources (Wampler, 2008). Specifically, the participatory budgeting framework allows ordinary residents and civic associations to become directly

[5] For a more extensive literature overview, see Touchton et al. (2020).

involved in the ongoing decision-making over how to use local budgetary resources, from idea proposals to deciding over the public works to be prioritised to the oversight of approved projects. Importantly, given this set-up, it equips local residents with concrete, tangible tools to affect the direction and management of municipal budgetary resources (Abers & Keck, 2013; Ansell & Gash 2008; Avritzer, 2002; Baiocchi et al., 2011; Cornwall & Coelho, 2007; Falleti & Cunial, 2018; Font et al., 2017; Fung, 2006; Fung & Wright, 2003; Heller 2012; Smith, 2009; Wampler, 2015). Put differently, in a typical PB process local residents and neighbourhood associations obtain the right to not only deliberate over which public works should be prioritised, but to actually vote for their preferred projects and then oversee their implementation (a framework described as 'voice, vote, oversight' in Wampler, 2008). However, the specifics of the PB process can vary between each local case.[6]

The participatory development literature emphasizes precisely the transformative potential of similar routinised civil society engagements in public life to improve human development, by cutting through entrenched interests or otherwise (Barber, 1988; Benelo & Roussopoulos, 1971; Christoforou, 2010; Fung & Wright 2003; Goncalves, 2014; Kawachi, 2001; Macpherson 1977; Mansbridge, 1983; Pateman, 1976, 2012; Putnam, 1993; Touchton & Wampler, 2014, 2017; Wampler, 2008). In general, the participatory development literature stresses that it is important to look beyond mere electoral politics and contestations to other community empowerment channels, such as PB, to understand how patterns around human development can be improved. Wampler (2008), for example, argues that practicing participatory democracy through institutions such as PB alleviates the collective action problem at the heart of redistributive politics by giving ordinary residents more tangible tools to be involved and influence policy outcomes. The public dialogue and deliberation that practicing participatory democracy brings is assumed to constrain the ability of politicians and officials to subsequently bypass the interests of ordinary citizens (Touchton & Wampler, 2014; Touchton et al., 2017). It has also been suggested that participatory democracy could benefit transparency and accountability in the local decision-making process (Boulding & Wampler, 2010; Goncalves, 2014).

However, the participatory development literature is relatively weak when it comes to the actual empirical grounding of its theoretical claims. Thus, on one side, the literature on participatory development has associated practicing participatory democracy with numerous development objectives, including enhancing social capital and civic engagement in public affairs; improving citizens' knowledge about political processes and policies; advancing social justice through redistributing more resources to low income groups and neighbourhoods; improving government responsiveness by allowing citizens to advance their own ideas about local development needs; and transforming administrative and budgetary aspects of local governance by increasing transparency and accountability (Fox, 2015; Goldfrank, 2007; Habermas, 1996; Putnam, 1993; Sirianni, 2009; Souza, 2001, 2007; Stivers, 1994). However, on the other side, only a handful of rigorous, large sample empirical tests have been conducted to evaluate to what extent these expectations and promises of the proponents of deepened participation have been fulfilled in reality. Notable exceptions include Boulding and Wampler (2010), Goncalves (2014), Touchton and Wampler (2014) and Touchton et al. (2017). These studies tentatively point towards a positive effect of participatory democracy after carrying out large-n subnational empirical investigations.

[6] For example, in some cases local residents can propose through PB new public work projects, but then the voting to rank them is non-binding. However, in other cases the deliberation is followed by a binding vote (Goncalves, 2014). As such, the PB process can range between a more consultative and a more tangible decision-making venue.

However, the mechanism that actually connects practicing participatory democracy with wellbeing gains still remains both theoretically and empirically unspecified and tested in these studies. In fact, the studies show positive effects of PB on several wellbeing outcomes that fall outside the direct domain of allocations of PB, raising the question whether their models are not 'inflated' (see for example Goncalves, 2004; Touchton et al., 2017). Additionally, and importantly from this paper's perspective, none of these studies control for the quality of local electoral democracy, the other prime channel theorised in the literature on how democracies could improve welfare. Rarely have theories of participatory and electoral democracy been considered and empirically tested under a single research design (examples of research in this rough direction, yet with a distinct set-up, include Gerring et al., 2015; Touchton et al., 2017). Further empirical work is required to improve our understanding of how democracy, specifically participatory democracy, affects basic welfare. The observation made already in Shapiro (2003) still appears relevant: aggregative theories of democracy with their focus on how individual preferences get aggregated are strong on empirical work and formal theories of democracy, while the literature on participatory democracy is advanced in normative theory, but weak on its empirical grounding.

Argument

Building on the theoretical insights discussed, I will use the example of participatory budgeting to argue that enhanced bottom-up citizen empowerment can be an important channel for how democracies improve basic welfare.[7] The proposed mechanism connecting PB with superior basic welfare outcomes is social accountability, a form of bolstered civic oversight. It allows public bodies to (i) improve targeting in budgetary allocations towards areas that matter more to ordinary citizens, and (ii) limit waste and misuse of public resources. I will show that practicing participatory democracy produces a 'wellbeing dividend', even after controlling for the differences in the quality of local electoral democracy. Additionally, I will show that basic welfare gains associated with PB increase with the number of years it is sustained, as civic involvement and oversight become more institutionalised in the local political process. The argument is embedded in the standard work in the political economy of development literature that emphasizes the role of open government and accountability in limiting 'bad governance' and improving government responsiveness (e.g. Fox, 2015; Gaventa & McGee, 2013; Rose-Ackerman, 1999; Smulovitz & Perruzzoti, 2000).

Before proceeding any further, it is necessary to outline exactly what is social accountability. Following Ackerman (2005), it is the building of government responsiveness and good governance by relying on civic engagement. Specifically, it is a process through which citizens and civil society organizations directly participate '*in exacting accountability*' from public authorities (Ackerman, 2005: 9). An important aspect for understanding the mechanism of social accountability, as distinct from a narrow electoral accountability, is that accountability itself is a process, rather than a 'state'. As shown in Ackerman (2005), effective accountability requires a regular proactive engagement on behalf of public officeholders in the form of

[7] However, note that the focus here is not on extra-institutional forms of political participation, such as protests and boycotts. This is primarily due to their more fleeting, sporadic and weaker organizational character. Extra-institutional forms of participation can be good at, for example, toppling down a corrupt political leader or even stopping some proposed legislation. However, protest movements and similar are much less effective in proposing and bringing to life new constructive and forward-looking political agendas on a consistent and regular basis (e.g. Occupy Wall Street, Arab Spring). For more on this issue, see Amos & Dyke (2017), Durac (2013) and Hamzawy & Ottaway (2011).

dialogue, explanations and justifications of their actions. As the author puts it, to be accountable is '*to be in motion*' and proactively engage with the public, rather than to remain '*open to criticism*' while in office (Ackerman, 2005: 6). According to the literature review in Fritz et al. (2014), the political economy of development scholarship generally associates higher levels of social accountability and civic monitoring in political systems with more government responsiveness.

It is precisely the routinised character of political deliberation and engagement in everyday public life that defines the process of participatory budgeting. By providing a venue for regular interaction between public officeholders and local residents, the participatory budgeting institutions can be anticipated to enable more explaining and justifying on behalf of officeholders during the policy process (Touchton & Wampler, 2014). Specifically, through the PB framework officeholders have to regularly inform and defend their actions in front of local inhabitants and neighbourhood associations at every stage of the PB cycle (more on the PB process below). The ongoing character of the PB process allows citizens to scrutinise local investment priorities and the progress in the implementation of public works *before* as well as *after* the government acts. Following the language of Ackerman (2005: 7), PB allows for a constant '*give and take*' between the state and society by opening up city finances to the general public throughout the annual policy cycle. It can be expected to result in public authorities being more serious in regard to the interests and demands of local residents because their policy preferences are now explicitly deliberated and scrutinised under the PB framework (Boulding, & Wampler, 2010; Touchton & Wampler, 2014; Touchton et al., 2017). It contrasts to the mechanism of electoral accountability, whereby citizens raise government '*above them*' during the elections and then try to control them '*after the fact*' (Ackerman, 2005: 7).

Scholars such as Bernard Manin, Adam Przeworski and Susan Stokes (1999) have claimed that a government is responsive if it adopts policies that citizens signal they prefer, while a government is accountable if citizens can sanction unrepresentative governments by retaining in office the ones that perform well, while ousting others. The weakness of differentiating between the two concepts this way is that it assumes that citizens 'alienate' or 'raise into the air' a new government during elections and then seek to discipline them during the next ones. It implies that accountability can only be exercised externally and *ex post* (Zudenkova, 2018). The only form of empowerment citizens hold under the electoral accountability perspective is the power to sanction government *after* it has already acted by altering their vote during the next elections. However, the mechanism of social accountability emphasized in this paper helps to bridge the gap between 'policy responsiveness' and 'accountability' by enabling citizens to exert accountability both before as well as during the exercise of public authority, and not only '*after the fact*' (Ackerman, 2005: 7; Zudenkova, 2018). It can be expected to result in better policy targeting and governance, all else being equal (Fox, 2015; Gaventa & McGee, 2013; Rose-Ackerman, 1999; Smulovitz & Perruzzoti, 2000).

Practicing participatory budgeting implies opportunities for enhanced citizen empowerment before and during the exercise of public authority in two principal ways. First, with more local residents directly involved in the formal, everyday policy process, government officials can receive more information about the actual needs and policy preferences of their neighbourhood inhabitants (Wampler, 2008). For example, in most Brazilian municipalities every new participatory budgeting annual cycle, referred to as a *Popular Assembly*, starts with a deliberation over the public works that are most urgently required in their respective neighbourhoods to improve the general wellbeing (Touchton et al., 2020). Second, local residents learn about the ongoing public works and what deliverables to expect in their

respective neighbourhoods during the routinised PB meetings (Evans et al., 2017). In the case of Brazil, a *Participatory Council*, composed of both PB participants as well as local government officials, regularly monitors and presents progress reviews on the ongoing public works to the general public. These levers provide local residents with concrete tools to scrutinise the progress achieved in public works as well as the financial behaviour of public administration. With local authorities handing over information about the city's planned investment projects and finances to ordinary citizens, the civil society organisations and local residents can hold public authorities accountable already before and during the government acts, while participants can simultaneously learn about their rights as citizens (on the latter point, see Wampler, 2015).

However, it is reasonable to point out that local residents belonging to the lower and middle classes and related civil society associations should also be regular participants at PB meetings for its alleged positive effect on the welfare of 'ordinary citizens' to materialize. Indeed, there are several reasons to assume that low- and middle-income groups would be well represented in a typical PB process. First, the common issues at stake in PB meetings, such as whether to renovate a sewage system or build a new day-care centre in the neighbourhood (for concrete examples in the Brazilian context, see Goncalves, 2014) are unlikely to be of great concern to more well-off social groups. These social groups can have their own private sector alternatives to compensate for insufficient public offering in these areas (Evans et al., 2017). Additionally, the more well-off groups can typically influence policy through other less time-consuming channels, such as lobbying and campaign finance efforts (Prasad, 2012). The available empirical evidence appears to support the assumption that PB gatherings are populated by residents from diverse social groups, including the lower- and middle classes. The observational study by Touchton et al. (2017) concludes that local residents from the lower- and middle class backgrounds and neighbourhood associations are generally well represented in most PB meetings in large cities in Brazil. Similarly, Avritzer (2009) found that implementing PB led to more inclusion of the previously marginalized social groups in Brazil.

To summarize, this paper examines the following four claims. First, I anticipate that practicing participatory budgeting improves basic welfare outcomes, even after controlling for the level of local electoral democracy and other possible confounders. Moreover, I expect the social accountability mechanism driving this relationship to both result in (i) more spending on basic welfare (health and sanitation) and (ii) less waste in public resource management (capital expenditures). Lastly, I expect that the 'wellbeing dividend' associated with PB to increase over time once its practices become more familiar to the local residents and institutionalised. *Table 1* shows the hypothesises advanced to test these claims.

Table 1. Testable hypotheses on the effects of participatory budgeting on basic welfare.

H1	Main relationship ('wellbeing dividend')	PB improves basic sanitary and health development outcomes.
H2	Main relationship (institutionalisation)	The positive effect of PB on basic sanitary and health welfare increases with the number of years it is sustained.
H3	Mechanism (spending targeting)	PB increases the share of local spending on the areas of sanitation and health.
H4	Mechanism (spending efficiency)	PB reduces the share of total capital expenditures, while still associated with improvements in basic welfare outcomes.

Case selection

To test these hypotheses, the subsequent empirical analysis will focus on the case of participatory budgeting in Brazil for several reasons. First, Brazil was among the first countries globally where a deepened form of everyday participatory democracy, in the form of participatory budgeting, was widely adopted. Specifically, participatory budgeting was invented in the city of Port Alegre in Southern Brazil, immediately after the country's transition to democracy in 1989. Porto Alegre adopted the then-novel process of allowing ordinary citizens to deliberate and determine the allocation of a non-negligible share of local capital investments through a process that later became known as participatory budgeting (Wampler, 2008). It then relatively rapidly spread across numerous municipalities throughout Brazil. In short, for a researcher interested in the effects of participatory democracy the case of Brazil offers a uniquely extensive longitudinal dimension.

Additionally, the adoption of participatory budgeting institution is at the discretion of every mayor in Brazil. There is no federal mandate requiring the implementation of PB. It offers variance in the main independent variable of interest, as some municipalities have adopted PB, while others have not (the controlling of a possible self-selection bias will be explained in the methods section). Relatedly, the 1988 Constitution provided the Brazilian municipalities with significant administrative and fiscal autonomy. It is a critical precondition for this paper's research design given that it will be assumed that local-level budgetary allocations are substantial enough to have the potential to yield a material effect on primary sanitation and health outcomes (more on this below). Lastly, Brazil is well-known among the social scientists for its relatively reliable and extensive data on a range of social development indicators compared to most other developing and emerging economies. Specifically, the Brazilian Institute of Geography and Statistics (IBGE) covers the main municipal economic, demographic, political and budgetary indicators of interest to this analysis.

The emergence and spread of participatory budgeting in Brazil

Before going into the quantitative analysis, I will provide some generic background on the functioning and spread of participatory budgeting in Brazil. It helps to contextualise the methodologic set-up for the analysis as well as the findings that emerge.

Participatory democracy has its origins in the process of re-democratization that took off in the late-1980s in Brazil. The re-democratization process, initiated by the military's acquittal of control over political institutions in 1985, benefited in particular the process of decentralization and subnational autonomy (Power & Taylor, 2011). Specifically, the 1988 Constitution, which defined the founding blocks for the new Federal Republic of Brazil, resulted in a high degree of both administrative and fiscal decentralization. It also implied a renewed and more vigorous role for the municipalities (Power & Taylor, 2011). The new constitution made municipalities administratively responsible for the delivery of several important public goods. Consequently, in Brazil, the municipalities have been legally in charge of the delivery of public goods and services of '*local interest*' (Goncalves, 2014: 99). In practice, it means the provision of primary health (federal and state governments are expected to intervene only in the case of insufficient municipal capacity); the construction and maintenance of sewerage networks; disposal and general cleaning services; garbage collection; roads; public lightning; urban planning and basic

infrastructure works; public transportation; the provision of water systems; and to a limited extent, new housing construction (Goncalves, 2014: 97).

But the 1988 Constitution also resulted in a high degree of fiscal decentralization. It provided municipalities with guaranteed resources for the first time and increased their share of national tax receipts (Wilson et al., 2008). As shown in *Table 2*, municipal spending as a share of total public spending in Brazil has increased notably since the transition to democracy. A similar trend can also be observed for the evolution of the municipal revenue as a share of total public revenue in Brazil. In particular, under the Brazilian federal system municipalities are responsible for a considerable share of all public spending (on average 15% in 2000). It helps explain why academics and policy experts have spent a surprisingly close amount of attention to the role of municipalities in the Brazilian development trajectory, especially when compared to the research on many other developing countries. The budgetary role of Brazilian municipalities across a number of key wellbeing areas is considerable in an international perspective.[8] Importantly, it also makes it theoretically feasible to assume a spending channel through which municipalities could affect basic welfare outcomes.

Table 2. The composition of fiscal pie in Brazil by level of government, 1975-2000.

	Share of total public revenues (%)			Share of total public expenditures (%)		
	Federal	State	Municipal	Federal	State	Municipal
1975	73.7	23.5	2.8	68.0	23.3	8.7
1980	74.7	21.7	3.7	68.2	23.3	8.6
1985	72.8	24.9	2.4	62.7	26.2	11.1
1990	67.3	29.6	3.1	57.1	28.0	14.9
1995	67.2	28.0	4.8	56.3	27.5	16.2
2000	69.2	26.2	4.6	59.9	25.1	15.0

Sources: Montero & Samuels (2004); National Treasury (2019); Rezende (1995); Varsano & Mora (2001).

It was in this context of substantial decentralisation and subnational autonomy, after more than two decades of a profoundly centralized military rule, that municipalities in Brazil embraced participatory democracy. In fact, according to the constitutional scholars, the 1988 Constitution proposes a system of government and enshrines principles that are highly favourable to the inclusion and participation of citizens in the everyday policy process (Afonso & Roberto, 2004; Wilson et al., 2008). However, although the document explicitly demands '*popular participation*' in public decision-making, the Constituent Assembly that drafted the 1988 Constitution left it up to the individual municipalities to decide what form it should take. Subsequent federal laws have also required '*popular participation in decision-making*', but similarly none have specified the institutional structure it should take (Charter of Local Government, 2001). Thus, there exists no federal government requirement to adopt PB in Brazil.

However, in practice, the PB process soon became the method of choice in many municipalities to ensure popular inclusion in policymaking. In fact, the first experiment with participatory budgeting globally was undertaken in Porto Alegre, the capital and largest city of Brazil's

[8] The municipal spending as a share of total public spending in Brazil is high by international standards. In fact, it exceeds that of the vast majority of comparable developing countries and is similar to the respective figures in other large federal countries in the OECD, namely United States, Germany and Australia. For more details, see Alfonso & Mello (2002), and Montero & Samuels (2004).

southernmost state Rio Grande do Sul, in 1989. Already during its early stages both policy-makers and academics started associating the practicing of PB with more citizen empowerment, growth of civil society, increased transparency over budgetary allocations and ultimately more redistributive justice (for an early overview, see Baiocchi et al., 2011). Specifically, Porto Alegre's experience in bottom-up political engagement in the form of participatory budget-making was claimed to have mobilized previously largely-marginalised local residents and neighbourhood associations and dynamized the local civic life (Baiocchi et al., 2011). It was in this context of a positive image surrounding the initial experience with PB in Porto Alegre that municipalities elsewhere started adopting it.

Table 3 summarises the spread of PB in Brazil by region since its first adoption in 1989 in Porto Alegre until 2008. As can be seen, since 1993 during every four-year municipal election cycle ca. 50-60 new municipalities have adopted PB. It is estimated that by 2008 already ca. 240 municipalities practiced PB, which nevertheless remained only a fraction of the total 5,562 municipalities in Brazil.[9] However, given that PB has been mostly implemented in larger cities, Goncalves (2014) estimates that almost every third Brazilian lived in a municipality with PB by 2004. It highlights the theoretical potential of PB to affect the welfare of millions of Brazilians and the importance to investigate whether it has delivered on its social justice promise.[10] Additionally, initially the regional spread was somewhat accumulated in the wealthier and more populous South, where Porto Alegre is located, and its neighbouring South-East, but this geographical effect has largely dissipated over time.

Table 3. The expansion of participatory budgeting in Brazil by region and municipal election cycle, 1989-2008.

	1989-1992	1993-1996	1997-2000	2001-2004	2005-2008
Total number of municipalities with PB	13	53	112	170	~240
North	0	1	5	12	~20
North-East	2	9	18	32	~60
Centre-West	0	1	2	7	~10
South-East	3	20	50	85	~110
South	8	22	37	34	~40
Share of inhabitants living in municipalities with PB	9%	12%	16%	27%	~35%

Sources: Wampler (2005), Gonçalves (2013). Note: Figures for the 2005-2008 period and share of people living in PB municipalities are authors own rough estimates based on the review of secondary literature and primary sources. The figures indicate the number of municipalities that used PB throughout the four-year period. The four-year periods correspond to municipal (mayor and local council) election cycles.

The reasons behind the expansion of PB are various and will be controlled for in the empirical analysis. However, although not a pure natural experiment, no clear set of explanatory variables

[9] The accumulated number of municipalities that had *experimented* with PB by that year is even higher, as some that initially implemented it later stopped using it.

[10] Note that by the 2000s the spread of PB was already an international phenomena. During its early years it started taking hold in cities in other Latin American countries, such as Argentina, Uruguay, Peru, Chile and Honduras (Wampler, 2008). However, more recent experiments with PB have included cities from several OECD countries, such as France (e.g. Paris) and the United States (e.g. Chicago, New York City). However, the Brazilian version of PB tends to remain among the most substantive in terms of the size and share of local budget affected (OECD, 2016).

appears to account for the trends in the adoption of PB over time (Avitzer & Wampler, 2005; Wampler, 2008; Touchton et al., 2017). The existing large-n studies on the topic have not identified consistent, significant predictors for the spread of PB (Avitzer & Wampler, 2005; Wampler, 2008). In fact, every wave of PB adoptions since the 1990s has been different. As shown in *Table 4*, until the mid-1990s the adoption of PB was often correlated with the presence of a Workers' Party mayor *(Partido dos Trabalhodores*; henceforth, PT*).* It reflects the fact that after its initial alleged success and popularity in Porto Alegre, where it was initially implemented by a PT mayor, PB became part of the PT's wider local political platform (Wampler, 2008). However, with PB proving increasingly popular among the local residents and being also upgraded to the good governance 'best-practice list' of the major donor organisations, such as the World Bank and the UN, local governments of all partisan affiliations soon after started adopting PB. This loosening relationship between a PT mayor and PB adoption is also evidenced in *Table 4*. Similarly, the initial regional geographical clustering of PB adoptions in the municipalities of Southern Brazil, where most PT mayors were located at the time, started dissipating over time, particularly since the 2000s (see *Table 3*).[11] To explain this Wampler and Avritzer (2005) point out that PB became quite early on part of the broader civil society repertoire across Brazil, rather than being something demanded only by a handful of well-resourced civil society organisations in the South or certain partisan groups. It further contributed to its relatively politically and geographically even spread across Brazil over time.

Table 4. The expansion of participatory budgeting in Brazil by Workers' Party mayor, 1989-2004.

	1989-1992	1993-1996	1997-2000	2001-2004
Total number of municipalities with PB	13	53	112	170
Total number of municipalities with PT mayor	37	55	115	186
Total number of municipalities with PT mayor and PB	10	23	55	78

Sources: Avritzer & Wampler (2005), Gonçalves (2014). Note: Worker's Party = PT. The figures indicate the number of municipalities that adopted PB throughout the four year period. The four year periods correspond to the municipal (mayor and city council) election cycles.

Functioning of the participatory budgeting process in Brazil

How exactly does the PB process work in Brazil? To understand this, it is important to stress that PB was introduced in Brazil with the intention to go beyond a mere consultative policy tool (Touchton et al., 2017). Specifically, the Brazilian variant of PB gives citizens a chance to not only *voice* their opinions regarding local investment priorities, but to *vote* in support of their preferred public works and to then *oversee* their actual implementation (Wampler, 2008). Importantly, participatory budgeting typically influences a significant share of local capital investments in Brazil, with some scholars putting the estimate up to 20% of total municipal capital investments (Alcazar & Jaramillo, 2013). In a typical Brazilian municipality, capital investments themselves represent around 20-30% of total municipal spending (IBGE, 2019).

[11] Note also that PT enjoyed strong electoral success at the municipal level already in the 1990s, particularly in the Southern areas of Brazil. This electoral success occurred much earlier than the party's subsequent electoral victories at the federal level, particularly with the President Lula.

In short, from a pure public finance perspective, the PB process has a theoretical potential to affect a significant share of budgetary resources.[12]

Specifically, the Brazilian PB process affects mostly capital investments in the area of health, sanitation, housing and urbanism, according to prior research findings (Goncalves, 2014; Touchton et al., 2017). Although there is no systematic country-wide data on the investments emerging from the PB process, the existing literature tentatively suggests that typical PB public works in Brazil include the construction of a new health centre, day-care centre, street lightening system, street pavement or the renovation of local sewage disposal system (Goncalves, 2014). According to Goncalves (2014: 99), the PB related capital spending in Brazil mostly affects: '*(i) Basic sanitation, which mainly refers to extension and improvement of sewage networks, drainage, anti-erosion, anti-slippage measures, and waste removal; (ii) street paving, which usually accompanies installation of sanitation infrastructure; [...] (iv) street lighting, which falls under the "Housing and Urbanism" class of municipal expenditures. Investments in basic education and health are also demanded, (usually referring to building and improvement of facilities), as the basic infrastructure (sanitation, paving, housing and lighting) needs are gradually met*'. These categories highlighted in Goncalves (2014) support the orientation around primary health and sanitation outcomes taken in this paper.

Lastly, I will explain in simple terms the basic nature of a typical Brazilian annual PB policy cycle. In general terms, participants come together in a series of meetings to negotiate among themselves and with the representatives of their municipal authority over the public works to be prioritized in the allocation of new municipal capital spending (Goncalves, 2014; Wampler, 2008). There can be some variation in the design features of the PB process in the Brazilian municipalities implementing it (no federal mandate or guideline exists), but in substance it remains fairly comparable.[13] Any interested citizen can participate in a PB cycle. *Figure 1* shows how a typical Brazilian annual PB policy cycle works.[14] First, the city council officials split the municipality into separate subunits, generally corresponding to the established local neighbourhoods, where the PB deliberations will then take place. Once the subunits are defined, the formal PB cycle can begin. It is administered by the city council. The first round of *Popular Assemblies* are held in parallel across the neighbourhoods from March to April. These are preparatory meetings to review the progress achieved in the implementation of the previous years' projects; present and familiarise participants with the general and technical criteria used to decide over PB projects; collect initial ideas for desired public projects in the neighbourhoods; and elect PB delegates to work more closely with city officials on the approved projects.

The second round of *Popular Assemblies* takes place between April and early June. During this round the attendants propose concrete new public work projects, deliberate on them and then vote to rank them in order of priority. The third round of *Popular Assemblies* is held around June and it consists of a municipality-wide coordination meeting, where the PB delegates

[12] In terms of case selection, it also explains why the Brazilian variant of PB is a suitable example of a 'deepened' participatory democracy to investigate.

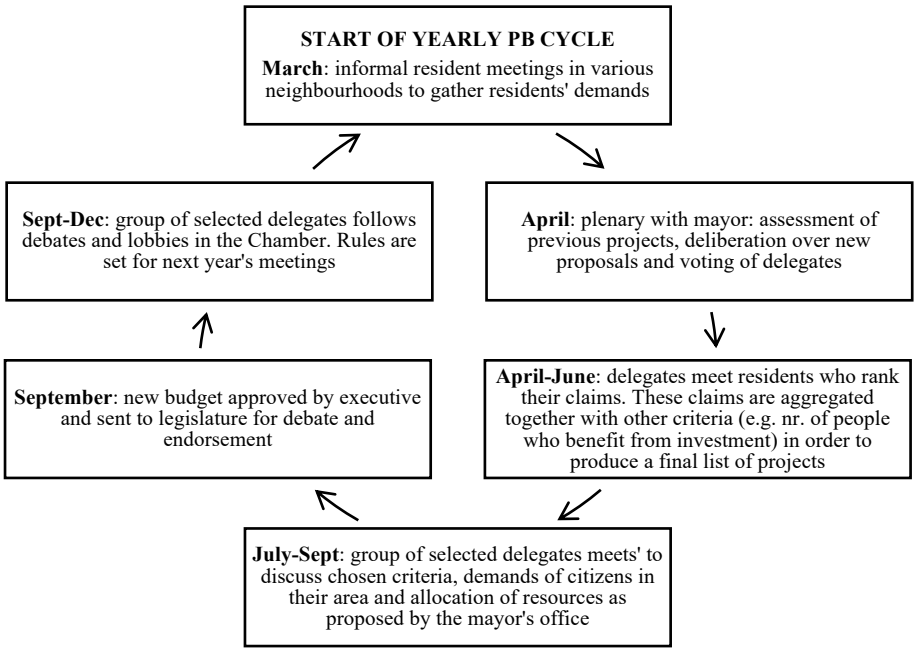
[13] It also justifies the operationalisation of PB as a binary 'treatment' variable in the subsequent analysis (more in the methods section). Note also that Goncalves (2014) shows that the variation in PB institutions occurs mostly in the timing of PB meetings; the criteria applied for defining spending priorities; rules used for electing PB delegates; the items of municipal budget covered; and the proportion of the municipal budget subject to deliberation.

[14] Reproduced from Goncalves (2014). The process description that follows also reflects the broad outline advanced in the same article.

elected in the first round meet to draft the final list of investment priorities for the area, which is then handed over to the mayor's office and the *Participatory Council*. In the next stage, around July, the *Participatory Council* together with the local executive office define the final list of 'popular allocations' to be added to the annual municipal budget. The final selection is based on the popular ranking of the projects as presented in the draft, impact weights (e.g. the share of residents affected by the proposed project, shortage of the suggested public good) and, to a limited extent, the mayor's own political inclinations. Subsequently, the draft municipal budget, including PB-related public works, is sent by the mayor to the legislature for a debate and endorsement. After the legislature approves the budget, the *Participatory Council* and its neighbourhood representatives are responsible for monitoring the implementation of the PB projects and report any concerns to the mayor and the public.

In short, the Brazilian experience with participatory budgeting neatly fits into the deepened participatory democracy framework of 'voice, vote and oversight' theorised earlier (as first put forward in Wampler, 2008). Specifically, in the first stage, citizens can voice their concerns regarding the local development issues to be prioritised. In the second stage, citizens can vote in favour of their preferred projects, limiting the ability of the mayor and city council to bypass public works with a popular mandate. Lastly, the institutionalized and routinised character of PB process provides a platform for regular civic oversight and monitoring of the implementation progress in public works, enabling the general public or judicial actors' attention to be drawn to any possible wrongdoings in public administration. The Brazilian PB is thus a particularly suitable case to study the effects of deepened citizen engagement on welfare outcomes.

Figure 1. A stylized overview of participatory budgeting process in Brazil.



Source: Reproduced from Goncalves (2014).

Data and methods

Data. To test my hypotheses, I collected data on a range of variables for 253 Brazilian municipalities from 1989 to 2008. The selection was based on data availability and covers the largest Brazilian municipalities. The unit of analysis is municipality-year. *Table A1* in the appendix presents summary statistics for the dataset.

To test my main hypothesis (*PB improves basic welfare outcomes*), I use five different dependent variables, each of which measures primary health and sanitation outcomes. These two areas are known to be critical for basic welfare and the development of 'human capabilities' (Gavrilov & Gavrilova, 2014; Schell et al., 2007; Sen, 1999). Specifically, the selected indicators measure progress in the most critical sanitary and health outcomes for living a 'decent life' and pursuing a 'desired life path' (Sen, 1999). These indicators include infant mortality (less than 1 year old) per 100,000; child mortality (less than 4 years old) per 100,000; probability of living to 40 years old; share of households with access to running water; and share of households with access to a sewage system. As discussed earlier, the existing evidence suggests the projects in health and sanitation infrastructure regularly feature in the PB processes across Brazil and thus it is also reasonable to expect PB to have some of its most discernible development effects in these areas (Goncalves, 2014). Unsurprisingly, basic sanitary and health development outcomes are sticky and yearly change in the chosen indicators was limited for most municipalities in the dataset (for summary statistics, see *Table A1* in the appendix). In fact, for most observations it was less than a percentage point from the previous year. However, the limited variance in outcomes made it a challenging test of significant changes introduced by PB and thus any significant finding that emerged was interpreted as noteworthy.

The main independent variable of interest is the presence of participatory budgeting: whether a municipality allocates a share of its annual budget through practicing participatory budgeting. It is operationalised as a binary 'treatment' variable, where 0 indicates the lack of PB and 1 the presence of PB. The municipality where PB was implemented for less than four consecutive years (less than a full municipal election cycle) was coded as 'untreated'. It would not be reasonable to expect sporadic and short-lived experiments in participatory democracy to alter otherwise sticky and hard to change outcomes in basic welfare. My theory predicts larger improvements in the primary health and sanitation outcomes in municipalities practicing PB, all else being equal.

Table 5 presents the summary statistics for the main independent variable. Out of the 253 municipalities covered in the dataset, 144 implemented PB for at least four years, suggesting a fairly even balance between treated and non-treated cases.[15] On average, PB was maintained for slightly more than six years. The data also reflects the trend in the increasingly widespread adoption of PB since the 2000s, as discussed earlier.[16] Additionally, the municipalities in the North and South have a fairly even number of treated cases in the dataset. This fact is stressed due to the established tradition in Brazilian studies to emphasize and control for regional differences, with the geographical notions of South and North often equated to broader categories of 'modern' and 'traditional' Brazil, respectively (Power, 2000).

[15] As *Table A1* in the appendix shows, out of the 144 municipalities that adopted PB, 60 adopted PB for 4 years, 56 municipalities adopted PB for 5-8 years, 19 municipalities adopted PB for 9-12 years, and nine municipalities adopted PB for 13-20 years.

[16] Specifically, among the municipalities covered in the dataset, 52 implemented PB from 1989 to 2000, while the same figure was already 92 between 2001 and 2008.

Table 5. Summary statistics for the main independent variable, the presence of PB.

	Variable description	Mean	SD	Observations	Min	Max
PB dummy	Hand-collected data: measures whether municipality practices PB (1=yes, 0=no)	0.22	0.42	5060 (1127 when PB=1; 3933 when PB=0)	0	1

Source: Based on author's own data collection, aided by prof. Wampler. Note: 253 municipalities*20 years = 5060 municipality-year observations. The 20 years in the dataset cover 1989-2008.

However, there are also several other economic and political factors that can affect primary health and sanitation outcomes. In controlling for them, my analysis tries to closely follow the established practices in the literature on the determinants of primary health outcomes (Gavrilov & Gavrilova, 2014; McCartney et al., 2019; Schell et al., 2007). First, given the vast regional differences in Brazil in terms of ethnic composition, culture and 'modernization' (Power, 2000), I follow the standard approach in the Brazilian studies to include a dummy for the main regions (North, North-East, Centre-West, South-East). Second, building on the previous findings from the large-n studies on social wellbeing outcomes in Brazil (Goncalves, 2014; Touchton et al, 2013), I include income per capita (logged) and unemployment rate to control for the differences in the level of economic development and fluctuations in the 'health of economy', respectively. I also include population (logged) and urbanisation rate variables as the existing health studies emphasize the importance of changes in demographic density and urban agglomeration levels on primary health and sanitation outcomes (Gavrilov & Gavrilova, 2014; McCartney et al., 2019; Schell et al., 2007).

To control for the quality of local electoral democracy, that is, the electoral contestation dimension discussed at length in the theory section, I construct the Vanhanen's Index of Democracy for every municipality-year observation in the dataset. The Vanhanen's Index measures as a single composite indicator the competitiveness of the local electoral landscape by capturing the winning party's vote share and turnout.[17] In this study, it is used in the context of mayoral elections, following the standard practice in the Brazilian urban government studies to emphasize the role of mayor over city council (Avellaneda & Gomes, 2017). This control variable was included to capture differences in the competitiveness of local electoral politics and contestations, an important channel through which previous scholarship has associated democratic practices with superior welfare outcomes (see the theory section).

Importantly, the correlation coefficient between the Vanhanen's index of electoral democracy and the presence of PB is limited (0.28). It provides tentative empirical support to the assumption that these two dimensions of democracy, electoral and participatory, are not endogenous (for recent examples of research designs that follow a similar approach of 'disentangling' democracy into distinct sub-components and validating their use as separate independent variables, see Gerring et al., 2015; Touchton et al., 2017).

To test my hypothesis on the mechanism (*PB increases spending towards basic welfare and disciplines capital budgets)*, I will rely on two dependent variables, both of which measure municipal budgetary outcomes. To understand the choice of these budgetary measures some

[17] The exact formula for the Vanhanen's Index of Democracy is the following: electoral turnout(%)*(100 - % share of votes won by the first party)/100. Note that both dimensions of electoral competition and electoral participation are equally weighted. In practice, the measure 'moves' after only every four years, i.e. after new elections.

background on the Brazilian public accounting system is required. Specifically, there are two main ways that the National Treasury of Brazil, the government organization responsible for collecting data on the municipal fiscal matters, categorizes local expenditures. Under one categorization, the municipal spending is organized into *thematic* categories. These thematic expenditure categories include Legislature, Judiciary, Planning, Agriculture, Education/Culture, Housing/Urbanism, Industry/Commerce, Health/Sanitation, Social Assistance/Prevention, Transport, and Other.[18] Under the other categorization, the Treasury organizes municipal spending into *functional* categories. These functional expenditure categories include Personnel Expenses, Debt Repayment, Public Service Expenses and Total Capital Expenditures. As discussed, it is reasonable to expect that a large proportion of the spending that emerges from the PB process affects the Health/Sanitation category (welfare priority) and Total Capital Expenditures (capital investments), respectively (Goncalves, 2014; Touchton & Wampler, 2014; Touchton, et al, 2017). My theory predicts a larger share of municipal budget spent on Health/Sanitation category and a smaller share spent on Total Capital Expenditures in the municipalities practicing PB, all else equal.

I will use a similar main independent variable and control variables when testing my mechanism. Specifically, the main independent variable of interest will remain the presence of PB and its effect on municipal spending outcomes. It will be operationalised in the same way as discussed above. Additionally, based on the existing literature on the politics of municipal budget-making, a similar set of economic, demographic and political control variables will be used as discussed above. All these factors can be expected to influence municipal spending outcomes (for more on the determinants of municipal spending differences, see Afonso & Venancio, 2020; Rios et al., 2017; Vilerts et al., 2019).

In terms of data sources, I used the website of IBGE to obtain data on the economic, demographic and geographical control variables (GDP per capita, unemployment rate, population size, urbanisation rate, GDP growth, municipal HDI, region). To obtain data on the political variables (winning party's vote share, turnout, PT mayor) I used the website of the Superior Electoral Court. The data on the main independent variable (PB dummy) was collected from the website of the civil society organisation called National Forum of Popular Participation, with the process aided by prof. Wampler (Boise State University). I used the website of the National Census Bureau to obtain data on the basic welfare outcomes used as dependent variables (infant mortality, child mortality, probability to live to forty years, households with running water, bathroom, sewage system, electricity, permanent private dwellings). Finally, I used the website of National Treasury of Brazil to collect data on the municipal budgetary outcome indicators (budget size, capital expenditures, health/sanitation, housing/urbanism, deficits)

Modelling. The crucial consideration in the selection of the right methodological tool was how to avoid the pitfall of a naïve treatment of PB as an exogenous variable in the evaluation of its impact on the selected outcome variables. Municipalities with a specific set of predisposed characteristics may be more likely to self-select themselves into the treatment group (i.e. adopt PB). Consequently, a statistically significant result associating PB with an improved welfare outcome may actually reflect the predisposition of a municipality to support the less well-off in any case, rather than the direct effect of PB. Without controlling for this possible endogenous process, the coefficients obtained from the regression analysis can be biased and inconsistent. Thus, the methodological goal for the current paper is to identify if the measured effects

[18] For more details, see the website of the National Treasury of Brazil (www.tesouro.fazenda.gov.br).

associated with the presence of PB are a genuine consequence of participatory budgeting or reflect a spurious relationship where PB merely proxies the presence of some other factor(s) that would have led to the observed outcomes in any case. In blunt terms, the issue at stake is whether participatory budgeting causes development or development causes participatory budgeting.

As discussed in the section on the spread of PB, there can be some grounds for this concern over the presence of endogeneity. Specifically, some partisan and geographical characteristics of municipalities, such as the presence of a PT mayor or a Southern Brazil region, can potentially be better predictors for the adoption PB than others. Additionally, it could very well be that PB is more likely to be adopted in municipalities that experience an economic expansion or are more economically developed, as it leaves the local government with more material resources to implement it.

It goes without saying that where there is a concern over endogeneity and sample selection, it would be inappropriate to use a multivariate ordinary least squares (OLS) regression, as it is likely result in biased and inconsistent coefficients. To address this issue of a non-ignorable assignment in treatment and ensure the robustness of the findings, I have decided to use the two-stage treatment effects model, following this modelling strategy's description in Guo & Fraser (2010). According to the econometrics literature (Guo & Fraser, 2010, Heckman, 2005; Holland, 1986; Rosenbaum, 2002), the two stage treatment effects model is appropriate when seeking to address the three main issues of concern in this study: (i) a non-random generation of the sample, (ii) endogenous rather than exogenous binary treatment variable, and (iii) considerations over incidental truncation in the assessment of the treatment effect.

Specifically, the two-stage treatment effects model is a causal inference approach that seeks to control for self-selection bias in the first stage (Selection Equation), while using this information to estimate unbiased regression coefficients in the second stage (Regression Equation) (Guo & Fraser, 2010). The Selection Equation is a probit regression that predicts the probability of treatment, while the Regression Equation is a linear regression that estimates the effects of a treatment on response variables. As explained in Scott (2019: 3): '*This model comes out of the statistical literature and follows from treatment effect assumptions under randomization, but assumes that it corrects for selection bias by conditioning on observable features amongst groups thus allowing for a pseudorandomization by covariate balance. This presumed correction allows the statistical model to maintain the assumptions we can make under randomization into treatment*.'[19]

The main alternative approach considered was propensity score matching. However, the two-stage treatment effects model offered more flexibility and a better model fit. Specifically, the treatment effects model allowed one to insert a different set of predictor variables into the Selection Equation (to control for the self-selection bias in the first stage) and to the Regression Equation (to estimate unbiased regression coefficients in the second stage). Put differently, the covariates to control for the selection into the treatment and for evaluating the impact of treatment on the outcome do not have to be identical under this modelling strategy. For instance, the existing literature emphasizes the importance of South versus North Brazil in the spread of PB during its early phase and thus was entered as a predictor variable into the Selection Equation, but not into the Regression Equation, where following theoretical guidance

[19] For a more detailed overview of the two-stage treatment effects model of causal inference, see Guo & Fraser (2010), and Scott (2019).

and to improve the model fit, a more elaborate regional variable was used dividing Brazil into four distinct regional dummies.

The two stage treatment effects model used in this paper's main analysis is composed of the following two equations:

Selection Equation: $w_i^* = z_i\gamma + u_\rho w_i = 1$ if $w_i^* > 0$ and $w_i = 0$ otherwise
$\text{Prob}(w_i = 1 \mid \text{z}_i) = \Phi(\text{z}_i\gamma)$

Regression Equation: $y_i = x_i\beta + w_i\delta + \varepsilon_\rho$ where

w_i is the binary treatment variable ($w_i = 1$ if municipality i has participatory budgeting and $w_i = 0$ otherwise); z are the variables that are anticipated to determine the adoption of PB (PT mayor dummy, municipal HDI, GDP growth, population (logged), urbanization rate, Vanhanen's Index of Democracy, South Brazil dummy); y is the outcome variable on which the difference between PB and non-PB municipalities is evaluated (a separate model is created for every outcome variable discussed above); x are the independent variables that are anticipated to affect the outcome variable (income per capita (logged), unemployment rate, population (logged), urbanization rate, Vanhanen's Index of Democracy, dummy for each region (South as reference)); ε_j and u_j are assumed to be bivariate normal with a zero mean and covariance matrix $\begin{pmatrix} \sigma & \rho \\ \rho & 1 \end{pmatrix}$.

As I use a time-series cross-sectional (TSCS) framework, I pool data across municipalities and years. These research designs can cause methodological problems, such as serial autocorrelation and heteroskedasticity (Baltagi, 2021; Beck and Katz, 1995; Steenbergen & Jones, 2002). Indeed, the diagnostics confirmed the presence of both issues. As in the model the number of cross-sectional units (municipalities) greatly exceeds the number of longitudinal time points (years) and several of my independent variables are relatively static, there are clear limitations to the panel data techniques that I can apply (e.g. Baltagi, 2008; Beck, 2001; Hsiao, 2014; Wilson & Butler, 2007; Wooldridge, 2010). To take into account this serial correlation and heteroskedasticity, I used robust standard errors, as prescribed in Beck and Katz (1995).

To test for the robustness of my findings, I tested my relationships of interest under alternative model specifications. First, I ran the analysis dropping the regional variable as well as replacing the economic variables with alternative candidates (e.g. income per capita with GDP per capita, unemployment rate with employment rate and so forth). Second, I then included in the main analysis a dummy for PT mayor to control for a possible partisan effect on wellbeing outcomes. However, alternative model specifications did not affect the main findings or improve model fit. For a full overview of the variables tested under alternative model specifications, see *Table A1* in the appendix. Third, I also measured the impact of PB on the share of households with electricity. As the provision of electricity falls not only out of the domain of investments covered by PB, but out of municipal responsibility altogether (a federally managed policy area), it would be surprising to see a positive effect of PB on this outcome. I carried out this test mainly to address the concern that every model constructed inflates the impact of PB. The results confirm that PB has no significant effect on the share of households living in dwellings with access to electricity, thereby limiting this concern (see *Table 6* below).

Furthermore, I created lag-dependent variable models because it could possibly take some time before the 'wellbeing divided' associated with practicing PB shows up. For example, it may take time to finish the construction works for a new PB approved health centre or some other

facility. For this reason, every model was run again with t+1 year and t+3 years lagged-dependent variables. As will be discussed in the results section, these alternative specifications in the dependent variables did not alter the main findings.

Lastly, I ran a separate analysis to investigate whether the impact of PB on basic welfare increases with the number of years it is sustained. As discussed earlier, it can be expected that as the practice of PB becomes more familiar to local residents, new deliberative skills and participatory habits are acquired and institutionalised, the positive effect of PB on basic welfare outcomes increases as well (see, for example, the 'schools of democracy' argument in Putnam et al., 1994; but also Wampler, 2008). For this purpose, I create a new dummy independent variable called 'PB time', coded as 1 when PB is sustained for 9-20 years and as 0 when PB is sustained for 1-4 years. I then ran a standard multivariate OLS regression, controlling for the same set of variables as discussed above, but this time only on the subset of the main sample where PB=1. I expected that municipalities with lengthier PB experiences have better welfare outcomes than municipalities with shorter PB experiences, all else equal. It was a simplistic regression analysis with its own clear problems, but it nevertheless provided tentative support to the hypothesized relationship (more in the results section).

To summarize, I seek to closely follow standard practices in both my measurement and modelling strategy. However, the prime methodological weakness of the analysis is that the effect of PB on local welfare outcomes and budgetary allocations is tested in two separate sets of regressions. Thus, the association between the two will not be directly established.

Results

Municipal basic welfare outcomes. *Table 6* presents the results for the main five treatment effects models that investigate changes in (1) infant mortality, (2) child mortality, (3) life expectancy, (4) running water coverage, and (5) sewage system coverage (as well as for the private dwellings and electricity coverage controls). The results of the models are startling, given the previous findings in the literature on the political economy of development. Almost none of these models identify significant effects of change in the quality of local electoral democracy (measured by the Vanhanen's Index) on basic welfare outcomes, as predicted by the scholars emphasizing the positive effects of a competitive electoral landscape on human development (Garay, 2017; Gerring et al., 2015; Huber & Stephens, 2001; McGuire, 2010; Wong, 2004). The only model where the quality of local electoral democracy has a significant effect at the conventional $p<.05$ level in the expected direction is on life expectancy. Specifically, a unit increase in Vanhanen's Index of Democracy is associated with a 1.3% increase in the probability of living to forty years old, all else equal.

However, as I hypothesized, we observe larger improvements in basic welfare outcomes in municipalities practicing participatory budgeting, a proxy for bottom-up citizen empowerment. For every main model, the participatory budgeting variable has a significant effect at $p<.01$ and a sizeable coefficient in the expected direction. First, practicing PB reduces infant mortality by 3 infants for every 100,000 infants and child mortality by 4 children for every 100,000 children, holding everything else constant. These results reflect earlier findings from Goncalves (2014) who shows that PB is associated with a drop in infant mortality of 1-2 infants per 100,000. However, Goncalves (2014) covers a more limited timespan running only until 2004 and does not control for political confounders, namely the competitiveness of electoral contestations. Second, practicing PB increases the share of households with access to running water and a

sewage system by 2.1% and 1.5%, respectively, all else equal. Practicing PB is also associated with an increase of 1.9% in the probability of living to forty years old, holding everything else constant. These findings have not yet been established in the literature.

Empirically, the effects of participatory budgeting are significant: even a percentage point change in mortality rates or access to basic sanitation infrastructure can represent a substantial improvement in the quality of life for millions of inhabitants living across the large Brazilian cities covered. Perhaps unsurprisingly, PB appears to have a particularly substantial effect on basic sanitary conditions, which prior anecdotal evidence also suggests as being among the more prioritised PB projects in Brazil and which can be targeted quite straightforwardly with capital investments (see for example Goncalves, 2014; Touchton et al., 2017). However, it is likely to be more challenging to swiftly reduce mortality rates and increase life expectancy through individual stand-alone capital projects, even if targeting the area of basic health (e.g. building a new health centre).

Tables A2 and *A3* in the appendix show the results for the lagged dependent variable models. In every model, the PB variable retains its approximate magnitude and significance once the dependent variable is lagged by one year (t+1 scenario). Somewhat comparable results are also found after the dependent variable is lagged by three years (t+3 scenario). However, the magnitude of the effect of PB on development outcomes is much more moderate under the t+3 scenario in most models, and in some models the statistical significance becomes weak ($p<.10$). The smaller magnitude of the PB coefficients and weaker statistical significance under the t+3 scenario could suggest that there are limited additional welfare gains that can be expected three or more years after the implementation of PB has ended.

As expected, for all models, the results show significant effects of changes in economic and demographic control variables on basic welfare outcomes in the expected direction. Specifically, income per capita and urbanisation are negatively associated with mortality rates and positively associated with life expectancy and sanitation infrastructure coverage outcomes. Meanwhile unemployment and population size are positively associated with mortality rates and negatively associated with life expectancy and sanitation infrastructure. For all models, the results are statistically significant at $p<.01$ level. It suggests, as expected, that apart from practicing PB there are also various socioeconomic and demographic factors that determine performance around primary health and sanitation conditions. However, unlike the effect of participatory democracy, these results reflect the standard expectations based on prior findings in the literature (e.g. Gavrilov & Gavrilova, 2014; Schell et al., 2007). That is, it is common to associate economic and demographic determinants with health outcomes, but the relative importance of distinct democratic practices in this context has so far largely remained overlooked in the literature.

Table A4 in the appendix presents the results for the models that consider the effects of changes in the length of time PB is practiced on basic welfare outcomes. These findings mostly confirm the hypothesis that the positive effect of PB increases with the number of years it is sustained. Specifically, as I hypothesized, the results show significant positive effects of change in 'PB time' on running water and sewage system coverage ($p<.01$). However, there is only a weakly significant ($p<.10$) positive effect on infant and child mortality rates, and there is no significant effect on life expectancy. First, a municipality practicing participatory budgeting for 9-20 years is predicted to have a 11% higher share of households with running water and a 17% higher share of households with a sewage system than a municipality practicing PB for 1-4 years, all else equal. Second, holding everything else constant, a municipality practicing PB for 9-20

years is predicted to have a 13% lower infant mortality rate and a 20% lower child mortality rate than a municipality practicing PB for 1-4 years, but this time only at p<.10 level. Therefore, the results provide some tentative support to the hypothesis that it can take time before the full transformative potential of practicing PB emerges.

Table 6. The results of the two-stage treatment effects model of PB on municipal welfare.

	Dependent variable:						
	Infant mortality per 100,000	Child mortality per 100,000	Probability of living to forty years (%)	Share of households with running water (%)	Share of households with sewage system (%)	Share of households living in permanent private dwellings (%)	Share of households with electricity (%)
Regression equation							
Participatory budgeting	–3.25**	–4.49**	1.87**	2.11**	1.52**	0.003^{+}	1.99
(ref. absence)	(0.66)	(0.76)	(0.19)	(0.35)	(0.37)	(0.003)	(1.29)
Income per capita (log)	–7.16**	–8.56**	1.78**	11.00**	12.99**	– 0.01**	2.81**
	(0.42)	(0.50)	(0.16)	(0.50)	(0.54)	(0.0003)	(0.27)
Unemployment (%)	0.90**	1.19**	–0.29**	–0.70**	0.26	–0.001**	0.06
	(0.12)	(0.16)	(0.02)	(0.13)	(0.13)	(.0001)	(0.08)
Population (log)	1.41**	1.60**	–0.38**	–1.79**	–1.73**	0.000	–0.71**
	(0.11)	(0.15)	(0.04)	(0.14)	(0.14)	(0.0001)	(0.15)
Urbanization (%)	–6.03**	–6.40*	1.52*	51.75**	25.12**	0.004*	29.961**
	(1.52)	(1.94)	(0.49)	(2.54)	(2.46)	(0.001)	(3.15)
Vanhanen's Dem. Index	–0.011	–0.014^{+}	0.013*	0.040^{+}	0.016	0.002	0.01
	(0.01)	(0.01)	(0.003)	(0.01)	(0.01)	(0.000)	(0.005)
Region (ref. South)							
North	6.01**	6.39**	–0.29	–15.69**	–6.43**	–0.002*	–3.82^{+}
	(0.44)	(0.60)	(0.17)	(0.67)	(0.53)	(0.0005)	(0.44)
Northeast	11.28**	14.72**	–1.51**	–7.6**	–1.10^{+}	–0.004*	0.79*
	(0.40)	(0.51)	(0.13)	(0.39)	(0.43)	(0.0003)	(0.29)
Centre West	3.35**	3.91^{+}	–0.85	–7.39**	–5.73**	–0.003**	–0.52*
	(0.33)	(0.39)	(0.11)	(0.86)	(0.78)	(0.0004)	(0.20)
Southeast	1.15*	1.03**	–0.50*	–0.89**	–1.14**	0.001*	0.058
	(0.16)	(0.19)	(0.06)	(0.18)	(0.16)	(0.0002)	(0.08)
Constant	46.79**	55.24**	86.30**	0.55	5.74	1.028**	59.82**
	(2.79)	(3.55)	(0.093)	(3.32)	(3.83)	(0.002)	(3.50)
Selection equation							
PT Mayor (ref. absence)	1.43**	1.47*	1.25**	1.64**	1.64**	1.64**	1.30**
	(0.14)	(0.12)	(0.14)	(0.08)	(0.08)	(0.08)	(0.36)
Municipal HDI (0–1)	4.48**	4.30*	6.15**	2.95**	2.68*	2.77**	1.80*
	(0.85)	(0.79)	(0.80)	(0.58)	(0.53)	(0.55)	(0.60)
GDP growth (%)	0.08*	0.08**	0.07**	0.04*	0.05^{+}	0.05*	0.05**
	(0.02)	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Population (log)	0.24**	0.24*	0.21**	0.29*	0.29**	0.28*	0.25**
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.05)
Urbanization (%)	0.21	0.20	–0.23	0.33	0.50	0.49	2.49
	(0.47)	(0.46)	(0.45)	(0.43)	(0.41)	(0.44)	(1.29)
Vanhanen's Dem. Index	–0.013^{+}	–0.013*	–0.013^{+}	–0.013	–0.013	–0.013^{+}	–0.009^{+}
	(0.003)	(0.002)	(0.003)	(0.003)	(0.003)	(0.003)	(0.004)
South Brazil (ref. North)	–0.61**	–0.61*	–0.71**	–0.52*	–0.49**	–0.51*	–0.49**
	(0.08)	(0.08)	(0.08)	(0.07)	(0.07)	(0.07)	(0.08)
Constant	–6.06**	–5.99**	–6.28**	–5.75**	–5.79**	–5.78**	–6.70**
	(0.49)	(0.48)	(0.47)	(0.48)	(0.48)	(0.50)	(0.76)
Rho	0.47	0.44	–0.64	–0.25	–0.25	–0.19	–0.60
Sigma	4.347	5.704	1.521	5.684	5.603	0.006	2.95
Lambda	2.035	2.510	– 0.974	– 1.406	– 1.414	– 0.001	–1.77
Wald test of Γ=0: χ^2, df=6	4412.0**	4050.7**	2140.7**	5469.2**	2000.1**	466.0**	851.6**
LR test of rho=0	21.56**	25.26**	54.21**	40.58**	42.72**	63.44**	3.43^{+}

Note: Table entries are unstandardized regression coefficients with robust standard errors in parentheses.
$^{+}$ significant at .10 level; * significant at .05 level; ** significant at .01 level.

Municipal budgetary allocation outcomes. I will now proceed to investigate the effect of PB on municipal budgets to find evidence for my theorised mechanism. I expect to find that PB prioritises budgetary allocations targeting basic welfare (Health/Sanitation category), while also limiting waste in the management of capital investments (Total Capital Expenditures).

Table 7 presents the results for the two treatment effects models that consider changes in the share of municipal budget spent on (1) health/sanitation category, and (2) total capital expenditures.[20] As I hypothesized, practicing PB is not only associated with improvements in basic welfare outcomes, as discussed above, but also with an increased share of municipal budget allocated to the Health/Sanitation category and a decreased share of municipal budget allocated to Total Capital Expenditures. Specifically, practicing PB is associated with a 5.0% increase in the share of municipal budget allocated to the Health/Sanitation category (under the thematic division of municipal expenditures), holding everything else constant. The result is statistically significant at $p<.01$ level. It resonates with the findings in Goncalves (2014) who shows that PB increases the share of the municipal budget spent on Health/Sanitation by 2–3%, while Wampler et al. (2013) estimate a 6% increase in the share of Health/Sanitation expenditures due to the presence of PB. However, as discussed earlier, these studies cover a more limited timespan and ignore the political factors that could affect these outcomes, such as electoral contestations. Additionally, I ran a separate analysis to test whether the effect of PB on the share of municipal budget allocated to the Health/Sanitation category increases with the number of years PB is sustained. No significant relationship emerged. This is perhaps unsurprisingly, as it can be hard to increase a given budget *share* year after year.

Moving from the thematic classification of municipal expenditures to the functional one, I found that practicing PB is associated with a 2.8% decrease in the share of municipal budget spent on Total Capital Expenditures. The result is statistically significant at $p<.01$ level. The significant negative impact of PB on the share of total capital expenditures has not been previously identified in the literature. As theorized earlier, the fact that PB is associated with improvements in a range of basic wellbeing indicators, while also compressing the share of total capital expenses, is taken as evidence of increased efficiency and better targeting in capital investments under the PB framework. That is, controlling for the predisposition of municipalities to pursue pro-poor policies with a range of political and socio-economic confounders, municipalities with PB still achieve a higher 'wellbeing return' per unit of capital investment spent compared to the municipalities without PB. These at first glance incompatible findings (improvements in basic sanitary and health outcomes coupled with a depressed share of total capital expenditures) can therefore be interpreted as support to the argument that PB also leads to superior basic welfare outcomes by increasing the 'bang for buck' in capital investments. PB process improves targeting, but also disciplines capital budgets.

The quality of local electoral democracy, as measured by the Vanhanen's Index of Democracy, has only a weak effect on budgetary allocations. First, a unit increase in the Vanhanen's Index (an increase of one percentage point) is associated with a 0.8% increase in the share of municipal budget allocated to Health/Sanitation category, but only at $p<.10$. Second, electoral competitiveness has no statistically significant effect on total capital expenditures. These

[20] As explained earlier, it is important to keep in mind that the share of Health/Sanitation Expenditures and Total Capital Expenditures are calculated using two distinct classification systems of municipal expenditures. Specifically, the share of Health/Sanitation Expenditures is calculated using a thematic division of municipal spending, while the share of Total Capital Expenditures uses an alternative classification system that divides municipal spending into four functional categories: (1) personnel expenses; (2) debt repayment; (3) public service expenses; and (4) total capital expenditures.

results lend further empirical support to the claim advanced in this paper that an important, but often overlooked, aspect of democracy in spurring basic welfare gains could be a deepened bottom-up citizen empowerment, rather than the competitiveness of elite-level electoral contestations.

Lastly, I investigated the effects of PB on another important area of wellbeing, the housing market. Earlier literature has suggested that new housing construction generally falls outside the domain of investments made through the PB process in Brazil (Goncalves, 2014). It would thus be surprising to observe a systematic positive effect of PB in this area. Interestingly, the results reveal that PB is associated with a 2% decrease in the share of municipal budget allocated to the Housing/Urbanism category (*Table 7*).[21] This result is significant at $p<.05$ level. It could suggest that health and sanitation allocations are more critical to the local residents and get systematically prioritised over Housing/Urbanism allocations in the municipalities with PB. Additionally, practicing PB has no significant effect on the percentage of population living in permanent private dwellings, a proxy for the municipality's performance on the housing market (*Table 6*).[22] It could imply that PB is unlikely to improve development indicators in a policy area, where it does not actively allocate resources (cf. with PB's systematic positive effect on health/sanitation spending *and* respective development outcomes). These findings have not yet been established in the literature.

[21] Under the thematic classification of municipal expenditures (for more, see the section on measurement).
[22] This finding echoes the earlier robustness check with electricity coverage. Reflective of the fact that electricity provision is a fully federally managed task in Brazil, the model also found no significant effect of PB on the share of households with electricity (see the methods section and the results in *Table 6*).

Table 7. The results of the two-stage treatment effects model of PB on municipal spending (as a percentage of the total budget).

	Dependent variable:			
	Total capital expenditures	Health and sanitation spending	Housing and urbanism spending	Budget deficit
Regression equation				
Participatory budgeting	–0.028**	0.050**	–0.020**	0.005
(ref. absence)	(0.004)	(0.008)	(0.005)	(0.021)
Income per capita (log)	–0.014*	0.040**	0.006**	0.005
	(0.004)	(0.006)	(0.005)	(0.006)
Unemployment (%)	–0.009**	0.008**	–0.004^{+}	–0.013**
	(0.002)	(0.002)	(0.002)	(0.002)
Population (log)	–0.002	0.004	0.005^{+}	–0.005
	(0.002)	(0.003)	(0.002)	(0.003)
Urbanization (%)	0.032	–0.078*	0.110**	0.002
	(0.019)	(0.026)	(0.023)	(0.028)
Vanhanen's Dem. Index	–0.006	0.008^{+}	–0.012	0.002
	(0.002)	(0.004)	(0.007)	(0.001)
Region (ref. South)				
North	0.023*	0.029*	0.064**	–0.019
	(0.007)	(0.009)	(0.007)	(0.010)
Northeast	–0.005	0.060**	0.043**	–0.034**
	(0.004)	(0.007)	(0.005)	(0.008)
Centre West	0.016*	0.047**	0.018^{+}	–0.03**
	(0.006)	(0.008)	(0.008)	(0.008)
Southeast	–0.004	0.049**	0.031**	–0.031**
	(0.003)	(0.004)	(0.003)	(0.005)
Constant	0.372**	–0.157*	–0.037	0.179*
	(0.030)	(0.048)	(0.035)	(0.056)
Selection equation				
PT Mayor (ref. absence)	1.682**	1.655**	1.677**	1.669**
	(0.080)	(0.083)	(0.081)	(0.095)
Municipal HDI (0–1)	2.285**	2.722**	2.313**	1.541^{+}
	(0.535)	(0.546)	(0.533)	(0.599)
GDP growth (%)	0.039*	0.046*	0.038^{+}	0.052*
	(0.015)	(0.015)	(0.015)	(0.017)
Population (log)	0.286**	0.271**	0.286**	0.286**
	(0.038)	(0.039)	(0.038)	(0.040)
Urbanization (%)	0.934^{+}	0.85^{+}	0.945^{+}	1.291*
	(0.434)	(0.416)	(0.432)	(0.466)
Vanhanen's Dem. Index	–0.012**	–0.013**	–0.013**	–0.012**
	(0.003)	(0.003)	(0.003)	(0.003)
South Brazil (ref. North)	–0.494**	–0.530**	–0.497**	–0.464**
	(0.074)	(0.074)	(0.074)	(0.078)
Constant	–5.889**	–5.893**	–5.91**	–5.761**
	(0.505)	(0.495)	(0.504)	(0.539)
Rho	0.172	–0.242	0.051	–0.106
Sigma	0.063	0.091	0.065	0.083
Lambda	0.011	–0.022	0.003	–0.009
Wald test of $\Gamma = 0$: χ^2 (df=6)	269.48**	408.12**	293.61**	103.47**
LR test of rho = 0	17.95**	16.76**	1.21*	0.32

Note: Table entries are unstandardized regression coefficients with robust standard errors in parentheses.
$^{+}$ significant at .10 level; * significant at .05 level; ** significant at .01 level.

Conclusion

In this paper, I argued that institutionalised citizen empowerment through non-electoral, participatory tools can be an influential, yet often underemphasized channel through which

democracies improve basic welfare. I theorised that participatory democracy institutions, such as PB, bring along enhanced social accountability in the form of civic oversight, which enables better targeting as well as more efficiency in public resource allocations, resulting in better welfare outcomes. I tested my hypothesis on the case of participatory budgeting in Brazil, an archetypical participatory democracy institution that empowers citizens with an ability to directly deliberate and decide over the allocation of a non-negligible share of local budgetary resources. I found that this type of bottom-up citizen empowerment, shifting the locus of decision-making 'further down', is associated with (i) better primary sanitary and health outcomes; (ii) a higher share of municipal budget allocated on Health/Sanitation category; and (iii) a reduced share of Total Capital Expenditures. It suggests that practicing a deepened form of non-electoral political participation, such as PB, could improve basic welfare outcomes by redirecting more resources to areas critical to local wellbeing (health and sanitation), but also by improving the 'bang for buck' in capital investments.

Importantly, contrary to the predictions from a large body of development studies literature that emphasizes the role of competitive electoral contestations on human welfare creation (Brown & Hunter 2004; Garay, 2017; Gerring et al., 2015; McGuire, 2010), almost none of the models show significant effects of changes in electoral competitiveness for the outcomes investigated. Specifically, I constructed the Vanhanen's Index of Democracy, a measure for the quality of electoral democracy, for every municipality-year observation in the dataset. However, the effects of changes in this measure were insignificant or weak across the models. Put differently, political systems with a deepened participatory democracy delivered better basic welfare outcomes in health and sanitation, even after controlling for the differences in the quality of local electoral democracy and other confounders.

Additionally, I found that that the positive effect of practicing participatory democracy generally increases with the number of years participatory institutions are sustained. It may suggest that bottom-up participation becomes more effective as a tool to enhance development once its processes become more institutionalized and familiar to the inhabitants. Interestingly, the analysis also identified a significant negative effect of PB on the share of municipal budget allocated to the Housing/Urbanism category (and no significant effect on the municipal housing coverage). It could suggest that health and sanitation allocations are more critical to the local residents and get systematically prioritised over Housing/Urbanism allocations in the municipalities with PB. These findings have not yet been established in the literature.

The paper makes an important empirical contribution to the debate on democracy and development by emphasizing the often overlooked, yet critical role, that bottom-up citizen empowerment can play in connecting democracy with improvements in basic welfare. It does not disregard the consequential role electoral democracy can play in aggregating preferences and enhancing accountability in high-level politics, but adds to the debate another influential lever for how democracies can foster concrete improvements in local basic welfare: participatory democracy. There are two main areas of improvement for future research. First, this paper studied the effects of participatory democracy on municipal spending and welfare outcomes through two separate sets of regressions. It leaves the inferences about the relationship between spending and welfare more on theoretical than empirical grounds. Second, it focused on the large urban agglomerations. Studying the effects of participatory democracy in smaller municipalities could represent a promising future research venue.

Appendix

Table A1. Summary statistics for the main control and outcome variables specified.

	Mean	SD	Min	Max
Control variables				
Population	299170	741926	111323	11100000
Urbanization rate (%)	0.928	0.099	0.548	1
PT mayor (=1, if not 0)	0.084	0.278	0	1
PT 'honeymoon': PT Mayor, PT Governor and PT President (=1, if not 0)	0.004	0.060	0	1
Vanhanen's Democracy Index	43.35	10.03	5.10	64.84
Mayoral election turnout (%)	85.08	4.24	56.34	95.17
Winning party's vote share (%)	49.12	11.59	25.14	94.23
Number of civil society organisations	210.15	113.07	1	413
Per capita expenditure (in R$)	669.25	505.05	25.98	5344.45
Per capita income (in R$)	609.75	266.00	99.56	1962.98
Poor (% of residents)	20.35	15.71	0.74	83.79
GDP growth (%)	2.69	2.49	-4.30	6.10
Inflation (logged)	1.56	1.08	0.51	3.47
Unemployment rate (%)	8.16	1.39	6.00	10.00
Southern Brazil (=1, if not 0)	0.68z	0.465	0	1
Outcome variables				
Total capital expenditures (% of budget)	0.136	0.064	0.019	0.617
Total investments (% of budget)	0.122	0.074	0.001	0.683
Health/sanitation spending (% of budget)	0.236	0.096	0.000	0.568
Housing/urbanism spending (% of budget)	0.127	0.069	0.000	0.629
Municipal deficit (% of budget)	0.020	0.085	–0.364	1.293
Infant mortality (per 100,000)	17.87	6.02	3.73	73.96
Child mortality (per 100,000)	30.88	15.99	11.48	124.01
Life expectancy (years)	70.43	3.70	55.31	78.10
Probability of living to 40 years (%)	91.21	2.88	77.55	95.98
Probability of living to 60 years (%)	78.76	4.90	55.33	88.80
Share of households with running water (%)	87.71	15.34	15.72	100.00
Share of households with running water and bathroom (%)	84.85	17.09	11.28	100.00
Share of households with sewage (%)	88.45	15.61	3.63	100.00
Share of households with electricity (%)	97.15	6.95	28.61	
Share of households living in permanent private dwellings	81.85	7.09	59.28	100.00

Note: Number of observations per variable = 5060 (260 municipalities x 20 years from 1989 to 2000).

Table A2. The results of the lagged-dependent variable treatment effects model of PB on municipal welfare (t+1 year scenario).

	Dependent variable – lagged by one year (t+1 scenario)						
	Infant mortality per 100,000	Child mortality per 100,000	Probability of living to forty years (%)	Share of households with running water (%)	Share of households with sewage system (%)	Share of households living in permanent private dwellings (%)	Share of households with electricity (%)
Regression equation							
Participatory budgeting	–2.86**	–3.92**	1.56**	2.19**	1.06**	0.002^{+}	–0.44
(ref. absence)	(0.64)	(0.76)	(0.12)	(0.34)	(0.33)	(0.001)	(0.24)
Income per capita (log)	–6.66**	–7.82**	1.63*	10.54**	11.64**	–0.005**	2.58**
	(0.43)	(0.52)	(0.09)	(0.49)	(0.51)	(0.0002)	(0.24)
Unemployment (%)	0.003^{+}	0.002	–0.07^{+}	–0.32	0.66*	–0.004**	0.11
	(0.002)	(0.001)	(0.04)	(0.18)	(0.18)	(.0003)	(0.02)
Population (log)	1.37**	1.57**	–0.39**	–1.83**	–1.58**	0.0005	–0.47**
	(0.11)	(0.15)	(0.04)	(0.12)	(0.13)	(0.0002)	(0.15)
Urbanization (%)	–6.03**	–6.76*	1.62^{+}	51.22^{+}	25.21**	0.003**	27.46**
	(1.55)	(1.95)	(0.28)	(2.94)	(2.45)	(0.017)	(2.34)
Vanhanen's Dem. Index	–0.022^{+}	–0.012^{+}	0.012*	0.12	0.017	0.014	–0.04^{+}
	(0.008)	(0.01)	(0.003)	(0.09)	(0.03)	(0.003)	(0.01)
Region (ref. South)							
North	5.77**	6.08**	–0.20	–15.05**	–6.14**	–0.006**	–3.21**
	(0.44)	(0.59)	(0.15)	(0.74)	(0.50)	(0.002)	(0.40)
Northeast	10.85**	13.99**	–1.41**	–7.15**	–1.32	–0.032*	1.07*
	(0.39)	(0.52)	(0.12)	(0.93)	(0.41)	(0.024)	(0.22)
Centre West	3.37**	4.03*	–0.97**	–6.75**	–5.21**	–0.003**	–0.20
	(0.34)	(0.39)	(0.09)	(0.84)	(0.74)	(0.0012)	(0.11)
Southeast	1.17*	1.05**	–0.53**	–0.96**	–1.11**	0.004**	0.08
	(0.16)	(0.19)	(0.06)	(0.15)	(0.15)	(0.002)	(0.03)
Constant	51.42**	60.78**	84.85**	01.78	9.67*	1.022**	61.94**
	(2.95)	(3.74)	(0.74)	(3.49)	(3.85)	(0.003)	(2.51)
Selection equation							
PT Mayor (ref. absence)	1.40**	1.42*	1.20**	1.64**	1.65**	1.66**	1.68**
	(0.15)	(0.13)	(0.12)	(0.09)	(0.08)	(0.09)	(0.09)
Municipal HDI (0–1)	4.52**	4.50**	6.23**	3.02**	2.64**	2.24**	2.22*
	(0.83)	(0.78)	(0.25)	(0.40)	(0.55)	(0.87)	(0.61)
GDP growth (%)	0.10*	0.10^{+}	0.09*	0.05*	0.05*	0.04*	0.03**
	(0.02)	(0.02)	(0.02)	(0.01)	(0.01)	(0.02)	(0.02)
Population (log)	0.25**	0.25**	0.21**	0.30*	0.30**	0.30**	0.33**
	(0.04)	(0.04)	(0.04)	(0.08)	(0.04)	(0.04)	(0.14)
Urbanization (%)	0.17	0.13	–0.30	0.26^{+}	0.54^{+}	0.79	0.52
	(0.50)	(0.49)	(0.34)	(0.46)	(0.43)	(0.78)	(0.12)
Vanhanen's Dem. Index	–0.013^{+}	–0.017*	–0.01^{+}	–0.011	–0.013^{+}	–0.013*	–0.014*
	(0.003)	(0.009)	(0.003)	(0.007)	(0.004)	(0.007)	(0.009)
South Brazil (ref. North)	–0.59**	–0.59*	–0.70**	–0.50*	–0.47**	–0.47*	–0.39**
	(0.08)	(0.50)	(0.06)	(0.08)	(0.07)	(0.28)	(0.12)
Constant	–6.16**	–6.12**	–6.36**	–5.84**	–5.88**	–5.58**	–5.95**
	(0.52)	(0.50)	(0.54)	(0.50)	(0.51)	(0.61)	(0.57)
Rho	0.49	0.49	–0.67	–0.26	–0.24	–0.12	–0.41
Sigma	4.172	5.460	1.53	5.512	5.128	2.570	2.28
Lambda	2.061	2.664	–1.03	– 1.404	– 1.223	– 0.316	–0.094
Wald test of Γ=0: χ^2, df=6	3760.5**	3387.56**	1612.51**	4784.07**	1855.68**	891.45**	709.1**
LR test of rho=0	23.12**	28.29**	71.01**	41.35**	42.37**	21.64^{+}	0.26

Note: Table entries are unstandardized regression coefficients with robust standard errors in parentheses.
$^{+}$ significant at .10 level; * significant at .05 level; ** significant at .01 level.

Table A3. The results of the lagged-dependent variable treatment effects model of PB on municipal welfare (t+3 years scenario).

	Dependent variable – lagged by three years (t+3 scenario)						
	Infant mortality per 100,000	Child mortality per 100,000	Probability of living to forty years (%)	Share of households with running water (%)	Share of households with sewage system (%)	Share of households living in permanent private dwellings (%)	Share of households with electricity (%)
Regression equation							
Participatory budgeting	–2.15^{+}	–3.42^{+}	1.30^{+}	1.49*	0.45*	0.002	0.44
(ref. absence)	(0.45)	(0.56)	(0.17)	(0.34)	(0.27)	(0.001)	(0.24)
Income per capita (log)	–5.65**	–6.42**	1.48**	9.19**	9.48**	–0.05**	2.58**
	(0.29)	(0.37)	(0.13)	(0.47)	(0.46)	(0.01)	(0.24)
Unemployment (%)	–1.56	–2.04^{+}	–0.51^{+}	0.77	0.34^{+}	–0.003*	0.11^{+}
	(0.14)	(0.18)	(0.05)	(0.22)	(0.19)	(.002)	(0.10)
Population (log)	1.09**	1.22**	–0.33**	–1.74*	–1.36**	0.003	–0.47**
	(0.10)	(0.13)	(0.04)	(0.14)	(0.12)	(0.002)	(0.08)
Urbanization (%)	–7.12**	–7.98**	1.84^{+}	50.35**	24.59*	0.007**	27.46^{+}
	(1.42)	(1.76)	(.46)	(2.47)	(2.44)	(0.011)	(2.84)
Vanhanen's Dem. Index	–0.032	–0.009^{+}	0.014*	0.024^{+}	0.016	0.009	0.08^{+}
	(0.07)	(0.009)	(0.005)	(0.04)	(0.08)	(0.003)	(0.009)
Region (ref. South)							
North	5.43**	5.56**	0.12	–13.76**	–5.56**	–0.004*	–3.21^{+}
	(0.39)	(0.52)	(0.15)	(0.71)	(0.48)	(0.018)	(0.40)
Northeast	10.08**	12.64**	–1.06*	–6.42**	–1.58*	–0.006**	1.07*
	(0.34)	(0.45)	(0.12)	(0.40)	(0.39)	(0.007)	(0.22)
Centre West	3.33**	4.04*	–0.97^{+}	–5.61^{+}	–4.26*	–0.007^{+}	–0.20**
	(0.31)	(0.36)	(0.10)	(0.77)	(0.66)	(0.003)	(0.11)
Southeast	1.30**	1.21	–0.58*	–0.11	–1.07	0.002	–0.08
	(0.15)	(0.18)	(0.12)	(0.14)	(0.15)	(0.0009)	(0.08)
Constant	61.12**	75.82**	80.99**	1.66	25.45**	1.01**	61.94**
	(2.47)	(3.19)	(0.94)	(3.67)	(3.74)	(0.003)	(3.50)
Selection equation							
PT Mayor (ref. absence)	1.59**	1.58**	1.42**	1.66**	1.68**	1.67**	1.68**
	(0.12)	(0.12)	(0.14)	(0.09)	(0.09)	(0.09)	(0.09)
Municipal HDI (0–1)	3.25**	3.42**	5.01**	2.72**	2.42*	2.70**	2.22**
	(0.75)	(0.74)	(0.86)	(0.64)	(0.59)	(0.62)	(0.61)
GDP growth (%)	0.07^{+}	0.07	0.08^{+}	0.03^{+}	0.03^{+}	0.03	0.03*
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.008)
Population (log)	0.32*	0.30*	0.26**	0.33**	0.33*	0.31**	0.33^{+}
	(0.05)	(0.05)	(0.05)	(0.04)	(0.04)	(0.04)	(0.04)
Urbanization (%)	0.32	0.28	–0.05	0.33*	0.53^{+}	0.36	0.52
	(0.56)	(0.56)	(0.56)	(0.04)	(0.51)	(0.54)	(0.55)
Vanhanen's Dem. Index	–0.011^{+}	–0.025^{+}	–0.019^{+}	–0.021	–0.015	–0.012^{+}	–0.011^{+}
	(0.006)	(0.007)	(0.009)	(0.012)	(0.09)	(0.004)	(0.003)
South Brazil (ref. North)	–0.47**	–0.49*	–0.60**	–0.42	–0.39^{+}	–0.42*	–0.39**
	(0.09)	(0.09)	(0.09)	(0.09)	(0.08)	(0.09)	(0.09)
Constant	–6.14**	–6.15**	–6.38**	–5.81**	–6.07**	–6.02**	–5.95**
	(0.57)	(0.57)	(0.57)	(0.56)	(0.57)	(0.58)	(0.57)
Rho	0.31	0.34	–0.54	–0.21	–0.21	–0.18	–0.04
Sigma	4.395	4.393	1.278	4.989	4.405	0.005	2.28
Lambda	1.034	1.494	–0.691	–1.026	–0.938	–0.001	–0.094
Wald test of Γ=0: χ^2, df=6	3432.04**	2954.50**	1211.05**	3951.66**	1532.58**	407.99**	709.08**
LR test of rho=0	12.90**	17.16**	35.22**	25.06**	37.16**	62.82**	0.26^{+}

Note: Table entries are unstandardized regression coefficients with robust standard errors in parentheses.
$^{+}$ significant at .10 level; * significant at .05 level; ** significant at .01 level.

Table A4. The results of the multivariate OLS regression of PB time on municipal welfare (sample PB=1).

	Dependent variable					
	Infant mortality per 100,000	Child mortality per 100,000	Probability of living to forty years (%)	Share of households with running water (%)	Share of households with sewage system (%)	Share of households living in permanent private dwellings (%)
PB time dummy (see note)	–0.13*	–0.20**	0.50*	0.27**	0.84**	0.002
	(0.04)	(0.05)	(0.01)	(0.04)	(0.04)	(0.0007)
Income per capita (log)	–3.27**	–4.44**	1.40**	9.50**	11.34**	0.005^{+}
	(0.40)	(0.52)	(0.13)	(0.93)	(0.92)	(0.002)
Unemployment (%)	1.58	2.06	–0.54	–1.33^{+}	–0.65^{+}	–0.001^{+}
	(0.18)	(0.25)	(0.06)	(0.21)	(0.23)	(0.0004)
Population (log)	1.33*	1.71**	–0.34*	–1.37*	–1.29**	–0.001
	(0.18)	(0.25)	(0.06)	(0.23)	(0.24)	(0.0002)
Urbanization (%)	–20.71	–25.04*	4.76	24.10**	15.05**	0.012*
	(1.98)	(2.78)	(0.74)	(2.07)	(3.21)	(0.0004)
Vanhanen's Dem. Index	–0.043^{+}	–0.07^{+}	0.014^{+}	0.002	–0.054	0.004*
	(0.014)	(0.02)	(0.005)	(0.0009)	(0.02)	(0.002)
Region (ref. South)						
North	2.77^{+}	1.60^{+}	–0.84**	–10.91*	–3.70**	–0.001
	(0.58)	(0.80)	(0.24)	(0.82)	(0.71)	(0.0007)
Northeast	10.57**	12.69**	–1.19**	–7.17**	–2.60**	–0.004**
	(0.49)	(0.67)	(0.17)	(0.54)	(0.63)	(0.0002)
Centre West	3.37*	4.06^{+}	–0.72^{+}	–10.23**	–8.27^{+}	–0.002*
	(0.38)	(0.46)	(0.15)	(2.33)	(2.03)	(0.0004)
Southeast	1.67	1.67	–0.81	–1.29*	–1.29	0.000
	(0.27)	(0.33)	(0.11)	(0.30)	(0.30)	(0.0009)
Constant	36.37**	43.34**	87.93**	10.66^{+}	13.58	1.034**
	(3.51)	(4.93)	(1.19)	(5.13)	(6.93)	(0.003)
R-squared	0.724	0.684	0.426	0.758	0.613	0.286

Note: PB time dummy=1 if PB sustained for 9 or more years; reference is PB sustained for 4 or fewer years. The regression was only run on the PB=1 sample (144 municipalities in the dataset).
$^{+}$ significant at .10 level; * significant at .05 level; ** significant at .01 level.

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Paper 3

Collaborative problem-solving: participation as a strategic tool against adversarial politics

Abstract

This paper makes two main theoretical points. First, bureaucracies can use participatory inclusion to improve not only democratic quality (Fung, 2003; Fung & Wright, 2003; Landemore, 2020; Montambeault, 2015; Wampler, 2008, 2015) but also the problem-solving capacity of administrative decision-making. The idea is that input by citizens and organized interests can add legitimacy to administrative decision-making and increase the acceptance of public decisions, namely by giving a more equal standing to the main affected interests and bringing on board local knowledge useful for compromising (Ansell & Gash, 2008; Emerson & Nabatchi, 2015; Emerson et al., 2009). Second, the more intense the policy conflict is, the deeper in participatory governance bureaucrats will go to solve it. Specifically, when an unilateral policymaking approach does not deliver a satisfactory policy proposal that could be turned into a law, a bureaucracy will broaden participation until a viable policy solution emerges (Arnstein, 1969; Scott & Thomas, 2017).

To test these theoretical predictions I empirically investigate the policymaking paths around Uber in Taiwan and Estonia. Uber policymaking was a suitable case because the company's entry generally provokes an incumbent push-back and policy tensions, but their intensity varies across cities (Collier et al., 2018; Thelen, 2018). The Taiwanese case shows how a bureaucracy confronting a highly significant policy conflict decides to resort all the way to citizen level policymaking, through implementing a novel online-offline participatory process, as a means to work out a viable policy path. Citizens' input was used as a basis to draft a 'popularly supported' policy proposal that Uber, taxi firms and even MPs were then compelled to support. The Estonian case illustrates how a bureaucracy confronting a more moderate policy conflict decided to resort to interest group level policymaking, implementing a series of inclusive stakeholder meetings, as a means to rebuild fractioned trust. Stakeholder deliberations were used to bring on board opposed actors and identify areas where concessions would be feasible.

These findings support the theoretical expectation that a bureaucrat is likely to broaden participation if the level of policy conflict runs high enough to justify the time, funding and uncertainty costs associated with implementing a participatory procedure. The main contribution of this paper is to complement the existing literatures on collaborative governance and participatory democracy by emphasizing the role of 'broadened participation' as a strategic device for solving thorn conflict situations.

Introduction

Some form of collaboration in governance characterises policymaking across policy fields. Studies in 'collaborative governance' cover areas as diverse as municipal budgeting, local health policymaking, economic development or even environmental protection (e.g. Donahue & Zeckhauser, 2011; Feldman & Khademian, 2007; Page, 2010; Sabatier, 2005). Most scholars in the field emphasize that collaborative governance is distinct from a mere transactional relationship and interaction (Emerson & Nabatchi, 2015; Scott & Thomas, 2017; Tang & Mazmanian, 2010). Similarly, in this paper the umbrella term collaborative governance is defined as *'The processes and structures of public policy decision making and management that engage people across the boundaries of public agencies, levels of government, and/or the public, private and civic spheres in order to carry out a public purpose*' (Emerson and Nabatchi, 2015: 18). It suggests collaborative governance can be conceptualised as a toolkit of participation methods that structure government-public collaboration during the policymaking. As Scott and Thomas (2017: 193) put it: '*Collaborative tools are methods for initiating and supporting inter-organizational collaboration. Managers use participation incentives, formal agreements, resource sharing, deliberative forums, and other means to shape and incentivize collaborative actions.*'

Thus, collaborative governance refers to a toolbox of participation instruments that can be used by public managers – namely, bureaucrats – to shape public action. This 'toolkit' of participation instruments ranges from stakeholder advisory groups and other higher level information sharing arrangements to grassroot deliberative forums and participatory institutions (for a comprehensive typology of collaborative governance mechanisms, see for example Donahue & Zeckhauser, 2011). The two main literatures that examine collaborative governance are comparative politics and public management studies. In the former the collaborative governance is framed mostly in terms of 'participatory governance' (Abers, 2003; Fischer, 2012; Fung & Wright, 2003) and 'participatory democracy' (Pateman, 2012; Wampler, 2008, 2015).[1] Irrespectively, both strands pay limited attention to the strategic use of participation as a means to solve public problems, which underlies the 'toolkit' conceptualisation above.

First, in participatory democracy studies the focus is generally on the theorising of the inherent merits and limits of participatory governance as a governance ideal-type rather than its strategic use by public managers to address public issues (see, for example, Abers, 2003; Baiocchi & Heller, 2011; Fung, 2003; Fung & Wright, 2003; Landemore, 2020; Montambeault, 2015; Touchton & Wampler, 2014; Touchton et al., 2017, 2020; Wampler, 2015). Second, in public management studies the emphasis is primarily on the practical implications of the implementation of collaborative tools and their fit to specific policy contexts (Agranoff, 2012; Agranoff & McGuire, 2003; Bingham & O'Leary, 2008, 2009; Carlson, 2007; Emerson & Nabatchi, 2015; McGuire, 2006, 2009; Nabatchi, 2012). As a result, the existing scholarship on collaborative (participatory) governance addresses chiefly more generic questions around this practice, e.g. what constitutes a participatory institution; what typologies of collaborative practices exist; what incentivises stakeholder and other actors to participate in a collaborative governance, and so forth (Scott & Thomas, 2017).

However, this paper asks a more focused yet theoretically and empirically important question about the nature of collaborative governance. At its most basic level, when do bureaucrats

[1] Henceforth, I will use the terms collaborative governance and participatory governance interchangeably.

expand participation? What motivates public administrators to use participatory governance tools in the first place? It is puzzling to observe that instead of enacting policies unilaterally, public managers can decide to broaden participation at the cost of their own limited resources and time constraints, especially considering the uncertainty around the outcome that will eventually emerge from this process. It is thus worth asking under what circumstances participatory practices emerge and why some bureaucrats decide to broaden participation, while others do not. To examine the role of bureaucrats in expanding participation, I will theoretically discuss a public manager's decision calculus to engage in a collaborative governance practice. Specifically, I will connect a bureaucrat's choice to pursue a participatory strategy with the level of pre-existing policy conflict. I will examine two distinct contemporary policymaking cases to show how the nature of conflict affects whether participation is expended or not.

The main contribution of this paper is to complement the existing literatures on collaborative and participatory governance by emphasizing the role of 'broadening participation' as a strategic device for solving public problems. I will focus specifically on explaining how government bureaucracies use participatory inclusion as a practical tool for building agreement in otherwise thorny conflict situations. I will show that it is primarily the level of pre-existing policy conflict that affects whether a bureaucrat decides to broaden participation, thereby determining the likelihood of the emergence of collaborative governance practices. Empirically, I test my theory on an increasingly consequential area of contemporary policymaking: platform politics. Specifically, I will show through the case studies of ride-hailing regulatory processes in Taiwan and Estonia how public managers used the broadening of participation as an instrumental tool to build a viable policy compromise only after a protracted policy deadlock had set in. Albeit a consequential policy area, the choice of platform politics as an area of study remains incidental to the main theoretical point made.

Before proceeding, note that I will follow Koontz et al. (2004) who recognise three main roles that a policy manager – in this case, a bureaucrat – can have in collaborative governance. Bureaucrats may act as '*(i) leaders, who convene and direct collaborative governance initiatives; (ii) encouragers, who provide human, financial, or technical resources in order to precipitate or support collaborative governance; and/or (iii) followers, who join collaborative governance efforts convened or encouraged by others*' (in Scott & Thomas, 2017: 10). The cases of interest in this paper are situations where a bureaucrat takes on the role of either a leader or encourager of collaborative governance, i.e. where they pro-actively initiate or support the expansion of participation.[2]

This paper will proceed as follows. First, I critically review the existing literature on collaborative governance. Second, I outline my main argument about participation as a tool against adversarial politics and explain why bureaucrats can expect collaboration to bolster the legitimacy of government actions. Third, I will test my theory on Uber policymaking in Estonia and Taiwan. Finally, I discuss the implications of the results in the conclusion section.

[2] Note that following Scott & Thomas (2017) this paper takes the view of an individual bureaucrat who weighs whether to expand participation so as to emphasize the strategic choice and trade-offs implied by such a decision. However, it is fully recognised that in practice a number of actors are likely to be involved in this decision-making process (Scott & Thomas, 2017). For example, a bureaucrat may be working with their political principal when launching a participatory procedure. Or a rank-and-file bureaucrat may first need the approval from their department manager, or even the buy-in from participants on the ground, before being able to implement a participatory practice. In short, in real life circumstances some form of collective decision-making is likely to occur.

Literature lacuna on participation as a problem-solving tool

The existing literature has rarely studied collaborative processes from a public problem-solving perspective, particularly as a strategic tool in the hands of public managers seeking to exit stalemated policy conflicts. While both the comparative politics and public management literatures recognize the instrumental use of collaborative governance, the emphasis is on institutional and structural factors that enable a more or less participatory approach to occur, rather than on the conscious choice of a public manager to pursue collaborative governance as a strategy. For example, both the comparative politics and public management literatures extensively discuss the motivations for participation and collective action across non-profit, public and private stakeholders, but largely overlook the strategic decision of a public manager to 'open up' a procedural space for extended participation in the first place.

The existing public management scholarship that has focused on identifying the reasons for the emergence of collaborative governance has mostly discussed structural and institutional factors (e.g. Lubell & Scholz, 2001; Lubell et al., 2002; Lubell et al., 2010; Tang & Mazmanian, 2010). As summarised in Scott and Thomas (2017):

> '*It is easy to view collaborative governance as a structural response to fragmented policy systems (Feiock, 2013; Thomas, 2003) and complex, "wicked" problems (Weber & Khademian, 2008). One example is the argument that collaborative governance is motivated by institutional collective action dilemmas (Feiock, 2013). This perspective is drawn from institutional rational choice, and identifies resource attributes such as the characteristics of the problem itself (Tang & Mazmanian, 2010); institutional attributes such as existing rules, regulations, and incentives (Feiock, 2013); and extant community attributes such as belief heterogeneity (Sabatier, Leach, Lubell, & Pelkey, 2005) as collectively motivating collaborative group formation*.'

These structural and institutional characteristics are likely to affect the emergence of collaborative governance practices, but in itself structure is unlikely to be deterministic (Scott & Thomas, 2017). Specifically, even if a particular institutional and regulatory environment is 'pre-given', a bureaucrat can still decide how and with who they consult during the policy process. That is, it remains within the discretion of bureaucrats with what parties and how 'deeply' they engage with during policymaking.

There are few public management studies that acknowledge the strategic problem-solving dimension of collaborative governance (Ansell & Gash, 2008; Kamensky & Burlin, 2004; Koontz et al., 2004; Scott & Thomas, 2017). However, these studies do not clarify the conditions under which bureaucrats decide to pursue this method of governance. Koontz et al. (2004), for example, convincingly theorise the three main roles a bureaucrat can play when implementing collaborative governance (leader, encourager, and follower). However, the reasons why some bureaucrats behave more closely to one of these ideal-types rather than some other remain unspecified. Kamensky and Burlin (2004) show how collaborative governance can be used as a method for putting various existing bureaucratic partnerships and professional networks into the service of a public problem. However, instead of developing a comprehensive theoretical framework, the article focuses on select empirical cases and practical advice for policymakers. Likewise, Ansell and Gash (2008) meticulously explain why collaboration can foster the quality of public service delivery – a point this paper takes, as will be discussed below –, but do not explain why some bureaucrats make use of this 'opportunity', but not others.

Other public administration scholars have studied how public managers select specific instruments from the public governance toolbox. Scott and Thomas (2017), for instance, combine insights from both the public policy and public management literatures to develop twenty propositions for why bureaucrats could engage with a specific type of governance practice. While a useful exercise in theory-building and also one of the founding blocks for this study, the authors do not engage in a more generic discussion about bureaucrats' motivations and reasons behind resorting to collaborative governance specifically when pondering what governance method to use. Most significantly, the authors do not follow up their numerous proposed hypotheses with any empirical testing; it is purely a theory-building exercise. Similarly, Bertelli and Smith (2010), Hill and Lynn (2003), Imperial (2005), Klijn and Steijn (2010), and McGuire (2002, 2006) theorise how particular governance tools – including the 'collaborative toolkit' – could benefit specific policy networks and problem contexts. The authors emphasize the importance of tailoring collaborative tools to the specific needs of the public problem at hand for them to be effective – again, a premise this paper shares (more on this below). However, despite raising useful points about the importance of context for an effective collaborative governance practice, these authors remain agnostic as to why and when public administrators decide to pursue further collaboration in governance in the first place.

Likewise, in the more traditional comparative politics literature on participatory democracy and participatory governance the focus has been mostly on the intrinsic democratic and wellbeing benefits associated with the institutions of deeper citizen and stakeholder engagement. As summarised in Dacombe and Parvin (2021: 146, emphasis added; for more see the Literature Review section in Paper 2 of this DPhil thesis):

'*Participatory understandings of democracy place the direct involvement of citizens at the centre of democratic theory, suggesting that democratic systems structured along these lines can result in both more legitimate and more effective governance.* In contrast with the prevailing view of participation in democracy, and particularly western liberal democracy, as being manifest primarily through the prism of electoral politics, a wide range of different forms of participation are included in such accounts. Participatory democrats prize citizen engagement in both formal activities such as consultations, committee hearings and participatory budgeting sessions, as well as less obviously 'political' action such as spontaneous protests, volunteering or involvement in decision-making in the workplace.'

Specifically, the participatory democracy theorists are generally good at meticulously explaining why a more participatory approach can result in better governance outcomes and various desirable public goods (for a recent example, see Landemore, 2020; or indeed Paper 2). However, the instrumental reasons for the emergence of such participatory governance practices in the first place remain largely overlooked. Even if it is reasonable to assume that the desirable public goods produced as a result of enhanced public participation – for example, public policies enjoying more public support and acceptance – are intrinsically linked to a public manager's decision to expand participation, it does not in and of itself explain why collaborative governance practices emerge in some places, but not others. Perhaps the most commonly advanced narrative about the emergence of participatory governance practices within the participatory democracy strand of scholarship is some form of 'policy entrepreneurship' (Abers & Keck, 2013; Baiocchi & Heller, 2011; Falletti & Cunial, 2018; Nabatchi et al., 2012; Wampler, 2015). However, when stressing the critical role of 'policy entrepreneurs' for the initiation of collaborative governance, the focus is generally on political and partisan elected officials rather than public servants (e.g. Wampler & Avritzer, 2005, is a good example arguing that the policy activism of the left-wing Workers' Party's local politicians was critical for the spread of participatory budgeting in Brazil). However, the theoretical point raised in this paper is that under certain conditions – namely, where policy

conflict runs high – the implementation of participatory governance is more accurately conceptualised as a strategic (rather than ideological) tool for public managers seeking to solve a policy problem.

Taken together, both the public management as well as participatory democracy literatures have overlooked the strategic choice and cost-benefit calculus involved in policy administrators' use and spread of participatory governance practices. Limited attention has been paid to why and when bureaucrats decide to 'broaden participation' in policymaking. It remains a significant – as well as puzzling – gap in the existing literature given the substantial resources that are generally required to expand participation and the uncertainty around the policy outcomes that will emerge (Epstein & Halloran, 1994; Margerum, 2011; Purdy, 2012; Sabatier et al., 2005).

Collaborative governance as tool against adversarial politics

In this paper, I conceptualise participation as a strategic tool against adversarial politics. Specifically, I argue that bureaucrats often make instrumental use of the broadening of participation – through initiating or supporting collaborative governance initiatives – as a way to solve entrenched policy conflicts. Rather than an intrinsically valued goal in and of itself, the broadening of participation can become a means to an end in the hands of a bureaucrat seeking to solve a stalemated policy situation. The use of collaborative governance allows a public policy manager to increase the perceived legitimacy of government actions and bring otherwise adversarial actors behind a common agenda (Ansell & Gash, 2008; Emerson & Nabatchi, 2015; Emerson et al., 2009; Scott & Thomas, 2017; more on the legitimacy-enhancing property of public participation below). These factors contribute to a bureaucrat's ability to resolve a policy conflict and deliver a viable policy output. It matters specifically for a meritocratic bureaucrat, whose career performance depends on their ability to deliver effective policy outputs subject to 'professional peer accountability' (Dahlström et al., 2012; see Paper 1). Thus, what a bureaucrat – at least meritocratic one – wants from collaborative governance is to achieve their policy delivery goals that would not otherwise be attainable.[3]

Traditionally, a 'policy tool' is defined in the public management literature as '*an identifiable method through which collective action is structured to address a public problem*' (Salamon, 2001: 1642). However, it conventionally refers to loan instruments, tax credits, permits, regulatory standards and so on. What this paper suggests is that participation mechanisms can also be thought of as such 'policy tools' used for structuring collective action to address a public problem, in this case a policy conflict. Therefore, albeit not a policy instrument in the traditional sense, collaborative governance is another type of policy tool in the hands of policy managers seeking to address a specific public problem – a policy stalemate. By altering the policy process – through broadening deliberation and inclusion – bureaucrats can improve their chances of building an agreement. That is, participation becomes a means to an end.

The specific point I make about collaboration as a problem-solving tool is that the level of pre-existing policy conflict plays a critical role in shaping a bureaucrat's cost-benefit calculus regarding their decision to pursue such a policymaking method. That is, the intensity and nature of policy conflict will be critical to whether further participation will be pursued. Specifically,

[3] This paper will use meritocratic bureaucracy as a scope condition for its theory; more on this point in the section preceding the empirical part.

the more penetrating policy conflicts will also trigger more radical administrative actions to bring on board otherwise strongly opposed actors. It increases the likelihood of a bureaucrat resorting to some form of collaboration in governance as a means to ensure actors' buy-in and necessary public support, all else equal. Consequently, if a policy conflict remains moderate, bureaucrats are likely to resort to intermediate participatory solutions, such as stakeholder consultations, to build a viable policy path. However, if policy conflict is substantial, bureaucrats are likely to resort to more profound participatory engagement mechanisms, such as citizen forums, to work a way out of the policy deadlock. Put differently, bureaucrats will go participatory up until the point when a solution can be found, no more or no less.

An alternative way to conceptualise this argument is to assume that a meritocratic bureaucrat's goal is to produce viable and effective policies that are rewarded through better career prospects (Dahlström et al., 2012; Dahlström & Lapuente, 2017; see Paper 1). It implies the need to advance policy proposals that are likely to garner enough stakeholder and public support – as well as political backing – so as to become enacted and an established part of the local regulatory landscape. To achieve this goal a bureaucrat can either act unilaterally or collaboratively. The default preferred path is likely to be to act unilaterally as it generates less staff, funding and time costs, but also limits uncertainty over the policy process (as in Epstein & Halloran, 1994). However, if a unilateral policymaking approach fails (e.g. political elites fail to reach a viable compromise), bureaucrats have to pursue an alternative strategy. Under these circumstances, bureaucrats have to then weigh the additional time, resource and uncertainty costs associated with the implementation of further participation against the expected benefit of more legitimacy and public backing (a justification as to why more participation is likely to improve the perceived legitimacy and acceptance of government actions will be provided below).

It is in this context that the nature of conflict will become an important determinant of whether a bureaucrat will pursue a more participatory approach. If policy conflict is low, the expected gains in terms of additional legitimacy through a more participatory process are likely to remain too trivial to justify the associated implementation and uncertainty costs. A bureaucrat does not need more participation to such an extent as to justify the costs associated with collaborative governance. For example, it is likely to be more fruitful and less costly (e.g. less time and resources committed, plus more predictability) to re-launch renewed elite level negotiation rounds or shuffle coalitions of support. However, if policy conflict remains significant, the opposite is likely to be true. That is, now the costs associated with implementing a more participatory procedure – additional resources and heightened uncertainty – will become increasingly tolerable relative to the expected gain in terms of the – much needed – further stakeholder legitimacy and policy acceptance. Legitimacy is in short supply yet in great need for bureaucrats involved to deliver a viable policy agreement in a context of a fierce policy conflict and starkly opposed actors. It greatly increases the anticipated net payoff a bureaucrat accords to a collaborative strategy. Therefore, all else equal, a bureaucrat should be more likely to expand participation in governance when tensions among affected interests run high and unilateral policymaking venues have been unsuccessfully exhausted.

Put differently, there are both positives (increased legitimacy and actors' acceptance) and negatives (time, staff and budget costs, policy uncertainty) associated with pursuing a participatory approach from the perspective of a bureaucrat.[4] The argument made in this paper

[4] This cost-benefit decision calculus approach builds on Ostrom (1990, 2000). She emphasizes that an actor will weigh the anticipated transaction costs against the expected benefit before engaging in collective action. However, in the common pool resource governance cases she studies, these transaction costs include the finding of willing

is that it is the nature of conflict that ultimately decides where the balance will fall. When policy conflict remains intense, the expected net benefit from pursuing further participation will be positive; and vice-versa for more trivial conflict situations. Meritocratic bureaucrats will use collaborative governance only when policy conflicts are thorny and stalemated enough to justified the costs associated with implementing collaborative governance.

Why engage in collaborative governance – and its costs?

I will now elaborate on the main strategic element that a bureaucrat factors in when weighing whether to devote time, funding and staff into pursuing participatory governance: the need for more legitimacy.

Legitimacy improves the chances of otherwise opposed actors supporting a common policy agenda (Ansell & Gash, 2008). Indeed, there are good reasons for bureaucrats to assume collaborative governance would benefit the perceived legitimacy of their administrative actions. Specifically, the public management literature suggests two main techniques for increasing the legitimacy of government activities and resulting outputs: that is by including reputable individuals and organisations in a policy process; or including the actors affected by the said actions in a policy process (Ansell & Gash, 2008; Carlson, 2007; Emerson et al., 2009; Scott & Thomas, 2017). For example, a policy output that shows the footprints of the main affected actors is generally perceived as more legitimate (Gerlak et al., 2012; Karkkainen, 2002). As explained in Scott and Thomas (2017, emphasis added):

'Further, collaborative governance can increase legitimacy (defined by Wolf [2002] as deriving from public consent to be governed and whether government behavior and decisions authentically express public goals) by giving standing to all relevant and significant interests in public decision making (Ansell & Gash, 2008; Carlson, 2007; Emerson, Orr, Keyes, & Mcknight, 2009; Innes & Booher, 1999; Newig, Adzersen, Challies, Fritsch, & Jager, 2013). The literature also emphasizes the importance of giving standing to all relevant and significant interests in public decision making (Ansell & Gash, 2008; Carlson, 2007; Emerson et al., 2009; Innes & Booher, 1999). [...]. *Collaborative governance actions have greater legitimacy among some members of the public because collaborative governance appears to represent a broader consensus (Bryson et al., 2006; Emerson & Nabatchi, 2015) and thereby mitigates mistrust of government (Margerum, 2011).*'

In this context, for bureaucrats, legitimacy matters not necessarily as a normative organizational principle of democratic decision-making – the importance of which is extensively underscored in the participatory democracy literature (e.g. Landemore, 2020) – but above all as a practical device for bridging divides and bringing on board otherwise opposed parties. Ansell and Gash (2008) meticulously demonstrate that 'deeper participation' during policymaking improves policy output legitimacy among affected actors as these actors are then more likely to feel that their respective concerns have been given due consideration and attention in the process. It ultimately benefits the acceptance of the policy proposal that emerges (Emerson et al., 2009; Falletti & Cunial, 2018; Innes & Booher, 1999). Policy proposals perceived as more legitimate benefit from more support and compliance among the affected public and stakeholder community during implementation (Bryson et al., 2006, 2015; Emerson & Nabatchi, 2015). As Dietz and Stern (2008: 50) conclude in their meticulous study of the effects of participatory budgeting – which can be thought of as a particularly advanced form of collaborative governance – '*[it is a method] for obtaining the consent of the governed in more specific ways than are possible with elections*'.

partners and the monitoring and enforcement of agreements, while the expected benefit is increasing the likelihood of getting one's policy preferences into the regulatory output.

Other authors have emphasized that participatory procedures can assist public administrators in policymaking because of the associated positive deliberation and information effects (Avritzer, 2009, 2017; Baiocchi & Heller, 2011; Fischer, 2018; Fung & Wright, 2003; Nabatachi et al., 2012; Touchton et al., 2017, 2020; Wampler, 2008, 2015). For example, participation can provide administrators with useful local knowledge that helps them define parameters of a mutually agreeable policy proposal. This useful local knowledge includes – according to the definition in Newig et al. (2013: 5) – information about '*the societal and political environment, the prehistory of a decision making process, elements of the issue at stake, characteristics of the relevant stakeholder field, and the level of pre-existing conflict*'. Again, the local knowledge and information gathered during deliberations can help design policy proposals that will be more likely to find support among otherwise opposed parties. Newman et al. (2004) discuss how a collaborative governance approach – in their case, in the form of area-based committees – helped collect useful information about user preferences, which was then used to design relevant welfare policies that the target population was willing to accept, ultimately benefiting the implementation of the new programme. It illustrates how through a deepening of collaboration bureaucrats garnered valuable information about local needs that ultimately benefited the designing of a mutually agreeable policy and its successive acceptance.

However, these additional legitimacy gains from collaborative governance do not come without costs to a bureaucrat. More participation also implies more staff, budget and time resources devoted to a policy process. Likely also more uncertainty and less direct control over the final policy process that will emerge. Under these circumstances, a bureaucrat is only willing to engage in such practices when the need for actors' 'buy in' remains higher than can be met through other less costly – namely, unilateral – policymaking means. It is in this context that the depth of policy conflict becomes a critical determinant of a bureaucrat's willingness to pursue a collaborative problem-solving strategy. That is, under highly conflictual circumstances (e.g. strong elite conflict among coalition parties, or disruptive stakeholder opposition), unilateral policymaking actions are less likely to succeed in garnering the required support among stakeholders to pass and be successfully implemented as a new policy. In this case, there is a clear need to explore alternative policymaking paths – that build more trust and agreement – to deliver a viable policy output. Due to its legitimacy and acceptance enhancing properties, some form of collaboration in governance becomes likely. In contrast, if the level of policy conflict remains low, there is no clear need to bolster the legitimacy of government actions. Thus, a bureaucrat is likely to proceed without expanding collaboration in governance – and incurring the associated costs. If a bureaucrat already knows that agreement among political and other affected stakeholders is highly likely, it leaves them with limited incentives to dedicate time and resources on improving inclusion, especially as it can also increase the uncertainties around this expected positive outcome for them.

Therefore, by going more participatory, a meritocratic bureaucrat expects to increase their likelihood of delivering an effective policy output unachievable otherwise. By increasing inclusion, a bureaucrat improves the perceived legitimacy of government actions and ultimately the chances of a policy acceptance by opposed parties. By altering the process, a bureaucrat alters the policy outcome – nudging opposed parties into an agreement. In their decision calculus, a bureaucrat will weigh the anticipated implementation costs against the perceived need for more legitimacy to decide whether to pursue a more or less collaborative approach to solve a public conflict.

Connecting the 'ladder of participation' with policy conflict intensity

Collaborative governance – even when simplified as the broadening of participation in a public decision process – can encompass a wide array of structures and processes to support the inclusion of citizens and stakeholders. Scholars have developed different typologies to conceptualise what goes into a '*collaborative toolbox based upon attributes such as geographic scale, institutional scale, inclusiveness, and stakeholder incentives*' (in Scott & Thomas, 2017: 200; Bingham, 2011; Elstub & Escobar, 2017; Emerson & Nabatchi, 2015; Emerson et al., 2012; Fischer, 2012, Fung, 2003, 2006, 2015; Kekez et al., 2018; Wampler, 2008, 2015). Responding to this diversity in participatory tools at the disposal of public managers, I develop a typology including three basic models of participatory governance according to their inclusiveness (*Table 1*). It can be thought of as a 'ladder of participation', where each step takes a bureaucrat 'further down' in participatory governance. This 'ladder of participation' – a simplified way to think of different levels of broadened participation – interacts with the level of pre-existing policy conflict to produce a more or less participatory approach to solve a public conflict. The main predictor variable for where on the 'ladder of participation' (DV) a bureaucrat will land in a given policymaking situation is the level of policy conflict (IV) because it conditions their need for more legitimacy. In essence, the expectation is the more intense the policy conflict, the further down in the 'ladder of participation' a bureaucrat will go to effectively solve it, all else equal. Therefore:

> *Main hypothesis*: The more intense the policy conflict, the deeper in participatory governance a bureaucrat will go to solve it, all else equal.

Table 1. Linking the 'ladder of participation' with the level of policy conflict.

Participatory engagement model (DV)	**Level of policy conflict (IV)**	**Characteristics of DV**			
		Level of shared decision-making	**Degree of inclusiveness**	**Actors included**	**Examples**
Exclusionary elite politics model	Low intensity policy conflict	Government decides	Limited to none (elites)	Political elites	(Semi-)authoritarian regimes; mal-functioning (or corrupt) legislative processes in democracies
Representative interest group model	Moderate intensity policy conflict	Government decides in conjunction with representative interest groups	Moderate (organisations)	Interest groups, community leaders	Effective corporatist regimes; some (equal access) lobbying regimes
Participatory democracy model	High intensity policy conflict	Government decides in conjunction with ordinary citizens	Significant (citizens)	General public, local community	Participatory budgeting; *v-Taiwan* consultation procedure

Source: Author's own creation.

Exclusionary elite politics. Under the first model of participation, or more accurately of non-participation, the lawmakers and bureaucrats are trying to pass new rules on their own or with very limited public inclusion. It is the default paradigm assuming no substantial policy conflict. The inclusion practices that do occur, if at all, consist of symbolic gestures of 'opening up' that occur too late in the process to enable participants to yield a meaningful influence on the outcome. Typical examples include the organisation of public hearings or consultations at the end of a budgeting process, as public managers and lawmakers seek support for decisions already made. Such post-fact inclusion events could be organised in the hope of preventing a

joint opposition from emerging against the new policy measures. In any case, the inclusion of affected parties is in name only, as ultimately the government unilaterally decides.

However, many exclusionary politics processes – particularly where stakes are running high for affected parties – fail to build a viable policy agreement precisely because the inclusion of stakeholders and citizens concerned is initiated too late in the decision-making cycle. Although bureaucrats and lawmakers are likely to do their best to talk to the general public and affected stakeholders about how the proposed policy will share the 'pain' as an indication of fairness, the exclusion of the views of affected parties and citizens from the debates over the trade-offs implied in the policy construction is likely to leave them with the feeling of being disregarded (Arnstein, 1969; Johnston et al., 2011; Mosley & Wong, 2021; Pateman, 2012; Sandström et al., 2014). Specifically, once the scope of work has been established, consultants selected, options defined, and preliminary evaluation has begun, inviting the citizens or stakeholders to a meeting is likely to have a limited effect on the building of consent. Since the very definition of the problem and the selection of options considerably narrows the likely outcome, citizens and stakeholders can feel they are being railroaded towards a particular policy outcome (Sandström et al., 2014).

The suggestion advanced in this paper is that once unilateral efforts reach a deadlock – because stakes are running high for affected interests and more opposition surfaced than anticipated – the bureaucrats will go down on the ladder of participation to boost the legitimacy of their actions and find a viable policy path out. Put differently, to build consent after the exclusionary elite politics model has failed to deliver an acceptable policy compromise, public managers have to open up the decision-making process and broaden the scope of participation. In cases of more moderate disagreements going further down one step on the ladder of participation (to representative interest group model) is likely to prove sufficient. However, more radical disputes also require more radical inclusionary remedies, i.e. broadening participation to ordinary citizen (participatory democracy model).

Representative interest group politics. Under the second model of participation, the bureaucracy and lawmakers consult and work conjointly towards a mutually acceptable agreement with relevant representative interest groups and community leaders. These groups represent the diversity of the main views that matter on the policy topic at hand. These groups can help bridge the differences in the larger community, particularly when they remain relatively moderate and manageable in scope. Importantly, representative interest groups provide a vehicle for understanding the views and arguments of 'the other side of the debate' that often go amiss under the exclusionary elite politics model. Under this model major affected groups can voice through their speakers their concerns and expectations about policy parameters. Unlike in the prior elite model, inclusion occurs from the early stages of the policymaking cycle. In tandem with the technical, informational and organisational assistance of the bureaucracy (see the comment above on the role of bureaucratic 'leadership' and 'encouragement' in collaborative governance, as in Koontz et al., 2004), the main opposing parties have under this model an inclusionary institutional architecture in place that allows them to work out their differences, deliberate and eventually move towards a policy agreement.

With major stakeholders directly involved in the debates and drafting of the policy compromise, they are also more likely to be supportive of it as it moves on to the next stages in the policy cycle. Specifically, if the participating interest groups work consensually and are able to reach an agreement under the bureaucratic facilitation, the proposed policy document will move forward to the legislature representing 'one voice' of the community and interest

group leaders – providing a powerful case for the lawmakers to adopt it (or raising the costs of opposing it). That is, the legislatures will act upon the draft proposal knowing that they will be responding to the views of community leaders and affected interest groups. The broadened participation to representative interest groups brings the views of local community and business leaders explicitly into the drafting process, thereby increasing the likelihood that a viable policy compromise will emerge.

However, where concerns over the outcome run deeper, interest group level inclusion may not be enough to bridge the divides among the opposing sides. Under these circumstances, effective consultations with interest groups and community leaders may reduce some anxieties, particularly if the bureaucratic staff is skilled at 'shuttle diplomacy', but a deeper distrust between the opposing camps will remain. It can ultimately undermine bureaucrats' ability to reach a viable policy compromise, leaving the 'policy problem' unsolved. The compromising is particularly likely to fall apart when the conflict is embedded more deeply and broadly across the community at large. Under these circumstances, an interest intermediation may not be sufficient to appease and bridge divides and more radical inclusionary steps may be required to ensure the public feels their views are being respected and to win over their 'buy in' into the eventual policy proposal that emerges.

Participatory democracy. The high intensity policy conflict situations, where mere interest group level representation remains insufficient to rebuild fractioned public trust and solve disputes, point towards the need to implement the third and most radical form of public inclusion: the participatory democracy model. Under this model, the task of finding a policy compromise is delegated to a joint decision-making procedure by the citizens and the government under the supervision of a facilitating bureaucracy. Importantly, the participatory democracy approach for solving public problems includes soliciting direct citizen input as part of the charge. It matters because it allows those citizens and community members who perceived themselves as excluded from the decision process under the interest group and elite politics models, or who were simply not willing to participate under a 'co-opted governance arrangement', to voice their concerns and policy preferences. Thus, in the participatory democracy model, the collaborative problem-solving is more grassroot and citizen driven compared to the organisational interest intermediation logic of the interest group model.

From the public's perspective, the substantive as well as symbolic value of 'going more grassroot' in the participatory engagement effort is clear: it signals to diverse societal groups and citizens that all of their views and concerns matter and receive serious consideration from the decision-makers involved. It is likely to expand the range of stakeholders, public interest groups and citizens who feel included in the policy process – perhaps even the share of affected parties seeing their imprint in the resulting policy draft – and thus increasing the chances of a societal 'buy in' into the resulting policy proposal. Specifically, if the participatory democracy tool effectively includes ordinary citizens in the decision process and solicits their views, the policy proposal that will emerge is likely to be perceived as reflective of broader societal concerns and preferences. If the participatory process is perceived as fair and competently managed by the bureaucrats, it will effectively produce a policy proposal that moves forward to the legislature appearing to represent a 'societal consensus' in the given policy topic. It will greatly complicate the legislature's ability to ignore or even alter the policy agreement, thus representing a viable policy path from a bureaucrat's perspective.

To summarize, where unilateral policymaking efforts fail, public administrators can use 'participatory deepening' as a strategic tool to build a viable policy compromise. Specifically,

a bureaucrat will step further down on the 'ladder of participation' until the point where a viable policy solution can be constructed. Bureaucrats will use the ladder's intermediate step (representative interest group model) to solve intermediate policy conflicts and its deepest step (participatory democracy model) to solve the deeper conflict situations.

Meritocratic bureaucracy and participatory strategy

Before proceeding, it is important to note that a significant scope condition for the above theory is the presence of a meritocratic bureaucracy (as conceptualised in Paper 1). To understand this, some background is needed. Specifically, compromising through a collaborative problem-solving strategy can also fall apart. According to the existing literature, one principal reason why collaborative governance as a policymaking method can fail is that its administrators are not perceived as 'honest brokers' by the participants involved (Emerson et al., 2009; Hansen et al., 2016; Sandström et al., 2014; Smith, 2009). In fact, political manipulations undermining the credibility and thus effectiveness of participatory governance procedures – due to having incompetent or partisan officials in charge – is a reoccurring theme highlighted in the literature exploring the failures of such governance methods (e.g. Abers & Keck, 2013; Albert, 2016; Baiocchi, 2005; Falleti & Cunial, 2018; Pateman, 2012). In other words, participation can be expected to only work as an effective compromise-building tool if participants trust the personnel in charge of managing the deliberative process. It strongly favours the likelihood of meritocratic bureaucrats being more willing to resort to such a public problem-solving strategy – knowing they are likely to be perceived by otherwise opposed parties as such 'honest brokers'. It contrasts to partisan bureaucrats who are likely to suspect that participants know they will be skewed towards certain political preferences. It can be expected to limit the perceived usefulness of participation as a problem-solving strategy in the eyes of partisan bureaucrats, while raising it as such a tool in the eyes of meritocratic bureaucrats.

Besides the importance of political neutrality and partisan insulation, the personnel in charge of collaborative governance must also be professionally competent to ensure its effectiveness as a governance method. Specifically, once participation in governance is expanded, the included actors will develop some expectations as to the desired process outcomes. Often these expectations are unrealistic and contradictory (Fung, 2015; Innes & Booher, 1999; Karkkainen, 2002). A weak and incapable bureaucracy may be unable to manage this complex web of anticipations and preferences, while also crafting a functional policy output. However, if participants' expectations are not met, frustration – and indeed escalation of policy conflict rather than its appeasement – is quick to follow (see, for example, the cases presented in Bobbio, 2019; Lee et al., 2015; Montambeault, 2015). In contrast, meritocratic career bureaucrats are likely to have accumulated significant experience in policymaking and in managing stakeholder expectations, which is likely to facilitate their efforts to successfully implement collaborative governance and to build a compromise. These dynamics are likely to favour competent, meritocratic – rather than non-expert, partisan – bureaucrats being more willing to leverage participatory institutions as a governance tool.

The point raised is that the nature of bureaucracy is likely to affect the intrinsic value attached to participatory tools and thus bureaucrats' likelihood of resorting to these means. Importantly, meritocratic bureaucrats are likely to care more about delivering an effective policy output, rather than achieving some pre-defined partisan/ideological policy goal. It can be expected to limit their concerns about the inherent policy uncertainties associated with 'giving people a bigger say' in a policy process. It is likely to contrast to partisan bureaucrats who are keen to

ensure policy content remains on specific – narrow – ideological tracks. This is why, empirically, I will keep constant in this paper what I identified as the main independent variable in Paper 1 and propose to imagine two political systems with a similar bureaucratic nature (meritocracy; more on this point below). The argument is that once we control for these basic differences in bureaucratic set-up, then collaborative governance will become an important factor affecting a policy process and its outcome.

Methodology

The previous theory section highlighted two main points. First, bureaucracies can use participatory inclusion to improve not only democratic quality (Fung & Wright, 2003; Landemore, 2020; Wampler, 2015) but also the problem-solving capacity of administrative decision-making. The idea is that input by citizens and organized interests can add legitimacy to administrative decision-making and increase the acceptance of public decisions, namely by giving an equal standing to the main affected interests and bringing on board local knowledge useful for compromising. Second, the more intense the policy conflict, the deeper in participatory governance bureaucrats will go to solve it. Specifically, when an unilateral policymaking approach does not deliver a satisfactory policy proposal that could be turned into a law, a bureaucracy will broaden participation until an acceptable and viable policy solution emerges (Arnstein, 1969; Scott & Thomas, 2017). These theoretical predictions are straightforward. However, to test them empirically – and on the case of Uber policymaking specifically – remains a challenge. To address this question, I follow the standard comparative politics practices in my research design to ensure that the main causal relationship singled out is robust. I will first discuss my considerations over case selection, and then my measurement strategy.

To explore the main relationship of interest I use a comparative case-study process-tracing approach. Specifically, I have two case studies investigating policymaking around Uber in Taiwan and Estonia. In both locations there was a period in time t when participation was limited and in $t+1$ when participation was expanded, allowing me to trace the factor(s) that led to the broadening of participation. For the Estonian case, I conducted ten semi-structured field interviews with the main 'supply' and 'demand' side policymaking actors involved. For the case of Taiwan, I rely primarily on secondary sources, such as newspaper articles, policy papers and academic publications. In both cases a qualitative approach was preferred because an overly-numerical analysis could easily obscure the main mechanism of interest – a conflict-driven expansion in participatory inclusion. Additionally, limited publicly available numerical data exists on the topic. In both countries I track the policymaking around Uber since its arrival until some regulatory resolution was found (ca. 2013-2017).

But why focus on platform politics to examine the theoretical points raised? First, the platform economy was chosen because it is an increasingly consequential and impactful area of contemporary policymaking. What has been (misleadingly) labelled as the 'sharing economy' and defined as '*online platforms that help people share access to assets, resources, time, and skills*' (Wosskow, 2014: 13) was estimated to have generated global revenues worth a whopping $15 billion in 2015 and forecasted to grow to a striking $335 billion by 2025 (PwC, 2015). However, despite the increasing economic and societal weight of the platforms, there is still limited research on the political economy dynamics surrounding their regulation. For example, we still know little about how policy compromises are built and become accepted around Uber. Second, it is often characterised by significant incumbent-platform policy

conflicts. However, the intensity and violence of these confrontations often varies from one market to another (Collier et al., 2018; Thelen, 2018). Lastly, bureaucrats generally play a critical role as policy coordinators in complex and technical regulatory policy areas, such as private transportation and ride-hailing regulations (Koop & Lodge, 2017). Their role as central policy coordinators makes 'Uber regulation' a fruitful area of investigation to study when and why bureaucrats decide to expand participation in a policy process.

By choosing countries that are comparable across critical political-administrative institutions and economic dimensions, I can single out the effect of the nature of conflict – and associated legitimacy needs – for the outcome studied (level of participation). I will show that the deeper and more entrenched policy conflict in Taiwan was also associated with the administration's decision to go deeper in its participatory engagement. Albeit not identical in detail, both countries are recent democracies that dispose a meritocratic bureaucracy (see *Appendix 1* for an empirical justification), have a restrictive private-hire regulatory landscape (considerable incumbent vested interests), and a sizeable IT sector in economy (strong pro-innovation forces). In both countries there were also consumer mobilizations as well as taxi protests – but to a much lesser degree in Estonia than Taiwan, as will be explained in the case studies. The existing literature suggests that all of these factors can affect policymaking dynamics around ride-hailing. Specifically, prior research has emphasized the role of pre-existing interest group constellation (Thelen, 2018; Tzur, 2019), bureaucratic structures (Paper 1) and consumer activation (Culpepper & Thelen, 2020) as factors affecting regulatory outcomes around Uber.

Taiwan and Estonia also share other background conditions relevant for political economy. Although varying in detail, the two countries have a similar quality of democratic institutions (Dickson, 2019; EIU, 2021; Stanley, 2019), institutionalisation of party systems (Colomer, 2018; Fell, 2019; Saarts & Allemann, 2021), market-based economic models (Feldmann, 2017; Kuo, 2019; Liou, 2017; Mets, 2017) and GDP per capita (IMF, 2021). First, the quality of democratic institutions can affect government responsiveness and the ability to introduce new policies (Lipset, 1983). Second, where party systems are more institutionalised, policymaking tends to be more effective (Kitschelt & Wilkinson, 2007; Mainwaring & Torcal, 2006). Third, liberal market economies can have systematically different approaches to innovation compared to their coordinated market peers (Hall & Soskice, 2001; Hancke, 2009). Finally, the level of economic development can affect the ability to offer side-payments during policy negotiations, which can facilitate compromise building (Jacoby, 2008; Yamamoto, 2021).

Importantly, it is not claimed that Estonia and Taiwan are identical across these institutional and economic characteristics. Rather, the two countries are similar and comparable enough to meaningfully explore variation in policymaking around Uber regulation, while singling out the effect of differences in policy conflict (and legitimacy needs).

To measure my main independent variable – the intensity of policy conflict – I estimate the degree of confrontations and stalemate around the issue of Uber regulation in each country. I use information from my field interviews, newspaper reports and secondary literature (i.e. evidence on protest activities, violent clashes, policy disputes). To measure my main dependent variable – level of participatory inclusion – I estimate the extent to which various affected interests and the general public was included in the policymaking process. This level of inclusion ranges, on a hypothetical continuum, from no inclusion to an all-encompassing citizen and stakeholder inclusion. I use information from my field interviews, newspaper reports and secondary literature (i.e. evidence on participants included, form of participation).

Note that I will focus on substantive inclusion, that is, whether affected stakeholders and public had at least a theoretical ability to influence the policy process (Fink & Ruffing, 2021).

However, the participatory democracy literature has also stressed other elements besides inclusiveness as being critical to public engagement efforts. The two other main factors often highlighted are transparency and reason-giving (Fink & Ruffing, 2018). First, transparency relates to openness around the aims and scope of participation as well as the quality of information provided (e.g. about the problem under discussion) (Papadopoulos & Warin, 2007). Transparency is deemed valuable in and of itself, as it is necessary to inform citizens about the problem at hand and their participation opportunities. But it also helps to ensure that participants receive the relevant information required for an effective deliberation (Smith, 2009). Second, reason-giving relates to the quality of deliberation in so far as it helps to ensure that rational arguments rather than power positions dominate. It allows normatively acceptable solutions to emerge (Beetham, 2012; Geißel, 2012). However, while not ignored, these aspects of collaborative governance will receive much less attention in the measurement strategy of this paper. It is expected that measuring the extent of inclusion offers a closer proxy for the 'ladder of participation' concept advanced in the theory section. Specifically, I make the assumption that once inclusion is sufficiently broad-based – either at the level of representative interest groups (ladder 2), or general public (ladder 3) – the pre-conditions of informational transparency and a roughly equal representation of interests are also met. However, it is recognised that this need not always be the case, although existing evidence seems to support the assumption that generally these three aspects tend to go together (see, for example, the discussion on the 'representativeness' of PB participants in Paper 2).

Solving the Uber problem in Taiwan: resorting to citizen participation

Beginning in 2013, Uber registered as an information company, yet operated much like a taxi business in Taiwan (Tseng & Chan , 2019). Upon entry, the company neither applied for the required private-hire service permits nor subsequently complied with the regulations for the private-hire service providers (Chang, 2017). Again, it was a familiar playbook Uber had used almost uniformly across the cities it entered during its initial years of market operations after the company's launch in San Francisco in summer 2011. Specifically, according to Taiwan's laws, a taxi driver needs both an occupational license and a business license. These requirements are beyond most people's capacity, so they have no choice but to join a taxi company. In Taiwan, taxis that have no licenses and run their business illegally are called *pak pai.* Most passengers are not willing to take *pak pai* because they are afraid that they would have no legal recourse in an accident (Tseng & Chan, 2019). In its early days, Uber was considered as one of such *pak pai* providers, as it lacked the relevant licenses. It led to a heavy conflict with the public administration as well as the taxi sector, as will be elaborated below. The three main areas of tension between the Taiwanese bureaucrats and Uber were centred around: company licensing, passenger safety and tax payments.

First, the bureaucrats at the public administration responsible for the regulation of for-hire transportations services, The Ministry of Transportation and Communications (MOTC), held several grievances against Uber. Most fundamentally, Uber entered Taipei '*as a startup based on information technology*', but the bureaucrats at the MOTC '*considered Uber to be a transportation service company*' (Saadah et al., 2017: 336). As explained by one senior

bureaucrat, Mr. Guo-guo, a spokesman for the administration: '*If they agree to these conditions [conventional private-hire regulations], we'd be very happy to cooperate with them [Uber], but all along Uber says it's only a platform provider and if any disputes, accidents or problems happen, it doesn't take any responsibility. In Taiwan, if you provide transportation services, you need to take this responsibility'* (in Sui, 2017). Similarly, Mr. Tan (2016), a leading official from the MOTC involved in regulating Uber noted at the time that Uber '*should devote itself to related business other than taxi services so as to comply with current laws*', adding that '*such activity might involve simply connecting taxis with passengers*' (in Fulco, 2016; see also Po-sheng & Hsu, 2016).

Additionally, besides lacking relevant company-level registration as a transportation service provider and corresponding licenses, most individual Uber drivers also lacked an occupational license. In Taiwan, the drivers of for-hire transportation services were to pass relevant background checks to obtain a vocational for-hire service license (Chen & Lee, 2020). Vehicles also had to be registered with the transportation department and display an identification. However, with Uber not requesting such evidence of compliance from its drivers, in practice, many service providers using its platform failed to satisfactorily meet these requirements (Chen & Lee, 2020; Tseng & Chan, 2019). Consequently, the internal safety evaluations of the bureaucrats at the MOTC found that the growth of Uber drivers had resulted in a higher level of passenger safety risk, echoing similar findings by another meritocratic bureaucracy charged with regulating Uber in London, the TfL (Sui, 2017; Paper 1). As explained by the regulatory authorities from the MOTC the central guiding principle the Taiwanese administration applied in its approach towards dealing with Uber was '*to protect the rights of consumers in Taiwan'* (in Fulco, 2016).

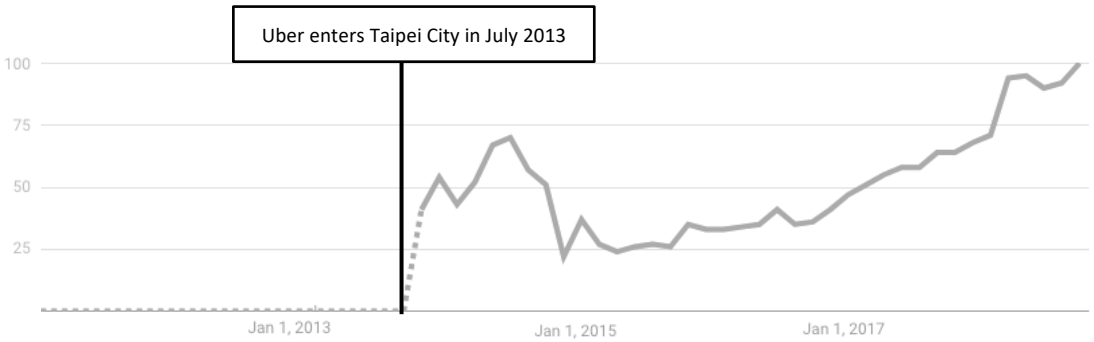
Another point of contention between the Taiwanese bureaucracy and Uber were taxes. In 2015, Uber's revenues stood at around NT$20 million in the country, while the company '*paid just NT$1 million in tax*' (in Fulco, 2016). As the research analyst Mr. Hu from the semi-governmental research agency Market Intelligence and Consulting Institute later explained: '*Uber's passengers in Taiwan pay Uber drivers via an app which is bundled with credit cards that pay to Uber's office in Amsterdam and bypass Taiwan's government. It isn't fair to other transportation service providers*' (in Fulco, 2016). According to estimates by the MOTC at the time '*about 3000 private car owners are working for ride-sharing service, even though the service remains illegal in the country*' (in Focus Taiwan, 2016). In 2015, a former minister, Jaclyn Tsai, directly and openly criticized Uber for refusing to bear its due responsibilities and always wanting the lowest taxation (Chan & Kwok, 2021). At the time, she also condemned Uber for evading taxes and conducting illegal business practices under the guise of innovation (Chan & Kwok, 2021). As the bureaucrats explained, by pretending to be a software company, Uber not only avoided taxation on transportation services, but also created legal problems surrounding the issue of who should bear the responsibility in the event of accidents (in Liao, 2016; BBC, 2016).

With Uber processing all of its transactions overseas and paying limited local taxes as it breached the local transit regulations, the bureaucracy started implementing a fine policy for Uber drivers in Taipei City. The police in Taipei City began conducting inspections on the use of private vehicles for the provision of paid transportation services (BBC, 2016; Rigger, 2017). As Mr. Tan from the MOTC explained at the time, the intention was to fine Uber '*continuously*' as long as it kept providing incompliant paid private hire rides, as '*the government's bottom line is that Uber must operate in line with government regulations and pay taxes and public transportation insurance fees like any other taxi-service provider*' (in Fulco, 2016). The

penalty amounted to NT$50,000 every time a driver was caught working for Uber (BBC, 2016). Additionally, the driving license was to be taken away on the fifth offence.

This situation was arguably a suboptimal policy equilibrium and unsustainable, considering that Uber's application had already been downloaded by around one million people (in Smith, 2017). A sense of the strong popularity of the service among the residents of Taipei City is given by the Google Search Trend analysis.[5] *Figure 1* proxies the market penetration of Uber in Taipei City by showing the evolution of the Google Search Trend for the keyword 'Uber' in the city. It shows a significant increase in searches for Uber after the company's market entry into Taiwan, also contextualising some of the fierce pushback received from the local taxi sector (more on this below).

Figure 1. Google Search Trend for the key word 'Uber' in Taipei City.*



Source: Google Search Trend. * Proxies Uber's market penetration in the location (see footnote 5).
Note: Figures stand for interest relative to the highest point on the chart for the shown period and location. 100 indicates peak popularity for the search word ('Uber'). 50 indicates the search word ('Uber') is half as popular. 0 indicates not enough data for the search word ('Uber').

Importantly from the perspective of a meritocratic (rather than partisan) bureaucracy, the civil servants' strict stance towards regulatory violations of Uber remained in place despite its public popularity and even after the change in the partisan composition of the governing coalition in early 2016. As explained in Fulco (2016), after the Democratic Progressive Party (DPP) caucus took power the approach towards regulating Uber remained 'consistent'. As the author explains, the bureaucracy's '*hard line against the company's [Uber] provision of transportation services has been consistent [across political parties in government] with officials in both the Ma Ying-jeou and Tsai Ing-wen administrations taking a similar stance*' (Fulco, 2016). It supports the notion that the bureaucracy responded primarily to an internal operating logic and regulatory considerations, rather than shifting partisan stances in the government and external political stimulus. In fact, the consistently stringent initial approach of the Taiwanese bureaucrats towards Uber also stood out in the broader regional context.[6]

[5] Krueger (2016) who obtained access to raw data on Uber's 'driver-partners' – the way the company formally refers to its drivers – in 20 large American metropolitan statistical areas shows that these figures strongly correlate with Uber search trends, thus suggesting it could be a helpful proxy for understanding the dynamics around Uber's market penetration in a given location.

[6] As explained in Fulco (2016): '*Resistance to Uber by the Taiwan regulators has exceeded that of their counterparts in other Asia-Pacific markets like the Philippines, Singapore, Australia, and even China. [...] several neighboring Asian countries have moved to embrace Uber. For instance, in May 2015 the Philippines became the first country to implement national ride-hailing regulations, paving the way for Uber and its counterparts to operate throughout the country. The Philippines authorities said app-based transportation services were needed*

It remains unclear what exact role the country's strong taxi sector played in the administration's stiff views towards Uber and the escalation of tensions. It is reasonable to assume some level of influence based on the available evidence that will be discussed below. Irrespectively, what matters from the perspective of this paper's argument is that the overall level of policy conflict around Uber regulation was very intense in Taiwan, with the confrontations between the taxi sector, bureaucracy and Uber reaching a highly heated – and even violent – nature. I will now elaborate on the level of policy conflict and describe the views expressed and actions undertaken by the main sides involved in the conflict, before proceeding to discuss how bureaucrats decided to respond and solve it.

First, as in almost every country where Uber enters and seeks to 'cut corners' in its regulatory compliance, the most strident opposition to the company's operations come from the local taxi companies and their unions. To understand the considerable strength of the taxi sector in Taiwan some background is required. The country has a '*a very mature and organised taxi market, with 34,000 taxi companies (including individual operators) and many unions*' (Sui, 2017). Among the most prominent taxi unions is the Taipei City Taxi Passenger Transport Trade Association. Its chairman, Mr. Deng, expressed discontent with Uber in stark terms in an earlier interview: '*They [Uber drivers] stole our business, hurting our income by 30% [...]. They attacked us; we don't want them to live'* (in Sui, 2017). The anger of the taxi sector was mostly due to the Uber's ability to undercut taxis on pricing, which the incumbent representatives argued was based on the company's '*taxi dodging and insurance exemptions*' (in Fulco, 2016). It was claimed to be behind the alleged drastic decline in dispatch companies' bottom line and taxi drivers' take-home pay. Thus, from the perspective of the taxi sector the issue at stake was not simply unfair competition, but survival altogether (see the reporting in BBC, 2016; Fulco, 2016; Rigger, 2017). As summarised by Mr. Li-chia, the president of Taipei Professional Drivers' Union, another powerful local taxi union: '*Uber claims itself as a technology service provider, but what it actually does is the same as what taxi companies do in Taiwan, except it does not have to be regulated like us*' (in Li & Ting-Fang, 2019).

In fact, the taxi unions had criticized the government's ambiguity towards Uber since its entry into Taipei City in 2013. For example, the same Mr. Li-chia had criticized all along Tsai's government – and its bureaucracy, namely MOTC – for failing to force Uber to respect the law and for sacrificing local interests for foreign interests (in Gerber, 2016). The taxi drivers from the Taipei City Professional Drivers' Union also had put forward official charges vis-à-vis Uber for regulatory violations (see Fulco, 2016; Gerber, 2016). The overall vehemently anti-Uber sentiment in the cab sector is echoed in the words of one Taipei cabby, Mr. Chang-koo: '*We taxi drivers are professionals; we have to pass a driving test before we're licensed to take fares*. *Uber has these young guys driving Mercedes or BMWs. They're trying to meet girls, to impress them with their cars*' (in Fulco, 2016). Hence, despite what had appeared as a rather harsh stance of the Taiwanese bureaucrats taken towards Uber – including the issuance of fines –, the taxi sector had remained discontented and vocally critical.

The official data provided by the MOTC appears to confirm the stark negative effect of Uber on the livelihood of the conventional taxi drivers upon its entry. In other words, the concerns of taxi drivers were not completely unfounded. According to the MOTC data, '*Taiwan's taxi drivers' monthly average income fell 3.3% to 46,045 New Taiwan dollars ($1,493) between 2015 and 2017, while monthly operating expenses increased 1.2% to NT$20,764*' (in Li &

to relieve congestion in the capital of Manila. Singapore has also decided to welcome Uber. Its Parliament announced in April that ride-hailing services would be regulated by early 2017. [...].'

Ting-Fang, 2019). More substantially, '*Taiwan had 87,604 registered taxis with an average vacancy rate of 29.4% in 2017, according to the latest available Ministry of Transportation statistics*' (in Li & Ting-Fang, 2019). It implied a substantial vacancy rate and livelihood issue in real terms. It increasingly contrasted to the growing fortunes of Uber. By July 2016, '*Uber had provided more than 10 million rides in Taiwan and recorded NT$3 billion (about US$ 94 million) in revenue over its three-plus years*' (Fulco, 2016).

As the fortunes were diverging, the incumbent sector's frustration increasingly found expression on the streets. First, already in July 2014 taxi unions had organized their first large-scale protest and road blockage to demonstrate against Uber. Subsequently these street protests only grew in scale and also violence, as eloquently evidenced in the news reports of Taipei Times from that period (see, for example, Gerber 2016). The intensity and aggressiveness of the taxi demonstrations that occurred at the time – and the associated overall tense conflict atmosphere – is well illustrated in Horwitz (2014, emphasis added):

> '*Uber's expansion through Asia has been less chaos-filled than its trek across the US, but yesterday the company got its first taste of pushback on the continent. Early in the afternoon, taxi drivers in Taipei deliberately held up traffic Renai Road in downtown Taipei as part of a three-hour long demonstration against Uber.* According to Taiwan's the Liberty Times, local taxi unions claim that more than 1,200 drivers participated in the traffic jam, while hundreds of drivers surrounded the compounds of the city's Ministry of Transportation and Communications holding placards and in some cases, burning their licenses as a form of protest. 200 policemen were deployed to monitor the demonstrations for safety'.

The taxi protestors explicitly demanded that officials forbid '*unlicensed (pak pai) vehicles from stealing business from taxis and commit to ban companies that provide illegal cab services*', and this demand was primarily targeted at Uber (Horwitz, 2014).[7]

As the tensions were increasing, Uber launched its own aggressive campaign to legitimize its market operations in Taiwan. Again it was using a playbook familiar from other cities (see, for example, the case of London in Paper 1). Uber's official response was primarily to frame the taxi sector protests and grievances as conservative and sectoral interests incompatible with the general welfare of the people, progress and innovation (BBC, 2016; Horwitz, 2014; Sui, 2017). As the company's English-language statement issued at the time read: '*Around the world in 140 cities, people are embracing Uber as a convenient, safe and comfortable way to travel from place to place. As one of the most admired high tech leaders in the world, Taiwan must live up to that status through embracing the use of technology and business innovation*' (in Horwitz, 2014). Thus, Uber was seeking to give an alternative mobility vision to the public and changing its brand image from *pak pai* to a recognized sharing-economy player.[8]

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[7] According to Horwitz (2014), the taxi sector's four main demands were: '(*1) Expedite the installation of new meters to properly account for changes in freeway toll collection; (2) Forbid unlicensed (pak pai) vehicles from stealing business from taxis and commit to ban companies that provide illegal cab services; (3) Allow drivers to be employed by multiple taxi firms simultaneously; and (4) Raise the mandatory retirement age for cab drivers to 70 years old.*'

[8] As explained in Tseng & Chan (2019: 1899): '*By creating a blueprint, Uber spreads the belief that it is possible to improve society, make full use of idle vehicles, and provide more choices to people who need transportation but have no car. [...]. Uber's vision addresses public concerns, which, in turn, help increase its publicity and exposure*'. Similarly, Watanabe et al. (2017: 42) point out: '*Uber is hoping to communicate with Taiwan's new government to effectively manage and include the sharing economy platform industry in legal frameworks and use innovation and big data technology to improve the quality of transportation.*'

In fact, Uber Taiwan's general manager, Mr. Gu, even claimed in an interview at the time that '*drivers are as enthusiastic about Uber as the passengers*', given that '*people feel like income levels are low in Taiwan, [while] driving for Uber is a great way to increase income*' (in Fulco, 2016). Similarly, Mr. Plouffe, Barack Obama's ex-campaign manager and subsequently senior vice-president at Uber, had harsh words for Taiwanese protesting cabbies while visiting Tapei City: '*All over the world, taxi drivers are driving on the Uber platform too. [In Taiwan, drivers] are being told by the taxi owners that this really is a zero-sum game, that it's a choice between one or the other, and that's really a false choice. [...]. In the case of ride-sharing, it's becoming an enormously important part of the economy in most places. To be saying you want to be the Silicon Valley of Asia, and potentially pushing out other countries' innovative companies, is not the right message*' (in Fulco, 2016; see also Hung, 2016). As it turned out, in Taiwan where real wage stagnation had been a thorn issue, the message about Uber as a flexible income generator found a relatively receptive auditorium, as was evidenced in numerous new drivers who signed up (Huang & Huang, 2020).

Additionally, despite the continuous issuance of fines for incompliant service provision, Uber decided to ignore its status as an illegal operator. By doing so, Uber openly and provocatively challenged the regulatory authorities. Uber's aggressiveness in the pursuit of its corporate goals was arguably another lever that magnified the tensions between the public authorities and Uber. As one technology industry expert recalled: '*They [Uber] burst onto the scene and said, "we're an information services company – we're just going to do this". They didn't communicate with the government at all [...]. As a foreign company, Uber should have been more careful. Taiwan has a long history of being colonized, and you don't want to appear as if you have a colonizing mentality*' (in Fulco, 2016). As such, a large part of the intensification of policy conflict was attributable to the company's relentless growth tactics, typical of Uber's early years. While, as discussed earlier, taxi unions ramped up their own publicly aired grievances – through formal complaints as well as violent street protests and large-scale road blockages – asking for bureaucrats to go further in their efforts to ensure regulatory compliance on behalf of Uber.

Initially, in their regulatory response, the bureaucrats had opted for a fining strategy to induce a change of behaviour on behalf of Uber. But despite stopping short of a full-scale crackdown and outright ban, the middle-ground approach chosen had failed to entice any meaningful improvements in regulatory compliance. Instead of Uber changing its behaviour, the fines were accumulating. Eventually, tensions were running high across the affected parties as well as the general public. First, Uber drivers feared more fines and even losing their driver's license. Second, Uber itself was obviously not satisfied with the situation of a legal limbo and financial penalties that had developed. Third, taxi sector continued to frantically protest, dissatisfied that despite the regulator's apparent efforts to 'crackdown' on Uber no material change had occurred. Last but not least, consumers remained uncertain about their ability to access new app-based transportation alternatives. In short, the regulators in charge – primarily, the bureaucrats from the MOTC – were facing a seemingly impenetrable policy conflict that appeared to only increase in time (Clover, 2016).

It became increasingly clear to the bureaucrats involved that this situation, especially the violent street protest and road blockage component, cannot represent a sustainable policy situation that could continuously carry on. Regular disruptions to local mobility and continued incompliance on behalf of Uber could not possibly have been a permanent state of affairs. So how did the bureaucrats decide to act to solve this conflict and build a viable way out of it? More to the point, what made Uber eventually change its tone and hail its subsequent talks with the bureaucracy as '*constructive*' (Uber Newsroom, 2017; full quote below)?

First, as both Uber and the MOTC representatives admitted, a central problem had been poor communication between the affected parties and the regulators (in Hsiao et al., 2018). It was in this context that the bureaucrats at the MOTC, working in collaboration with the policy managers at the Ministry of Digital Affairs, decided to take a step back and broaden participation in the policy process to build a viable policy path out of the conflict situation that had settled in. Specifically, in a highly symbolic as well as substantive move, the bureaucrats at the MOTC and the Ministry of Digital Affairs decided to leverage their connections with a renown local civic activist group to re-build a more inclusive policy process around Uber regulation (for details, see Hsiao et al., 2018). That is, the public authorities reached out to a '*hactivist network*' called g0v and asked them to set up a more inclusive online-offline participation procedure to gather the views and policy preferences of the broader public around Uber regulation. The background for these events is explained in Bergren (2016, emphasis added) in a revealingly titled article *Open-data Hactivists Help Taipei Craft Regulatory Response to Uber*:

'*To begin to untangle the Uber issue, the Taiwanese government partnered with hacktivist network g0v (gov-zero). g0v originated in 2012 when a group of citizens, frustrated by the opacity of the government's new economic reform agenda, created a series of shadow websites with data and visualizations on policy operations.* (g0v website urls are identical to government urls, except that the sequence "gov" in the latter is replaced by "g0v.") The network subsequently launched *vTaiwan*, a participatory rulemaking project modelled on Cornell University's RegulationRoom.'

The formal decision to broaden participation clearly points towards the critical role of the bureaucrats, namely from the MOTC, in initiating a more collaborative policy process, with the aim to solve the intensified Uber conflict. It was first in summer 2015 that they and a few other ministries teamed up with g0v to work on solving the increasingly heated Uber issue (see Rashbrooke, 2017). The formal commencement of the participatory process to work out a mutually acceptable Uber regulation is summarised in Hsiao (2018): '*In 2015, under the request of several government authorities – including the Ministry of Transportation and Communications, the Ministry of Economic Affairs and the Ministry of Finance – to regulate UberX's entry into Taiwan, in accordance with consensus from the vTaiwan community on the topic selection, vTaiwan started the UberX case as the 12th open consultation topic*'. Similarly, King (2019) discusses how the bureaucrats from the MOTC and the Ministry of Digital Affairs working on the Uber regulation '*asked g0v to build a platform that enabled citizens to engage in rational discussion online. The g0v community developed a new public engagement process called vTaiwan – the v stands for "vision", "voice", "vote" and "virtual". It focuses on forming public participatory policy about digital technology*'.

But why did the bureaucrats partner specifically with the civil society community called g0v and what did it imply about their intentions behind the decision to broaden participation around Uber policymaking? This somewhat radical partner choice was intended to showcase on behalf of the bureaucrats the clear commitment of the Taiwanese public administration to solve the Uber problem by consulting public opinion (Rashbrooke, 2017). Other accounts also confirm that the bureaucracy's decision to specifically partner with g0v – a radical civil society organisation of 'hactivists' – was intended on behalf of public authorities as a highly symbolic gesture about the opening up of the governance process around Uber (see Hsiao et al., 2018).

The credibility came from the fact that as a network of civic-minded hackers, g0v had worked since 2012 on various civil society initiatives to open up the Taiwanese government's operations to the general public's scrutiny. For example, their members had assisted in drafting '*crowdsourced legislation*', and even '*inspired a TV show – beamed into virtual reality*

headsets – where ministers respond directly to citizens' ideas' (Rashbrooke, 2017). But perhaps most significantly, the g0v group had been '*a leading force in the 2014 "Sunflower Movement" that saw protestors occupy the Taiwanese parliament and hundreds of thousands gather against a controversial free trade deal with China*' (Rashbrooke, 2017). It was not merely an web-based movement, but active on the ground in the real world. Likewise, King emphasises (2019): '*g0v is a decentralised community of coders, NGO workers, civil servants, and volunteers who develop digital tools to support a more open government*'. The author notes that this diverse member base of the g0v community was an important aspect that the MOTC bureaucrats expected to assist them in setting up a participatory process that would be also perceived as inclusive and legitimate (see King, 2019). That is, the bureaucracy's choice of partner to develop together a participatory governance procedure was expected to benefit policymaking credibility and acceptance (as also shown in Bergren, 2016).

The stated goal for the newly broadened participatory process also points toward the bureaucrats' conscious tactical decision 'to go deep' in their participatory engagement with respect to Uber regulation. Specifically, the process was set up '*to find out what the public wanted done [on Uber issue]*', as Rashbrooke (2017) puts it. The participatory format chosen was also not coincidental. Rather than setting up a simple opinion poll or social media campaign, the MOTC bureaucrats launched a novel participatory process built around the principles of deliberation and consensus (Bergren, 2016). In practice, it took the format of a four-week long online-offline participatory engagement with ordinary citizens and the main stakeholders. As explained in Bergren (2016):

'[Taiwanese bureaucracy] launched a four-week-long public opinion survey on Uber regulations on the *pol.is* platform. The platform guides stakeholders through a series of opinion statements that become increasingly nuanced as users respond to both the text before them and data on other participants' reactions. The 3,000 survey participants produced a handful of points of consensus, which helped set the agenda for a live-streamed public meeting [...].'

Thus, in the first instance the bureaucrats had set up, together with the help of g0v, a four-week participatory process to survey the policy preferences of ordinary citizens as well as the main stakeholders around Uber regulation. It involved '*4,500 people, including users and drivers of both Uber and traditional taxis*', with the process aimed at '*nudging people towards consensus*' (Rashbrooke, 2017). In practice, it meant that the more radical propositions, such as '*the government should do nothing about Uber*', were side-lined, and participants were '*encouraged to put up more nuanced propositions*' (Rashbrooke, 2017). How this deliberative engagement process unfolded in practice is eloquently described in King (2019, emphasis added):

'*The reflective stage [the initial public consultation] uses the Pol.is platform to crowdsource ideas and gather public opinion.* Facebook adverts and social networks were used to target participants and draw them on to Pol.is, including reaching out to affected groups such as Uber drivers to ensure their perspective was included. The most prominent feature of the Pol.is platform is its visual and structural expression of patterns in support for user-generated opinions (Tang, 2016). *Participants vote on other users' suggestions, where the options are to agree, disagree or "pass". Participants may also contribute their own ideas.* Pol.is provides visual feedback in the form of a map which highlights areas of consensus, as well as representing non-mainstream opinions (*Pol.is*, 2017). There is a word count limit of 140 characters on contributions, and a key feature of the platform is that participants cannot reply directly to others. These design features prevent trolling and enable scalable communication.

The reflective stage took four weeks, during which time 4,500 people participated and voted on 145 comments. Participants included taxi drivers, UberX drivers, and passengers of both Uber and traditional taxis. Two broad groups quickly emerged from the process identified on the basis of the statements they supported, one pro Uber and another (twice as large) that was fiercely anti-Uber (Bartlett, 2016). The organisers decided that for an idea to progress to the next stage, it needed to achieve 80 percent approval among all participants. This was calculated on the basis that the participants were initially split 60-40, so the majority and at least half of the minority group

would need to agree (Bartlett, 2016). As a result, people would compete to define moderate statements that crossed the divide between the groups. *From this process, 6 recommendations emerged which received approval from over 80 percent of contributors. There was a general consensus on the need to regulate UberX and protect established public-private transport.*'

Therefore, the four-week intensive public participation practice using consensus-favouring rules led to the emergence of six policy propositions benefiting from broad-based support. Specifically, each of these six policy proposals was backed by over four-fifths of the contributors. The view that emerged was that Uber should not be banned, but at the same time existing safety and passenger protection standards should be maintained and the taxi sector should also be left with its own viable market (King, 2019). Based on this grassroots participatory input, bureaucrats from the MOTC and the Ministry of Digital Affairs then organised a follow-up meeting with the main interest group representatives and other stakeholders. Specifically, a joint meeting took place between the bureaucrats/public administration, Uber, taxi sector, and technical experts (King, 2019; Hsiao et al., 2018). Revealingly, it was live-streamed and ordinary citizens were also given a chance to submit comments and questions as the event occurred (Hsiao et al., 2018).

The bureaucratic rationale behind the organisation of an inclusive and broad-based public engagement process, and its follow-up meeting, was to leverage this procedural innovation as a way to ensure actors – particularly Uber – would be supportive of the policy proposal that emerges. Specifically, as shown in Hsiao et al. (2018), more public attention implied also more public pressure, which was expected to complicate Uber and taxi sector's ability to ignore the outcome of the *vTaiwan*'s public consultation process. The resulting policymaking dynamic is also eloquently described in Rashbrooke (2017, emphasis added):

'"[the public managers] then facilitated a meeting in August last year with Uber and government officials – but instead of taking place behind closed doors, as such meetings normally do, it was livestreamed, and live-transcribed, with over 1,800 people watching. *Faced with such clear public pressure, and knowing there was a real consensus behind the demands, "Uber 'caved in' on almost all of them", Tang [the Minister of Digital Affairs] says.*'

Similar evidence about the MOTC bureaucrats' desire to use the prior four-week participatory consensus as a means to ensure actors' willingness to comply with the proposed regulatory standards is also presented in King (2019). The study points out how the public authorities had used the procedural 'public consensus' aspect as a method to 'bind' Uber and taxi sector behind a mutual agreement (King, 2019, emphasis added):

'In the interpretive stage [the stakeholder meeting after public consultation], online participants joined a two-hour public meeting with academics, industry experts, active online users from the Pol.is survey, and representatives from the following four stakeholders: The Association of Taxi Drivers in Taipei; Taiwan Taxi, the country's foremost taxi fleet; Uber Inc; The Ministries of Transport, Economic Affairs and Finance (Tang, 2016). *The meeting combined the results of the Pol.is survey with more detailed discussions and idea exchange, enabling the development of firm proposals. There was further opportunity for public input and scrutiny at this stage through a process described as telepresence (Tang, 2016)*. Using streaming service technologies such as LIVEhouse.in, the meetings were live-streamed and transcribed, and the public could participate remotely through online chat rooms and digital whiteboards, which could then feed back into the meetings. *Over 1,800 people watched this event or participated remotely, for example asking questions via the chatroom (Bartlett, 2016). Faced with public pressure and consensus around the demands, Uber conceded to almost all the recommendations before the legislative process began.*'

Put differently, the initial grassroot participatory engagement and subsequent in-person stakeholder meeting were leveraged by the MOTC bureaucrats as a means to get Uber and taxi

associations to agree on some critical safety and consumer protection standards, while also seeking to leave a viable market for both operators to ensure their 'buy-in'. First, given that during the public consultation phase local residents had requested improvements in Uber's safety compliance as well as in the quality of the existing taxi service, then *'the Taipei Taxi Association also expressed a willingness to work with the UberTAXI platform under mutually agreeable terms; [and] the Taiwan Taxi Fleet promised to offer better services'* (King, 2019). But arguably, the largest victory for the MOTC bureaucrats came from Uber 'caving-in' on key regulatory compliance requirements as a result of the participatory process. This policy acceptance on behalf of Uber was unconceivable before the launch of the participatory strategy.

The willingness of Uber to accept the policy position that emerged after the broadening of participation is most clearly evidenced by the fact that Uber agreed to partner with licensed rental car companies, something that it previously vehemently opposed (Hsiao et al., 2018). As described in Rashbrooke (2017): '*The company [Uber] promised its drivers would get insurance and professional driver's licences, stop undercutting standard fare structures, and submit ride data to the Taiwanese authorities. Other changes, aimed at making it easier for civil society to start up its own Uber variants, were also agreed. These points have all been incorporated in the new law*'. Indeed, the policy agreement that had emerged as a result of the *vTaiwan* procedure was subsequently voted upon and enacted into a law.[9] The importance of the bureaucrats' participatory strategy in getting Uber to agree on beefed up regulatory standards is eloquently summarised in King (2019, emphasis added):

'*As a result of the conversations on Pol.is and face-to-face meetings, the stakeholder groups made the following concessions: Uber agreed to provide its international liability insurance policy to Jaclyn Tsai and, if needed, release it for public review;* Uber agreed to mandate all drivers to register and obtain professional driver's licences, and provide the necessary support; if legalised in some areas, Uber was willing to pay for UberX car permits, as well as transport taxes [...]. *The [participatory] process appeared to ease tensions between traditional taxi drivers and Uber.*'

Further ahead after some more talks with the public authorities, Uber issued an official statement hailing 'constructive talks' with the Taiwanese authorities: '*Uber has some good news to share: [...] Uber heard you [Taiwanese people] loud and clear. After constructive talks with transportation authorities, we [Uber] are now partnering with licensed rental car companies to resume serving riders in Taipei. [...] Likai Gu, General Manager of Uber Taiwan [said] "[...]. We want to partner with more legal transportation service partners in weeks and months to come, whether they be from rental car companies or the taxi industry."*'(Uber Newsroom, 2017).

To summarize, in Taiwan a deep, entrenched policy conflict over how to regulate Uber – including violent street clashes and large-scale road blockages – pushed bureaucrats to use a radical participatory strategy as a means to find an agreement and ensure Uber's buy-in to the policy proposal. It included setting up an online-offline participatory infrastructure to collect the views of ordinary citizens as well as the main stakeholders. Specifically, the decision to collaborate with a prominent and credible local civil 'hactivist group' called g0v in setting up the participatory procedure was intended by the MOTC bureaucrats to send a clear signal to the public, taxi sector and perhaps above all Uber that it was serious about more broad-based engagement and that the emerging policy proposals would benefit from the general public's legitimacy. The bureaucrats went on to use the policy proposals that emerged from the participatory procedure as a basis to draft a compromise bill that Uber and the taxi sector, as

[9] For a more on the content of the regulation that emerged, see *Appendix 2*.

well as the MPs in the parliament, would have a hard time opposing due to its perceived public support.[10] As the Minister of Digital Affairs of Taiwan later summarised in an interview, the process demonstrated '*crowd-sourced agenda-setting power*' (Tang, 2016).

However, two main caveats must be kept in mind. First, the strategy of building stakeholder 'buy-in' by resorting to citizen participation did not manage to overcome all of the pre-existing policy disagreements. The most notable issue that still remained even after the online-offline public engagement process was Uber's tax status. It had been one of the three important areas of disagreement between Uber and bureaucrats, as discussed earlier. It would also become a reoccurring area of divergence between the bureaucrats and Uber going forward. '*Uber did not give way on*' the payment of a '*fair amount of tax*', as one policymaker later acknowledged (Tang, in Rashbrooke, 2019). But the policy-makers involved still argued that even with the tax issue remaining on the table, opting for a participatory strategy was still the right decision. As one policy-maker put it: '*Personally, I [think] any agreement is… progress*' (Tang in Rashbrooke, 2019). Second, there is no guarantee that the resulting policy compromise would be maintained in the future and so it represents a locked-in policy equilibrium. For example, even after the policy process was concluded some dissatisfaction remained, particularly outside Taipei City. Ultimately, it could be another advance in the underlying technology itself that could upend the established policy equilibrium. However, these points about the effectiveness of participatory strategy do not alter the (instrumental) bureaucratic logic behind its use in the first place.

Solving the Uber problem in Estonia: resorting to interest group participation

Uber entered the capital city of Estonia, Tallinn, with its main ridesharing service UberX on May 15, 2015. In Estonia, similarly to Taiwan, the operations of Uber were initially considered illegal (Pau, 2016a). Again, Uber used a familiar market entry playbook, launching its operations without first applying for transportation service permissions. In a well-known rhetoric, it claimed that as a technology company it was not subject to transportation regulations (Pau, 2015). Uber's operations, however, were seen as being in violation with both the local passenger transportation regulation as well as the competition law (BNS, 2016; Pau, 2018). Specifically, the company was accused of offering a passenger transportation service without the required permits, driver background checks, additional insurance coverage and vehicle inspections (Pau, 2015). In fact, according to the allegations filed by the local taxi association, Uber operations were in conflict with more than ten major clauses in the *Public Transport Act* in force (Pau, 2018). However, initially the bureaucrats at the Ministry of Economy and Transportation (MOET) as well as the inspectors at the National Police and Consumer Protection Agency allowed the UberX service provision to continue without disruptions, despite its apparent unlawfulness.

Initially, the initiative to allow Uber market operations in spite of its 'extra-legal' status came from the leading coalition party in power at the time, the *Reform Party*. In the run-up to its launch in Estonia, Uber had successively visited various public agencies, ministries and political parties. These included visits to the Estonian Tax and Customs Board (ETCB),

[10] Note that before the launch of the *vTaiwan* procedure '*the [Taiwanese political] administration pledged to ratify the recommendations emerging from the [vTaiwan consultation] process and amend the Regulation on Automobile Transportation Management*' (King, 2019).

Enterprise Estonia (the investment promotion agency), the MOET, the Tallinn Transportation Agency and the main leading political parties (*Centre Party*, *Fatherland and Res Publica Union*, *Social Democratic Party* and *Reform Party*) (Pau, 2018). As the Deputy Director of the ETCB, Mr. Reitman, put it (interview, 2018): '*It started off here in Estonia from lets say a "visit by Uber". Uber came to the market and paid a visit to different public agencies*'. During these visits Uber quickly identified that the neoliberal, pro-business *Reform Party*, the leading party in the coalition government at the time, was most supportive of its cause (Pau, 2018). As one MOET bureaucrat involved in Uber policymaking, Mr. Ehastu, explained during the interview (2018, emphasis added):

'There had been a lot of controversies at Uber's arrival – "it's illegal" and so forth – as elsewhere in the world. But in Estonia a small group of politicians said: "But here in Estonia we can find a solution – lets legalize it as if there was no problem". *At the beginning, the initiative to legalize [Uber] clearly came from the side of politicians, especially the Reform Party. Or rather from the side of the interest group who then found themselves lobbyists who then found themselves politicians*.'

In fact, the leading politicians from the ruling *Reform Party* were determined to make Estonia an exemplary case of a friendly government welcome to the emerging ride-hailing sector. Their intention was to establish an internationally-recognised model of government-Uber cooperation. It was epitomized in the Estonian government delegation's official visit to Washington D.C., March 21-25, 2016, headed by the then-Prime Minister Mr. Taavi Rõivas from the *Reform Party*. During the trip the Estonian PM, together with his political allies and business executives, met at the Embassy of Estonia with the global management of Uber '*to discuss cooperation*' (in Pau, 2016b). The interest in collaboration was mutual. Estonia's neoliberal and pro-business ruling party of the coalition government, the *Reform Party*, wanted to present itself to its core constituencies as the political party bringing new businesses and innovation to the country. Uber, on the other hand, was eagerly looking for a country in Europe that would legalise its operations and be the first in the region to welcome its operations (Ehastu, 2018, Pau, 2016b).

The optimism of the ride-hailing giant towards the Estonian government was also expressed in the interview given at the time by Mr. Metsar, the then-CEO of Uber Baltics: '*Estonia is one of our biggest hopes. We have an opportunity to create one of the first models outside the United States, where government rules take into consideration the specifics of the sharing economy*' (in Pau, 2015). Similarly, Mr. Reitman from the Tax Board, recalled in the field interview the Estonian government's benign and flexible approach towards Uber during its early days (interview, 2018): *'Initially the government took the approach "let them experience it". For some maybe the income earnings [on Uber] will be one-off and they will not continue doing it. To add some state mechanism to it seemed pointless to the government. [...]. So it was decided not to put a break on their [ride-hailing firms] activities, including when everything was still unregulated, unlike in several other countries. The consequence has been that [ride-hailing firms] leave these markets. Helsinki is a good example here. Latvia appears to be another, at least for Taxify [another ride-hailing firm] the business is finished there*.' Or as a prominent local technology journalist Mr. Pau put it (interview, 2018): '*Although a blatant violation of law took place, the Estonian Police, the Consumer Protection Agency as well as all the politicians chose not to notice it – with the knowledge that sooner or later they'll legalize Uber anyways. It was decided not to control or punish anybody in-between. This so-called "new-age business model" was allowed to exist – and so it went*.'

Thus, upon Uber's entry the initial policy response in Estonia was similar to Taiwan – to allow its operations until some regulatory solution was found (instead of explicitly banning it). To

achieve the goal of Uber's legalisation, in the Estonian case it was the ruling *Reform Party* that first set in motion a legislative process. However, this initial legalisation effort resulted in a stalemate. Although, as will be explained below, the resulting conflict was not as intense as in Taiwan, it still required an alternative policymaking approach to '*untangle the issue*', as one MOET bureaucrat put it (Ehastu, interview, 2018). To understand the nature of the policy conflict in Estonia, the reasons that led to it in the first place must be explained.

There were several issues that contributed to the failure of political elites to agree on a viable policy path during their initial trial. First, the law-making process that sought to facilitate Uber's operations in Estonia was initiated directly at the level of parliament. However, the standard policy process in Estonia, as outlined in the *Rules for Good Legislative Practice and Legislative Drafting* (Riigi Teataja, 2011) implies that a new draft law should be initiated at the level of the relevant ministry. As Mr. Ehastu, the MOET bureaucrat who was directly involved in the bill-drafting process explained (interview, 2018): *'Initiating a law directly at the parliament can speed up the process, but does not assure the quality – I dare to claim in this Uber case as well. It did not go through the several "filters" that a text that becomes a law usually goes through. In this case also the problem was that politicians tried to override a lot of pertinent comments and opinions with the initial bill – and wanted to simply legalize à la "yes, allowed". That is, the way it was done was poor – the end justified too much the means.*'

The same bureaucrat also goes on to explain why the Uber policy process was initiated directly at the parliament and what consequences it had on the subsequent unfolding of the policy process (Ehastu, interview, 2018, emphasis added):

'*[...]. They [Uber] also had asked lawyers to prepare a draft law, which was then handed over to politicians and brought to the Parliament.* Why was this [Uber legislation] process initiated at the level of parliament rather than ministry? Because if you initiate an amendment to a law at the level of a ministry you have to first write and find support for an "outline of a new law proposal". That is, if you start to draft a law from the scratch, you cannot go directly to the coordination and approval phase with the draft proposal – you have to first write an "outline of a new law proposal", where you analyse the essence of the problem the law tries to solve, bring out all the problematic aspects and some initial estimation of the expected impact of the proposed bill. *This must then pass a coordination round between the ministries and based on this it will be assessed whether there is a problem to be solved – and if this type of problem needs to be solved by passing a law. Only then you can enter the bill drafting phase.*'

Put differently, the expectation on behalf of the *Reform Party* was that the *'normal process'* of law-making – initiating a new draft proposal at the level of the ministry and coordinating and consulting with the relevant stakeholders – would take longer than initiating the law directly at the level of parliament (Ehastu, interview, 2017). As Mr. Palling, the MP from the *Reform Party* who initiated the law at the parliament, later reasoned: '*Law-making in such a "thin state" [as Estonia] is the way how it is. [...]. The reason why I started it from here [in the parliament] is because through the Ministry of Economy it would have come one-and-half years*' (in Pau, 2016b). But it soon became clear that the initial bypassing of the 'good law-making practices' had actually served to increase the tensions across the various groups excluded from this 'fast-tracked' policy process.

Specifically, once the draft was finally made available for public consultation, only shortly before its first vote in the parliament, several controversies emerged. These ultimately escalated the tensions to a point where the draft failed to garner enough support to pass a second reading, with an increasing number of MPs dropping their support as a response to the heightened taxi protests and public unease. First, the lack of prior ministerial consultation rounds and discussions with the affected sector representatives had resulted in a poor legal quality of the

text. In fact, there was a significant prospect of constitutional contradictions and court battles on the horizon should the bill be successfully voted into a law. As the MOET bureaucrat involved, Mr. Ehastu, recalled interview, 2018, emphasis added):

'*All sort of legal problems came out, including constitutional issues. For example, the normal taxi and this new service [ride-hailing] – are they the same service or is it a new category of transportation? If the initial version had been passed, where a clear distinction between taxi and ridesharing was made, rather than viewing both as taking people from point A to point B, we would probably be in quite intense legal battles with Chancellor of Justice and everybody else, especially in regards to whether this distinction is justified.* Taxi regulations are very complex with various requirements, and there are very many sides to it (police, transportation agency, municipalities) as well as connections with other sectors. Note that it requires many weeks of deep dive to get your head around. We [bureaucrats at the MOET] encountered very many myths and 'naïve interpretation' during the process. But actually if you start to frame somehow a new thing you also need to unpack the legacy that you have in the laws – and often-times there's a lot of this.'

Second, and most problematically, the clear one-sidedness of the proposed bill – tilted heavily in favour of Uber's market operations – sparked protest on behalf of the incumbent taxi sector. First, the taxi sector had been essentially side-tracked from the initial bill-drafting process, according to the participants' accounts (taxi representative interview, 2018).[11] For example, Mr. Tori, the representative of the *Estonian Car Entrepreneurs Association*, which also represented the interests of the taxi sector, told in an interview at the time to the leading national public radio station *Vikerraadio*: '*[...]. All these policy options are not excluded – but today we have not sat down and discussed the proposed new law altogether like this next to the table. What are the possibilities for amending the proposed law, how do we move forward... this debate has not taken place. We only talk here [at the radio] what we think [...] – but first you [referring to the MP Palling] need to talk with the taxi firms, what possibilities they see here*' (Tori, 2016). When in the same interview the reporter asked to evaluate their association's – which at the time represented the interests of the taxi sector – inclusion in the policy process, Mr. Tori told: '*We [the Estonian Car Entrepreneurs Association] have not been included at all. What level [of inclusion]? Zero level [...]. Very hard to talk today here about concrete solutions based on opinions. We can talk about some solutions when they are also previously discussed through [with the taxi firms]. Today I would say no inclusion whatsoever has occurred. How the proposed law will look like in real life, these scenarios have not been played out*' (Tori, 2016).

Additionally, the new legislation proposed to set up two very differently regulatory regimes, one heavily-regulated taxi category and one lightly-regulated ride-hailing category. The strongly one-sided nature of the initially proposed bill was explained by Mr. Allvee, another key transportation policy bureaucrat at the MOET who was directly involved in the policymaking process around Uber (interview, 2018, emphasis added):

'*The initial bill version foresaw that Uber rides would have been considered as 'agreed upon rides' – and it would come to being as a completely separate category of transit next to taxi. It would have faced very minimal requirements.* Essentially no permit requirement – there was just said that the app (or the 'information society service', as it was called) is required to comply with some minimal requirements, but it did not include a permit requirement. While for the taxi service there were very significant permit requirements: a carrier needs to have a taxi permit, conductor must have a service provision card and the car needs to have a vehicle card; essentially three permits. [...]. *The first draft proposal that was voted upon at Riigikogu [national parliament] was presented by the Ministry of Economy – and its input was one law firm's document, but some changes were made there* [sic!]'.

[11] The representative of the taxi sector interviewed asked for anonymity.

Similarly, Mr. Pau who was at the time a technology journalist for the leading local daily newspaper, *Postimees,* described the unfolding of the initial policymaking around Uber as heavily biased in the interview. Mr. Pau emphasised – in a corroborating account of events to the one advanced by the two MOET bureaucrats – that the initial draft legislation that was voted upon at the parliament was explicitly based on input from a law firm working for Uber. As Mr. Pau recounted (interview, 2018, emphasis added):

'*Now, what concerns the legalization of Uber as such [...] how it was done was very bad.* That is, in Estonia there is thing called The Good Law-Making Practice [as discussed above], which puts forward the guidelines for how a law should come about in the Republic of Estonia. First, the plan for making the law is introduced by the Ministry which is interested in proposing that law. *Consultations are undertaken with all the parties affected by the proposed change in the law.* The law should be drafted by the leading experts in the field in respective ministries. Finally, after a round of coordination, it arrives to Riigikogu [national parliament], which processes it and either enacts or rejects it.

When it comes to the "Uber law", or the modification of the Public Transport Act, this good law-making practice was ignored 100 percent. In other words, Uber had three partners in Estonia: the party in government the Reform Party, namely its politician MP Kalle Palling, the public relations agency Meta Advisory and the law firm Sorainen. So Uber hired itself three collaborators in Estonia: Reform Party, Meta Advisory and Sorainen – quite a clever move. Sorainen wrote up the draft legislation, which in hindsight with today's knowledge we know turned out to be a completely deficient piece of work. Meta helped to undertake the lobbying effort among the politicians, the general public and so on. *And MP Kalle Palling was that man who took the draft legislation written up by Sorainen [Uber's law firm] directly to the Parliament in an unchanged form. That is, with no prior coordination among the interested parties whatsoever.*'

With the possible regulatory challenge for the incumbent taxi sector increasingly real and serious, the taxi sector started organising a more coordinated push-back. First, to better organise their activities the taxi firms formed a new 'roof association' called *The Association of Taxi Enterprises* (Ehastu, 2018, Pau, 2018). It started more visibly and heavily pressing for its members cause among politicians and the general public, including launching a significant social media PR campaign (BNS, 2016; Pau, 2018). Second, the same organisation also helped organise some of the first taxi 'protests' (due to their limited size more 'gatherings') in the history of Estonia. Specifically, on a handful of occasions an estimated double-digit number of taxi drivers and their supporters gathered in front of the parliament building on Toompea Hill, Tallinn, to voice their concerns (Pau, 2016c). As the CEO of Bolt [previously Taxify], Mr. Villig, recalled in the interview (2018): '*I believe the initial proposals made by Uber were very good – and largely they should have been approved. But the problem was that in the end the existing taxi firms were able to organize themselves sufficiently and started pushing back. [...]. The moment it became clear the law "will go live", all the taxi firms suddenly woke up, were able to form some unified front and started lobbying that the law must be altered*'.[12]

As the policy conflict was increasing, Uber in turn ramped up its own public relations efforts. Uber's public relations tactics in Estonia were similar to the 'legitimation playbook' the company had already applied in other countries it had entered. Specifically, to organise a more concentrated and effective public relations campaign the company hired a leading local PR firm. During the field interviews, the firm was claimed to have been a particularly politically well-connected PR firm in Estonia, holding close ties to the leading members of the parties in the parliament, specifically from the ruling *Reform Party* (e.g. Pau interview, 2018). The firm engaged in a concentrated lobbying effort on behalf of Uber among the MPs who had become increasingly doubtful about the alleged merits of the proposed bill (Pau, 2016b, 2018). Second, Uber helped found a new *Sharing Economy* Association. It sought to advance a narrative about

[12] Note that the CEO of Uber did not reply to a request for an interview. So I interviewed the CEO of the other ride-hailing giant, Bolt, who also launched its operations at the time (initially under the name Taxify).

a '*booming sharing economy movement*' among the general public (Pau interview, 2018). As the technology journalist Mr. Pau explained (interview, 2018): '*The Sharing Economy Association was put together solely to show to the public and policy-makers as if there was this huge sharing economy boom. [...]. This association was only created for that moment [when the ride-hailing regulation was debated] and after that there has been no movement*'.

Consequently, by the time the second reading was scheduled in early autumn 2016, the Uber regulation had become '*a charged topic both politically and from the sector perspective*', as the MOET bureaucrat, Mr. Ehastu, put it (interview, 2018). However, although the policy conflict had intensified considerably from the early days of Uber's market entry, it did not reach a level of street violence or otherwise result in significant protests and clashes between Uber drivers and taxi drivers at any point. In fact, even no road blockages were organised to draw attention to the issue as had been the case at a large scale and on several occasions in Taiwan. The most 'violent' protest activity that had occurred was when a handful of taxi drivers had peacefully demonstrated with placards in front of the parliament building, as mentioned above (for a reporting, see also Pau, 2016c). It most likely reflected both a more limited history and tradition of street protests and public demonstrations as well as somewhat weaker and less-organised taxi sector in Estonia than Taiwan.

Even the relationships between the regulators (the MOET bureaucrats) and the regulated sectors (Uber, taxi) had remained fairly civilized and constructive, despite disagreements, unlike in Taiwan where these connections had completely broken down and an environment of mistrust had settled in (for full quotes on the participants' evaluations with respect to the policy process and its outcome in Estonia, see *Table A1* in appendix).[13] The more limited resistance that Uber and other ride-hailing firms – such as Bolt [ex-Taxify] – experienced upon entry in Estonia and other Eastern European countries compared to the Western European countries was also highlighted in the interview by the CEO of Bolt. As Mr. Villig explained (interview, 2018): '*In the end, it is the same as in all other sectors: the capacity of the incumbent players to defend their sector. If incumbent players are able to exert important political pressure and hold barriers high, they'll stay there. But if they're disorganized, it won't happen. If we look for example at Africa or most of Eastern Europe where taxi firms are relatively fragmented and don't really know how to "play the political game", then there regulations go relatively easily.*' Similarly, the MOET bureaucrat, Mr. Ehastu, qualified the taxi sector resistance as not as strong as in countries like France, but '*also quite strong*'. As he explained (Ehastu, 2018, emphasis added):

'I agree that the more stringent or expensive the situation has been on the taxi market (in terms of licenses, restrictions and so on), the stronger the voice is against Uber and the more restrictions come for them. Take for example the case of France, where taxi license is passed on from one generation to another and it costs hundreds of thousands of euros, then of course you will take a 'stick' in your hands and try to smash Uber out of the market. *But again, in Estonia the resistance was also quite strong, nothing went easily here.*'

[13] In fact, initially, some taxi drivers even welcomed the arrival of app-based booking solutions in Estonia, as they were perceived as a means to expand their client base. But this dynamic soon evolved into a more confrontational relationship. As explained in Lanamäki & Tuvikene (2021: 4): '*The history of ride-hailing in Estonia and its capital city, Tallinn, is a collaboration between taxi companies and platforms. The market leader, Bolt (named Taxify until March 2019), started in 2013 as a student firm pooling information from different taxi companies and providing a digital platform for choosing between them. In its beginning, then, various taxi companies were collaborating with Bolt, the aggregator application itself merely enabled easier access to taxi service without the need to call multiple services to check their availability, and one could choose from a range of services of different prices and qualities. [...]. Eventually, there was a rift between taxi companies and platform providers, escalating into public protests in front of the parliament in the spring of 2016.*'

To make matters worse, for a different set of political reasons, there was also a certain re-configuration in the partisan composition of the coalition government after the Autumn 2016 elections. Although not fundamentally altering the position of the government on the issue – the political mandate remained to 'legalise Uber', as the MOET bureaucrats explained (Ehastu interview, 2018; Allvee interview, 2018) –, it did pull back some of the prior clear-cut assertiveness around creating a world-leading exemplary government-Uber cooperation model (Pau, 2018). That said, no clear restrictive signal came from the government as a result of the change of the partisan configuration. As the Deputy Head of the Tax Board, Mr. Reitman, put it (interview, 2018): '*The [Estonian] governments have never sought to restrict this [ride-hailing] sector.*'

Nevertheless, tensions were racking up around the initially proposed Uber bill, while the willingness of the MPs to support it was becoming more dubious. By the time of the second reading in the parliament, it had become clear it would not pass it (for more, see Pau, 2016b). It turned out then that the initial plan of the *Reform Party* to fast-track through a pro-Uber bill had in fact resulted in a political stalemate with not enough MPs willing to support it in light of a heightened sectorial conflict. The technology journalist Mr. Pau eloquently summed up the situation that had been reached (interview, 2018, emphasis added):

'So what was the consequence of all this [fast-tracked policymaking]? It was that Uber's tactic was wrong overall. This draft legislation that Sorainen [the law firm hired by Uber] wrote up according to Uber's guidance turned out to be completely deficient. The Ministry of Economy, the Ministry of Justice and several other ministries acknowledged that this was completely flawed and the draft legislation needs to be overwritten in its entirety. *In other words, Riigikogu [national parliament] did not enact the initial proposed legislation and the whole process started all over again from the scratch. This is why the process was delayed by several years.*'

Therefore, although for a different set of reasons than in Taiwan, a policy stalemate had also settled in around the Uber issue in Estonia. It was in this context that the bureaucrats decided to resort to further participation as a method for solving it. As Mr. Allvee explained in the interview (2018): '*We reasoned at the ministry that it's good if we will have all these disputes – then we'll end up with more clarity. If we start to adapt too much [to political pressure], we'll give in too much to the special interest groups*'. Likewise, the other main MOET bureaucrat involved in the bill-drafting process, Mr. Ehastu, stressed (interview, 2018, emphasis added):

'The dispute [around the initial ride-hailing bill] lasted for a year or so, when politicians tried to force it through, while opposition and taxi sector fought back. When in early 2016 it reached the parliament – where it was initiated –, then by November 2016 the situation had reached a deadlock. There was a complete impasse and they had reached nowhere. This was the breaking point. *Then we [bureaucrats at the MOET] unpacked it for ourselves again – we understood we cannot go anywhere with this "forced upon version". We broke it into pieces and started discussing the importance of each component with the affected parties to ensure a workable agreement.*'

In practice, it meant that from late-2016 until mid-2017 the MOET bureaucrats started holding monthly stakeholder meetings where the main affected interests and experts were invited (for more, see the detailed MOET document on the meetings and process around the re-launched ride-hailing policymaking procedure, 2017). As Mr. Allvee (interview, 2018) emphasized: '*While re-drafting the policy proposal, this time we also included the taxi sector and consulted with all the critical affected stakeholders*'. Mr. Allvee then went on to explain in more detail their new chosen policymaking approach (interview, 2018): '*If you start changing everything straight away, the result can be that no good solution comes out and what exists is turned upside down. Rather, we should be a little bit cautious. As elsewhere in the world we have seen, this sector can create quite a lot of disputes. You need to get them included and onboard with*

the main propositions'. Similarly, Mr. Reitman from the ETCB (tax board) emphasised that both parties, Uber and the taxi sector, '*needed to win*' in his interview (*'The key here [solving the deadlocked policy situation around ride-hailing] is that both [Uber and taxi] need to win – there is a market for both service providers. It cannot simply be said that one takes away the market of the other*', Reitman interview, 2018).

In the same vein, after the relaunch of the policy process, the bureaucrats decided to follow the principles outlined in the *Rules for Good Legislative Practice and Legislative Drafting* (Riigi Teataja, 2011). According to the MOET bureaucrats involved, it resulted in '*extended discussions with the taxi associations, Uber and transport experts*' (Ehastu interview, 2018). These discussion enabled the bureaucrats to identify the main components that could be agreed upon and accepted by both parties. Specifically, it became clear to the bureaucrats during these stakeholder meetings that the best way to legalise Uber, while ensuring taxi sector and politicians 'buy-in' would be to work towards a regulatory level playing field by putting in place some further safety regulations for Uber, while also lifting others for the taxi sector. As Mr. Allvee explained the consensus view that gradually emerged from deliberations with the affected stakeholders (interview, 2018, emphasis added):

'*We [bureaucrats at the MOET] started searching for a basis for a compromise. [...]. We understood in our stakeholder meetings that the most promising approach is to go towards the path that we also alleviate some of the existing requirements.* In its essence, it [Uber, taxi] is transportation from point A to point B – and we started looking if we really need so strict requirements for the existing service as we have right now. And from there we got step by step to the solution that finally was enacted. Initially people drafting the regulation thought that let's write down some simple requirements that we think Uber should have – but didn't consider that you'll have constant contradictions with the old [taxi] regulations. It was hoped that it was possible to regulate Uber without dealing with taxi regulations – but it constantly ran against this wall. For example, the Estonian Customs and Tax Board [ECTB] told us that describe the Uber business model and make a new law around this – and this is the new law for the taxi sector. *Where the breaking point came was from the stakeholder discussions and their views on "what are the minimal required changes in the taxi regulation so that platforms and non-firm drivers could operate" that could be accepted by everyone.* It turned out that with relatively few changes we succeeded in achieving an acceptable compromise – concerning in particular changes on requirements around taximeter, taxi driver job training and processing deadlines.'

Similarly, Mr. Ehastu from the MOET emphasized that the stakeholder discussions led to a mutual understanding across the main actors that an agreement must be achieved by lifting some restrictions from the taxi sector, while beefing up others on Uber to ultimately land on a rough 'regulatory level-playing field' (Ehastu interview, 2018, emphasis added):

'We from the side of the Ministry [MOET] wanted that the ride-hailing sector was regulated, but also that no vacuum was left – this is absurd that a new business model cannot operate. There's nothing "bad" about it of course. *We really tried to find a solution. [...]. Then there was this moment that okey, lets discuss with all the main affected parties themselves and see how far they are willing to go [on different issues]. It emerged from these discussion that an acceptable solution could be to leave the permits, and rather to make the entering to the market easier for both service providers [taxi and ride-hailing firms].* [...]. As a result, if in the previous draft act [the initial ride-hailing bill proposed] the 'agreed upon rides' and 'taxi rides' where classified separately – then now we labelled all of them simply 'taxis' and we created two options: 'taxi-meter' or 'app-meter'. *Thanks to this all parties were able to provide their service. We worked this approach out closely together with both taxi and Uber representatives to ensure they are on board.* [...]. Utimately, taximeter was the key question: it was the thing that impeded the new business model from operating. Once there was flexibility on the issue of taximeter, platforms came onboard – okay a couple of permits, some state fees, but they can swallow this as they are allowed to operate. *This state of things was acceptable to all parties – our several engagements with both [taxi and Uber representatives]ensured it. So [ride-hailing firms] came behind with their support and the taxi sector itself also conceded that this option fits them as well.*'

The importance of the bureaucrats' strategic use of the deliberative strategy in ensuring actors' 'buy in' into the new proposed bill version was perhaps most dramatically illustrated by how Uber came to accept the imposed permit requirements – an issue it had previously strongly opposed. As Mr. Allvee recalled in the interview (2018, emphasis added):

'One more nuance. The reason why Uber was initially very strongly opposed to the permit system was because Uber's global policy at least used to be that "we are a new type of service, not a taxi service, and thus we don't need any permits". But the other reason was that every permit processing takes time and creates bureaucracy. *If we [the MOET bureaucrats] explained to them that we will reduce the application processing from 30 days to 7 days and the whole application process will be electronic and user-friendly – can be done in a very easy manner –, they [Uber] started changing their opposition. [...]. They [Uber] eventually came to support our regulation that ridesharing is regulated as a taxi service, the old taxi regulation requirements are alleviated and they also get some requirements.*'

The final policy position achieved through the bureaucracy-mediated stakeholder consultations was eloquently summarised by Mr. Ehastu from the MOET (interview, 2018): '*In the end taxis got something and Uber got something. Although more requirements for [ride-hailing firms] than in the initial bill [MP Palling's 'fast-tracked' proposal], but at least they [ride-hailing firms] can operate – and it does not go strongly against their philosophy.*' Perhaps most importantly from the MOET's (meritocratic) bureaucrats' perspective, they were able to ensure existing safety standards remain intact and a functional and viable good-quality bill is agreed upon, while also delivering on their original political mandate (which despite some re-configuration in the coalition government and tightening of the views towards the ride-hailing sector remained 'to legalise Uber'). The compromise that emerged was indeed adopted into a law later in the same year.[14] Most participants involved expressed an overall satisfaction with the bill agreed upon and voted into a law during their field interviews (see *Table A1* in appendix for full quotes and satisfaction scores).

To summarize, it was only after a political stalemate and a moderate policy conflict – peaceful few gatherings in front of the parliament building and no clashes, road blockages or violence whatsoever – had settled in that the MOET bureaucrats decided to apply '*clever participatory manoeuvring*', as one interviewee preferring to remain anonymise labelled it (interview, 2018). Unlike in Taiwan, the bureaucrats only resorted to a representative interest group model to solve the situation as it appeared – and effectively proved – sufficient to agree on a mutually accepted compromise bill and work out a viable policy solution. The monthly stakeholder meetings played a critical role in the bureaucrats strategy for healing the '*heated environment*' and identifying a viable way forward – which ultimately meant working towards a '*regulatory playing field*' while tweaking rather than rewriting the existing *Transportation Regulation Act* (Ehastu interview, 2018). Perhaps the importance of collaboration as a strategy to solve the policy conflict that had settled in Estonia and bring on board quite strongly opposed parties was best captured in the counterfactual reflection of the MOET bureaucrat Mr. Allvee (interview, 2018): '*If we had gone directly down the route of initiating the bill at the ministry with all the associated stakeholder consultations and "filters" we could have got a policy compromise sooner.*'

Conclusion

This paper made two main theoretical points. First, bureaucracies can use participatory inclusion to improve not only democratic quality (Fung, 2003; Fung & Wright, 2003;

[14] Please see *Appendix 3* for more details on the final policy compromise that was enacted into a law on November 1, 2017 (as the amended *Transportation Regulation Act*).

Landemore, 2020; Montambeault, 2015; Wampler, 2008, 2015) but also the problem-solving capacity of administrative decision-making. The idea is that input by citizens and organized interests can add legitimacy to administrative decision-making and increase the acceptance of public decisions, namely by giving a more equal standing to the main affected interests and bringing on board local knowledge useful for compromising (Ansell & Gash, 2008; Emerson & Nabatchi, 2015; Emerson et al., 2009). Second, the more intense the policy conflict, the deeper in participatory governance bureaucrats will go to solve it. Specifically, when an unilateral policymaking approach does not deliver a satisfactory policy proposal that could be turned into a law, a bureaucracy will broaden participation until a viable policy solution emerges (Arnstein, 1969; Scott & Thomas, 2017).

To test these theoretical predictions I empirically investigated the policymaking paths around Uber in Taiwan and Estonia. Uber policymaking was a suitable case because the company's entry generally provokes an incumbent push-back, but its intensity varies across locations, including the ones studied in this paper (Collier et al., 2018; Thelen, 2018). The Taiwanese case showed how a bureaucracy confronting a highly significant policy conflict and stalemate – including violent street clashes – decided to resort all the way to the citizen level policymaking, through implementing a novel online-offline participatory process, as a means to work out a viable policy path. Specifically, citizens' input was used as a basis to draft a 'popularly supported' policy proposal that Uber, taxi firms and even MPs were then compelled to support. The Estonian case illustrated how a bureaucracy confronting a more moderate policy conflict and deadlock – including only a few symbolic, peaceful 'protest' events – decided to resort to representative interest group policymaking, implementing a series of inclusive stakeholder meetings, as a means to re-build fractioned trust. Specifically, stakeholder deliberations were used to bring on board opposed actors and identify areas where concessions would be feasible.

However, importantly, participation was broadened in both cases only after a policy stalemate and conflict had settled in, despite varying in intensity and nature. It empirically supports the theoretical expectation that a (meritocratic) bureaucrat resorts to the 'broadening of participation' as a policymaking tool when conflict runs high enough to justify the time, funding and uncertainty costs associated with its implementation. In Estonia as well as Taiwan transportation bureaucrats approached participation instrumentally – as a device to re-build fractioned trust and compel opposing parties to come behind a common government agenda. After unilateral venues of policymaking had been exhausted collaborative governance became an attractive tool in the hands of public policy managers to bring on board opposing interests and build an agreement that would be hard to oppose.

These findings directly counter some of the more optimistic accounts around the use and spread of participatory institutions (Fung, 2006; Landemore, 2020; Montambeault, 2015; Wampler, 2008, 2015). This paper showed that – albeit bringing along intrinsically valuable benefits such as more policy acceptance of government actions – it does not imply that participatory mechanisms do not have an instrumental logic behind their application. For bureaucrats, it is one of the 'policy tools' available to bind opposing parties behind a common policy and deliver effective policy outputs. Rather than an end goal in itself, it is a means to an end. Future research must validate whether similar dynamics behind public policy managers use of a 'participatory toolkit' also apply across other areas of policymaking.

Appendix

Appendix 1. The nature of bureaucracy in Estonia and Taiwan.

An important control variable is the type of bureaucracy involved.[15] It is therefore important to clarify the nature of the bureaucracy in the two cases investigated. Specifically, I will briefly demonstrate below that both Taiwan and Estonia had a meritocratic and technically competent bureaucracy at the time of Uber policymaking.

First, the merit-based recruitment of civil service in Taiwan was already established long before democratization. As explained in So (2014: 193): '*Taiwan had already established a civil service system that resembled the merit-based system in western democracies long before democratization. [...]. The civil service examination run by the Examination Yuan since 1931 also demonstrated its capability to recruit talents for the government openly based on merit (Hwa, 2001). [...]. Political neutrality was not at first a critical issue, as the bureaucratic system was insulated from external political pressure under the authoritarian rule (Tan, 2000).*' It was in this context that the transition to democracy was also accompanied by greater demands for political neutrality. Specifically, the establishment of civil service neutrality was initiated as a response to electoral politics to complement the pre-existing competency dimension of the Taiwanese bureaucracy. However, it took the legislature more than fifteen years to pass the statute on administrative neutrality, mostly due to the '*inefficiency of legislation in Taiwan under a regulation that all bills must be settled within one term of the Legislative Yuan*' (i.e. unsettled bills within one term must start again from scratch) (So, 2014). Thus, officially, Taiwan established a mechanism of civil service neutrality in 2009, when the statute on the issue was passed.

But to what effect? In his extensive study on bureaucratic personnel politics in Taiwan, Su (2017) concludes that decisions over 'hiring and firing' of civil servants remain firmly in the hands of the Examination Yuan, the civil service personnel office, which uses a strict examination procedure, rather than political parties in power. Similarly, everyday decision-making is described as non-politicized and insulated from partisan inferences. This impartiality is also reflected in public perceptions ('*In general, the public perceives the civil service examinations administered by the independent Examination Yuan as fair and impartial, which has helped the government recruit many talented people*', in Su, 2017: 609). Similarly, So (2014: 205) argues that the adoption of the civil service neutrality in Taiwan has served to '*crack down on the abuse of state resources for partisan favours, especially in election campaigns*'. In Taiwan '*personnel officials remain very strong in the sense of their control over the policy agenda*' and the bureaucracy has a '*high degree of independence under the democratised system*' (So 2014: 202). In fact, some scholars have even described the process that has occurred as a '*full-scale political sterilization*' (as in So 2014: 202). Overall, Taiwan has been argued to follow the continental law system in line with the German tradition, pursuing the ideal of administrative neutrality in a context of a *Rechtstaat,* the legal state.

[15] For more, see the theory section in Paper 1. In a nutshell, in the first paper I empirically demonstrated that the well-established theory emphasizing bureaucratic autonomy also matters in the context of Uber policymaking. Specifically, meritocratic, professional bureaucracies tend to be more challenging regulatory venues for platform companies such as Uber than politicized, less professional bureaucracies, all else equal. Thus, the meritocracy/professionalism dimension of bureaucracy needs to be hold constant to identify the drivers and independent effect of participation around Uber regulation.

Estonia can similarly be characterised as a relatively young democratic state that experienced a long period of authoritarian rule. However, the transition to a democratic regime led to a much more radical change in the institutional framework than in Taiwan, including in the sphere of public administration. But as will be shown, the outcome was comparable – the establishment of an effectively meritocratic and professional bureaucracy. If in Taiwan there was a certain continuity between the authoritarian and democratic regimes in terms of meritocratic recruitment practices (i.e. the centralized, competitive civil service entrance examination) and emphases on technocratic expertise, then in Estonia these building blocks of a Weberian bureaucracy were lacking before the declaration of independence in 1991. Indeed, the transition from communism to democracy implied vast changes in the administrative institutions well as the bureaucratic staff employed (Sarapuu et al., 2015).

For background on the setting up of a meritocratic civil service system in Estonia, it is important to understand that '*Estonia represents one of the fastest political and economic transformations in Central and Eastern Europe (CEE; Vihalemm and Kalmus 2008: 904). Estonia's development has generally been characterized as a success, especially by external observers [such as Bertelsmann Foundation, Transparency International]. The sharp break with its communist past after the first democratic elections of 1992 created a favourable ground for vast changes*' (Sarapuu et al., 2015: 74). It was in this context that a modern, meritocratic civil service system was set up in Estonia. As explained in Sarapuu et al. (2015: 76): '*Due to the idea of "restoring" the Estonian state in the 1990s and the idealized legacy of the First Republic, Estonia's administrative law has been heavily shaped by the German models*'.

Similarly, Sootla and Lääne (2010) emphasize the influence of the German, Weberian legalist model of bureaucracy on the development of the Estonian politico-administrative system, which ultimately resulted in a firm enshrinement of the civil service neutrality principle (Civil Service Act, 2012). Specifically, the authors point out (Sootla & Lääne, 2010: 170):

'[In the development of the Estonian bureaucracy] influence is derived from Germany, which became the main advisor for the formation of the legal system, especially public law and public administration. [This] influence has historical roots and is based on the German legal traditions and followers of these traditions – lawyers of the University of Tartu, who played a crucial role in law drafting in the 1990s. Estonia's transition toward democracy required the swift development of a new legal context. Within a short time, University of Tartu lawyers, who are fluent in German, translated German legal codes into the Estonian language.'

In terms of recruitment, the procedures diverge from Taiwan in format, but importantly remain similar – strictly meritocratic – in substance. Rather than using a written examination, the Estonian civil servants are recruited using an open, interview-based competition, centrally organized as a standardized, meritocratic recruitment procedure for top civil servant positions (for more, see for example Thijs et al., 2017). A well-defined meritocratic, standardised and centrally managed recruitment procedure is used for recruitment and promotion decisions concerning the top civil servants. As explained in Sarapuu et al. (2015: 77-78), '*The competency model [the Top Civil Service Competency Framework] is used in the recruitment, selection, and appraisal of top civil servants. [...]. Candidates for top positions are assessed by the central Top Civil Servants Selection Committee within the Government Office. [...]. Top officials are evaluated at least once every two years through a combination of self-evaluation and feedback from direct supervisors and colleagues, most of whom are subordinates*.'

Although agencies and ministries may also organise recruitment according to their own initiatives (except for the top civil servants), the important aspect for this paper's purposes is that the process remains competitive and merit criteria is used both for recruitment and

promotion decisions across the administration (Sarapuu et al., 2015; Thijs et al., 2017). Relatedly, Thijs et al. (2017: 58) find that Estonia has the sixth highest overall public administration capacity and performance among the European Union Member States, implying a strong degree of qualified personnel across the public administration's ranks. Similar findings are also corroborated in Mungiu-Pippidi's (2020) recent chapter in the *Oxford Research Encyclopedia of Politics*, which emphasizes Estonia's relative 'success' in its quality of public administration.

Furthermore, a recent comparative study on civil service management practices in Estonia by Meyer-Sahling et al. (2018: 7) concludes that there is a '*low level of public service politicisation in Estonia*'. Specifically, their findings, based on a confidential survey among a representative sample of Estonian civil servants, emphasise the following aspects around the 'hiring and firing' of civil servants in Estonia (Meyer-Sahling et al., 2018: 1–11, emphasis added):

'*The scale of the politicisation of management is relatively low in Estonia compared to other countries. [...]. Merit criteria such as educational and job-specific expertise are important or very important for selection into the first job for the large majority of public servants. [...]. By contrast, political considerations are important for only 5 per cent of the public servants, indicating that civil service politicisation is low in Estonia. [...]. Public competitions are the main mechanisms for career advancement in the public service in Estonia.* Nearly 50 per cent of the public servants advanced to their current position – assuming they have changed their job at least once since entering the public service – by means of public competitions, competitions within the public sector or competitions within their own institution. [...]. *Ministers and the State Secretary play only a very minor role in advancement processes [...]. Merit advancement criteria such as past performance are perceived as important or very important for future career advancement to better positions by nearly 90 per cent of public servants.* [...]. In Estonia, 67 per cent of public servants rate their direct superior as an expert in the field of work and 68 per cent agree or strongly agree that their direct superior has adequate leadership skills. *Political considerations are of minor importance. Only 5 per cent of public servants agree or strongly agree that their direct superior is a political appointee or was appointed at least in part thanks to political support.*'

To summarize, although Estonia operates an open, position-based civil service system, its design and orientation towards meritocracy and political neutrality in the 'hiring and firing' has been strongly influenced by the German legalist tradition and Weberian principles of public administration. Even the accession to the European Union did not have a substantial impact on public service regulation in Estonia, in contrast to several other post-communist countries, since the merit-based system had already been established (Sahling et al., 2018). Taken together, this section has sought to highlight that both the Estonian and Taiwanese bureaucracies can be considered as meritocratic systems of public administration with a strong emphasis on administrative neutrality and professional competency. Despite using somewhat distinct recruitment tools in format – centralised written examinations in Taiwan and open, position-based interviews in Estonia –, both civil service systems are meritocratic and non-partisan in substance.

Appendix 2. The policy content of the 'Uber regulation' agreed in Taiwan.

The legislative changes in the amended *Regulation on Automobile Transportation Management* came into effect on October 25, 2016 (King, 2019). According to King (2019), the principal changes it introduced were the following: '*Taxis no longer need to be painted yellow; taxis can display medallions in different ways; app based taxi fleets cannot pick up passengers from the street randomly; people may not charge less than the standard taxi fare; [and] the app based fleets are subject to public auditing to ensure they display correct driver and car identification, how the fare is calculated including surge pricing and they must display average ratings from all customers*'.

Appendix 3. The policy content of the 'Uber regulation' agreed in Estonia.

In terms of policy content, the main features of the final regulation enacted were as follows. First, and most significantly, the underlying goal of the legislative process – to legalize ride-hailing operation in Estonia – was achieved. In particular, the new amended regulation considered both conventional taxis and ride-hailing platforms as lawful providers of a 'transportation service', i.e. a service taking people from point A to point B and governed by the same *Public Transport Act*. The amended regulation allowed for both taximeter-based pricing as well as app-based pricing, the main aspect that had to be changed for app-dispatched service providers to be able to operate lawfully. If during the regulatory process Uber had threatened to leave the Estonian market, no similar threats have been made since the amended regulation came into effect (as of July 2021, Uber and Bolt still operate in Estonia, while having also expanded into new segments, such as scooters and car rentals).

Second, the new legislation left both the conventional and digital taxi service providers with a clear perspective for survival and earnings. Specifically, the amended *Public Transport Act* (2017) divided the taxi service providers into two segments: a 'taxi service' (characterised by a taximeter-based pricing) and an 'information society service' (characterised by an app-based pricing). The rights and obligations of both service providers were clearly defined and delineated, leaving each with their own advantages and niche (e.g. pre-bookings required for app-based service providers, but no obligation to install a taxi rooftop sign; and vice-versa for the taxi service). Additionally, to level the playing field from the permit perspective, the exact same permit requirements (driver card, vehicle card and service card) were imposed on both 'taxi service' and 'information society service' providers. It ensured a similar regulatory treatment for both activities, especially as all parties could apply for the three permits through the same digital 'one-stop shop' (a single website) that was set up specifically for this purpose as part of the regulatory reform. The new regulation also capped the processing time for the permit applications to five working days and state fees to 58 euros, ensuring smooth onboarding of new drivers for both conventional taxis and platform firms (*Public Transport Act, 2017*). Similar licensing requirements were worked out for both service providers as part of the consultative policymaking process mediated by the MOET bureaucrats and discussed in the main section, supported by an IT development that set up a new electronic registry that fastened the overall application process. In the end, the labels of the new services did not matter much, as both service providers received a similar regulatory treatment, as pointed out by the MOET bureaucrat Ehastu (interview, 2018).

Taken together, Mr. Ehastu (interview, 2018) summarised the justifications for the regulatory requirements that remained in the law as follows: '*To summarize, the justifications for the existing requirements [in the amended Public Transportation Act; applying both for taxi and ride-hailing drivers] are the protection of consumer safety and consumer economic interests. Safety is assured through the checking of driver (that he complies with good reputation standards) and that his vehicle meets the requirements. Consumer economic interests are assured by requiring that before ordering the consumer must have access to some obligatory information about price components, driver and service. Similarly, after the ride he gets a summary of the service provided and if he has some pretentions, he can present some claims.*' Similarly, Mr. Allvee (interview, 2018, emphasis added) summarised the regulatory requirements that remained in the law as critical for ensuring consumer safety and economic interests – and their keen focus on these principles throughout the policymaking process (reflective of meritocratic bureaucrats):

'*Actually we [the MOET bureaucrats] put aside the question about what is a "taxi service" and "platform service" – all this is a legal construction. What the law focuses upon is that the driver would have no previous criminal offenses (the logic here is that if a person has a previous conviction, his chances of committing a crime again are higher); that he had a skill to drive (and we evaluate that the driver license is enough to prove that; but not a first-time-license though); then that the vehicle was inspected (which gives the reassurance that the vehicle is likely to be in a good shape).* These are all checks that take place at the background. And finally from the perspective of consumer protection, that you as a consumer had enough information before you engage in the transaction, some idea of what the price will end up being, and lastly, if something should go wrong with the service, you had some documentation based on which you can resolve your dispute (essentially at the Consumer Protection Agency or court). *Actually these are the elements we [the MOET bureaucrats] really cared about – and now it does not matter how the service is provide [whether taximeter or app-based].*'

However, it is also worth mentioning that similarly to the Taiwanese case the tax issue was left outside the scope of the new regulation. As Mr. Ehastu (interview, 2018) recalled: '*Public Transportation Act does not deal with taxes – and the tax agency came as well to us [to the MOET bureaucrats] and told that "please do not bring us into this [regulatory dispute]"*. Similarly to Taiwan, the side-lining of the tax issue from the final regulation was an important 'victory' for Uber in the policy process. In fact, the company managed to put aside the MOET bureaucrats' initial plan of automatic data-sharing between the drivers and the ETCB (Allvee interview, 2018). However, as pointed out by several interviewees (e.g. Pau interview, 2018; Ehastu interview, 2018), neither were the 'old' taxi drivers always 'keen tax payers', making it unclear whether conventional taxi service providers would have necessarily benefited from a more strict monitoring and enforcement of tax payments for the sector as a whole.

Table A1. The level of satisfaction with the ride-hailing policy outcome by actor in Estonia.

INTERVIEW QUESTION: HOW SATISFIED ARE YOU WITH THE REGULATORY OUTCOME AROUND RIDE-HAILING? PLEASE SCORE AND EXPLAIN. 0=completely dissatisfied, 10=completely satisfied. Note: all emphasis added.
1. Mr. Villig (CEO, Bolt [ex-Taxify]). Note: Uber declined to comment, but as Mr. Villig admitted their preferences and views on regulatory issues are very similar to Uber Estonia's.
<u>Score: 8/10.</u> Explanation: *'[I'd give the new regulation] 8 out of 10". (...) I believe where we ended up is okay.* I see as the main problem that it [the adopted law] did not achieve its initial goal which was to be the first in the world to create a benign regulation, which would actually support ride-sharing in its purest meaning – that every person could do it even just few hours a week. We did not get there, but the overall law is okay. [...]. *I see this as a mid-stage currently. If before regulation was too strict and "old-school" and there is this ideal where we could get to in the future, then right now we are somewhere in the middle.* So actually we would need to do one more reform to get to a reasonable legislation. Economically, it only favors driving by full-time drivers. If we compare it with Germany or several other countries, then of course it is several times better than if you had to buy a license for 100,000 euros. But still, it is not what it could be. [...]. If I look at Germany where the regulation is the worst, then to obtain a taxi license there, it costs about 100,00 euros per car. That is, it is approximately five times more expansive than the total cost of your car to obtain a permit to start offering the service. Even if you wanted to do it 3 or 5 hours per week. Completely absurd. This restricts the service provision so harshly, that at the very best only 1% of the car owners in a city get themselves the permit. The other extreme would be à la Africa or some completely unregulated cities, where anyone can do it as much as they wish to – and there is no license or anything required. *I see that this is also a bit too bad, as some basic regulation is required. Now, when we look where Estonia stands at this spectrum, then I think it leans a bit towards the too heavy regulation side.*

In the sense that what is required to be done [by the enacted transportation bill] on the safety front is okay – that you have to show that you have a clean criminal record, your car is in a good condition. These are basic things and they have been more or less well realized IT-wise – and this is good. But what is a problem is, for example, that today you need to obtain yourself a taxi insurance, which costs circa 500 euros per year, while at the same time a standard car insurance is at least three times less expensive. [...]. So the Estonian law [the amended Public Transportation Act] today is reasonable for full-time drivers – both in terms of safety and costs. But for part-time drivers, or the so-called hobby drivers, the service provision has been made essentially economically nonsensical.'

2. Mr. Reitmann (Deputy Director, Estonian Tax and Customs Board)

Score: 6/10.
Explanation: 'What we obtained, what was done to a large extent with our [ETCB] help, was the change in the Public Transportation Act. *Our plan was somewhat different, however. Our plan, or what we propagated until the end, don't bring traditional rules to the new economy [ride-hailing sector], but take all the good from the sharing economy and take it to the traditional taxi sector.* Finish off all the licenses, taximeters and everything else, if it is all ensured in the sharing economy by clients' feedback and GPS. Use this [in the traditional taxi sector]. Don't crave after the old crap so-to-speak, a totally new concept has been created.

We had the debate over whether it is a taxi or ridesharing – there isn't really too much of a difference to be honest. People were carried, a transportation category it was, and it was paid for. We don't need to somehow start labelling it specifically. This is the new logic to the thing [taxi service] – create the rules according to it. *The [revision of the] Public Transportation Act landed somewhere in-between there. Some rules came, and some alleviations came. Definitely, it could have been done many times better. That said, I think overall a relatively good result was obtained.*'

3. Mr. Allvee (Advisor in Transportation Affairs, Ministry of Economy and Transportation)

Score: 7/10.
Explanation: *'Let's put it this way it is a compromise – so as always with a compromise, you are not satisfied with some things.* I personally am not satisfied that there are three permits, we would like to combine at least some of them – for example, the vehicle card and the service provider card which are currently separate. These could be somehow combined. Similarly, maybe state fees also reflect a bit too much the old paper-based processing. As currently the whole process is electronical, these [state fees] could maybe also be lowered somewhat. *Definitely, it might need some review but it was reasonable to let the law be in place for at least a year or so – collect together all the "flaws" and then maybe go and change it. It is a very "charged topic" both politically and from the sector perspective.*'

4. Mr. Ehastu (Expert within Transportation Division, Ministry of Economy and Transportation)

Score: 7/10.
Explanation: *'With 0 being the worst law and 10 ideal, I'd give 7 points. It met its goal – these business models can operate. But at the same time some additional restrictions came as well with that regulation. [...]. That said, given the conditions we [MOET] had we obtained the maximum, or more than maximum – we [the MOET bureaucrats] were very clever negotiators.* I'd say that what is the most unfortunate is that every regulation minimizes some risks and we don't have information about what the risks are in this case and how large, frequent these risks are and what their impact is. For example, how many people are hurt due to taxi service, say in relation to the food trucks that deliver food to the restaurants every morning etc. Nobody at the Ministry of Interior, Police etc. does such an analysis. If we obtained these figures, maybe we understood that these are so terrible that we need to make regulation even stricter. But maybe – and what is more likely – it's vice-versa. Another remark: the debates around ridesharing were extremely emotional and very little to none analytics were brought on the table – only as much as we [the MOET] brought in. Everything else was emotional 'opinionating' – "I heard that somebody told that story" and similar. [...]. *In the end taxis got something and Uber got something. Although more requirements but at least they [ride-hailing firms] can operate – and it does not go strongly against their philosophy.'*

5. Taxi sector representative, anonymity asked.

Score 6-7/10.
Explanation: Interviewee requested for the comment not to be made public.

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Thesis conclusion

The three papers of this DPhil project make three main theoretical and empirical contributions. The first paper engages with the debates around bureaucratic influence (Boix, 1998; Dahlström et al., 2012, Hood & Lodge, 2006; Huber & Shipan, 2002; Jacobs & King, 2009; King & Le Galès, 2017; King & Lieberman, 2008; Romeijn, 2020; Schnose, 2017; Skocpol et al., 1985), and platform politics (Culpepper & Thelen, 2020; Dubal, 2017; Paik et al., 2019; Rosebrook, 2019; Thelen, 2018; Tzur, 2019; Seidl, 2020). It shows that the nascent platform politics scholarship often overlooks the critical role of bureaucracy in connecting political preferences to policy output. I theorise that bureaucratic apparatus is crucial to whether a new technology platform – such as Uber – has an 'easy ride' towards its preferred policy destination. Specifically, I argue that a political system with a meritocratic bureaucracy that is politically insulated and securely resourced produces a more challenging path towards a pro-Uber policy reversal of existing regulatory standards than a political system with a partisan bureaucracy that is less insulated and securely resourced. The mechanism is through a more sophisticated and permanent career bureaucracy in a meritocratic system, which responds to internal organisational and professional objectives rather than external political stimuli and consumer pressures. It leads to more bureaucratic involvement, while limiting the influence of Uber's consumer mobilization tactics and politicians' efforts to appear 'open to innovation' on policy process. Empirically, I test my theoretical proposition using a comparative case study of Uber policymaking in London, with a more meritocratic bureaucracy, and San Francisco, with a more partisan bureaucracy. I find that bureaucratic professionalism partly explained a more challenging path towards a regulatory reversal of existing for-hire transport requirements and was associated with more regulatory stability in the case of London, while the opposite was true for San Francisco.

The demonstration of an autonomous influence of bureaucracy on the paths around new technology adoption – leveraging the well-documented and media-covered cases of Uber politics – contributes to fill a broader lacunae in the comparative politics literature on platform policymaking by 'bringing the bureaucracy back in' (King & Lieberman, 2008; Skocpol et al., 1985). My findings imply that the existing theories on the topic have over-emphasized the role of private interests, consumer power and partisan demands, while unjustifiably ignoring the critical role of bureaucracy in translating these pressures into a policy output. In other words, nothing is so unique about contemporary digital consumer platforms – for example, an alleged unprecedented consumer power associated with them, as in Culpepper & Thelen (2020) – as to disregard the established principal-agent and public administration theories stressing autonomous bureaucratic influence (Dahlström et al., 2012; Hood & Lodge, 2006; Huber & Shipan, 2002).

The second paper situates itself with respect to the discussions around democracy and development (Acemoglu & Robinson, 2013; Altman & Castiglioni, 2020; Besley & Kudamatsu, 2006; Colagrossi et al, 2020; Doces, 2008; Gerring et al., 2015 Haggard & Kaufman, 2008; Halleröd et al., 2013; Hausmann et al., 2005; McGuire, 2010; Przeworski et al., 2000; Rothstein, 2015), and participatory democracy (Falleti & Cunial, 2018; Fung, 2003, 2006; Landemore, 2020; Nabatchi, 2010; Nabatchi & Leighninger, 2015; Touchton et al., 2017, 2020; Wampler, 2008, 2015; Wampler et al., 2021). It demonstrates that the aspect of democratic governance that is critical – yet generally underemphasized – for welfare development is citizen empowerment through non-electoral participatory institutions. Specifically, using the case of a particularly enhanced form of bottom-up citizen empowerment

– participatory budgeting –, I theorise that participatory governance brings enhanced social accountability in the form of civic oversight. It enables both better targeting as well as more efficiency in public resource allocations, and ultimately produces better welfare outcomes, after controlling for the quality of electoral democracy and other confounders. Participatory budgeting was chosen as the theoretical and empirical focal point because it is an archetypical example of participatory democracy 'in action' as it empowers citizens with concrete, tangible tools to deliberate and decide over the allocation of budgetary resources. Empirically, I tested my theory on the case of participatory budgeting in Brazil. I find that, by shifting the locus of decision-making 'further down', an institutionalised bottom-up citizen empowerment is indeed associated with (i) better primary sanitary and health outcomes; (ii) a higher share of municipal budget allocation to the Health/Sanitation category; and (iii) a reduced share of Total Capital Expenditures. Noteworthily, almost none of the models showed significant effects of changes in electoral competitiveness for the welfare spending and development outcomes investigated.

These findings contribute to the debate on democracy and development by emphasizing the often overlooked – yet critical – role of bottom-up citizen empowerment in connecting democracy with improvements in basic welfare. Specifically, my findings suggest that practicing a deepened form of participatory governance enhances basic welfare by both redirecting more resources to areas critical to wellbeing (health and sanitation) and also by improving efficiency in public investments (the 'bang for buck'). It does not disregard the potentially consequential role of electoral institutions in aggregating preferences and enhancing accountability in high-level politics, but provides evidence that grassroot civic oversight and deliberation can be influential levers in their own right for how democracies improve basic welfare, particularly at the local level. Part of the empirical contribution and significance of the paper is also the fact that the analysis daws on a novel dataset covering institutionalised citizen participation, electoral competitiveness and numerous other measures across the 253 largest Brazilian municipalities.

The third and final paper integrates some of the empirical and theoretical themes of the first two papers and studies participation in the context of platform policymaking. It engages with the debates around participatory governance (Falleti & Cunial, 2018; Fung, 2003, 2006; Landemore, 2020; Touchton et al., 2017, 2020; Wampler, 2008, 2015; Wampler et al., 2021), and public management (Agranoff, 2012; Agranoff & McGuire, 2003; Ansell & Gash, 2008; Emerson & Nabatchi, 2015; O'Leary & Bingham, 2009; Provan & Kenis, 2008; Sabatier, 2005; Scott & Thomas, 2017). It shows that bureaucracies often use participatory tools in policymaking to improve not only democratic quality but also the problem-solving capacity of administrative decision-making (Fung, 2015; Miller & Fox, 2007). I theorise that bureaucrats will use collaborative governance when policy conflict runs high because then the costs associated with expanding participation (time, resources, less control over policy) are outweighed by its anticipated benefit (more legitimacy, actors 'buy in'). Bureaucrats will go further down in the 'ladder of participation' (Arnstein, 1969) to bolster the legitimacy of government actions until a viable 'way out' of the policy conflict is established. The scope condition was the presence of a meritocratic bureaucracy as its objective is generally to deliver an effective policy output, rather than engage in partisan policy manipulations (as shown in Dahlström et al., 2012: 660, meritocratic bureaucrats' career patterns generally depend on professionalism and '*the judgement of their professional peers*', as opposed to pleasing any particular politician). Empirically, I test my theoretical prediction using the case of Uber policymaking in Taiwan and Estonia. I find that, despite a similar basic bureaucratic set-up (meritocracy), Taiwan went much deeper in public engagement during its Uber policymaking process than Estonia, and I associate this with the nature and intensity of the policy conflict in

the two countries. Specifically, in Taiwan a bureaucracy confronting a highly significant policy conflict had to resort all the way to citizen level policymaking to build legitimacy around its actions and bind actors behind a common policy proposal. However, in Estonia a bureaucracy confronting a more moderate and non-violent policy conflict resorted to interest group level policymaking to re-build fractured trust and find an agreement. But in both instances bureaucrats used participation instrumentally – as a tool to solve policy conflicts.

These findings contribute to the debate in the participatory democracy and public management literatures around the implementation and use of participatory governance. I show that participation in the hands of public managers is best thought of as a toolkit of collaboration methods that help bureaucrats onboard opposed actors and achieve a viably policy output (the notion 'collaborative toolkit' was first developed in Scott & Thomas, 2017). That is, rather than some abstract, intrinsically-valued principle of democratic governance, viewed from the perspective of public managers, participation is a tactical method to bind onboard adversarial actors by giving an equal standing to affected parties and collecting relevant information about feasible policy parameters. The instrumental use of collaborative governance by bureaucracies – even if serving the 'good aim' of reaching a policy agreement – has remained largely overlooked in the existing literature (e,g. see for example the conceptualisations of participatory institutions in Falleti & Cunial, 2018; Fung, 2006; Landemore, 2020; Miller & Fox, 2007; Nabatchi, 2010; Touchton et al., 2017, 2019; Wampler, 2008, 2015; Wampler et al., 2021).

But what are the main implications of the findings from my three papers – why do they merit readers' attention? I would highlight three main important implications to contemporary policymaking that emerge from my research project. First, the new findings challenge existing scholarship in the area and by so doing offers novel and practical perspectives for public policy. Scholars from a variety of disciplinary traditions stress the increasingly significant social, political and economic consequences of platform economy. Specifically, what has been (misleadingly) labelled as the 'sharing economy' and defined as '*online platforms that help people share access to assets, resources, time, and skills*' (Wosskow, 2014: 13) was estimated to have generated global revenues worth a whopping $15 billion in 2015 and forecasted to grow to a striking $335 billion by 2025 (PwC, 2015). Scholars have different views about the implications of this new sector of economy, ranging from more 'techno-optimistic' perspectives (e.g. Frey, 2019; Iversen & Soskice, 2019; Sundararajan, 2016) to 'techno-pessimistic' ones (e.g. Boix, 2019; Srnicek, 2017; Graeber, 2018). However, irrespectively of the degree of optimism expressed around new technologies by each author, it is generally reckoned that without adequate regulatory frameworks platforms are likely to exacerbate – rather than alleviate – some of the most severe socio-economic challenges of the day. That is, left unchecked, the winner-take-all platform economy – spanning across domains ranging from private transportation (Uber), private rentals (Airbnb), social media (Facebook) to e-commerce (Amazon) – will exacerbate monopoly power and market concentration (Demary, 2015; Evens et al., 2020; Haucap & Heimeshoff, 2014), suppress SME innovation and competitiveness (creating a new long tail of 'ghost firms', as shown in Andrews et al., 2016), and perhaps most critically, aggravate wealth inequalities (Milanovic, 2016, 2019; Piketty, 2014).

All these issues affect how contemporary democracies functions as well as its future prospects. The consensus view among political scientists seems to be that a disproportionate accumulation of corporate power – and associated wealth – in the hands of a few market-dominating platforms does not bode well for democratic processes and principles, especially as some of these platforms – e.g. Facebook, Twitter – directly affect democratic debates and even elections

themselves (for an overview of the political implications of new technologies, including platforms, see Susskind, 2018). The core democratic principles that are argued to be undermined by an unrestrained rise of platforms include 'one person, one vote' and the equal weight of all interested parties in policymaking (Susskind, 2018). It is perhaps only understandable given that – irrespectively of any public relation gimmicks – the ultimate motive of platforms, as business entities, is to maximize profits and their share-holder value, while the supposed objective of democratic governance is to maximize opportunities for each citizen and realise some form of social justice or at least 'public value' (Susskind, 2018). These two objectives are likely to collide. Put differently, the consensus view is that *some* regulation of platforms is inevitable if we want to ensure that the 'health' of democracy remains intact. It matters not only for democratic equality and freedoms, but ultimately for an effective functioning of the market economy itself as well (Polanyi, 1944).

However, despite these high and increasingly consequential stakes – as the platform economy continues to grow its share in the economy –, there is still limited research on the political-economic dynamics surrounding its regulation. We still know very little about how effective policy responses emerge around new digital platforms as well as under what conditions opposing parties come to accept them. The findings of Paper 1 and Paper 3 are expected to provide some guidance on these questions. Specifically, the findings of my first paper show that bolstering bureaucratic professionalism, insulation and resources can be one answer, or at least part of the answer, to deal with the challenge of increasingly economically and politically powerful 'mega-platforms' and ensure they operate within some regulatory framework. Specifically, my first paper shows that it takes the right career incentives, insulation and resources to take on a platform challenger. Before bureaucrats are willing to embark on such an endeavour – which can at the onset often feel like a battle between David and Goliath (for an eloquent description of some of the dilemmas and challenges involved for policymakers when regulating platforms, see also Dudley et al., 2017) – they need to know they have the required professional rewards and protections in place for this challenging undertaking to make sense for them. Put differently, to ensure our existing norms and standards around consumer safety, public health, privacy and other relevant regulatory domains remain safeguarded in the face of increasingly market-dominating and powerful platforms, one way forward is to equip the agencies and departments in charge of dealing with their regulation with more resources and career incentives that motivate professional accountability and behaviour. As my London and San Francisco case studies show, politicians often lack the political will to take on seemingly voter-pleasing and popular platform, even in face of regulatory violations and public safety issues. Most politicians – and by extension, their partisan bureaucrats – tend to concentrate on the innovation and consumer gains narrative associated with platforms, rather than asking some of the harder questions around their implications to fair competition, public safety and, ultimately, wealth concentration and democratic health. However, as eloquently shown in Dahlström et al. (2012) (but also in the case studies of Paper 3), meritocratic bureaucrats whose 'career patterns' depend on professional peer accountability bring in a *different* set of considerations that raises the hurdle for politicians seeking to fast-track through seemingly voter-pleasing policies.

The second reason why this research project matters is that I empirically show that citizen inclusion has practical – and positive – implications for policymaking (Papers 2 and 3). Specifically, participatory governance is much more than an *en mode* policymaking principle touted in the 'best practice' governance booklets of major international organisations (see e.g. Goldfrank, 2012). In fact, as my findings show, it has the potential to concretely and tangibly affect both the trajectories around economic development, as well as new technology adoption.

That is, besides its potential to foster some abstract notion of democratic quality – which is of course arguably valuable in and of itself –, participatory institutions can be conceptualised – perhaps even first and foremost – as policymaking *tools* that enable policy managers to achieve certain goals (foster local economic development, build consensus in controversies etc.). Note also that the fact that bureaucrats can leverage participation in an instrumental way to it does not necessarily invalidate its positive effects on policymaking, such as consensus-building (Paper 3). My findings specifically highlight two areas of governance where participation could improve outcomes. In my second paper I show that participatory governance is associated with better basic welfare outcomes, even after controlling for the quality of electoral democracy and other factors that could affect this relationship. However, in my third paper I show that participation can be used as an instrument to improve the chances of finding a policy agreement that is mutually acceptable to otherwise opposed parties and publicly supported. Viewed from this perspective, investing in participatory infrastructure is not only an investment in a certain ideal of (deliberative) democracy but also a concrete way to improve general wellbeing and policy acceptance in society.

In light of my findings, it is perhaps even somewhat surprising and puzzling to observe the still limited used made out of this venue for (positive) change overall. Indeed, there has been an increase in the incidences of participatory governance use and '*institutional democratic reform*' as such (see Dalton, 2017). However, in its essence, policymaking in contemporary democracies still resolves around conventional representative democracy frameworks and institutions. Specifically, politicians tend to seek 'solutions' to well-known societal issues that are associated with contemporary 'democratic capitalism' – from heightened wealth inequality to inadequate welfare provision – applying 'politics as usual' practices (e.g. pork-barrel politics in parliaments, advancing ideological platforms in general elections etc.). However, at the same time those same political processes – and indeed the elected representatives conducting them – are increasingly associated with citizens' disillusionment and dissatisfaction (Boix, 2019; Stasavage, 2020 even suggests to go deeper and argues it is a structural 'distant state problem' contemporary representative democracies confront). In this (pessimistic) context, my research suggests one way forward could be precisely to use in a more encompassing and embedded way: participatory governance.[1] There is a reservoir of opportunity and hope that lies in the current more widespread credit-giving and discussion of participatory institutions – both in research and real life (see e.g. Wampler et al., 2021). I would also point out that the case for tools such as PB should be built around its tangible development benefits rather than over-emphasizing the 'democratic dividend' aspect. Better development outcomes is likely to be a stronger argument in 'politics in real world' than an abstract notion of superior public reasoning and deliberation.

The final significant implication of my research project for contemporary policymaking lies in its lessons about consensus-building for current polarised politics. Specifically, if we want to build consensus around heated contemporary policy topics – such as how to regulate Uber, or why not Facebook for that matter – we need to include and give an equal standing to all the main affected parties during policy process. This is the key to finding a sustainable policy agreement and generating general public acceptance around otherwise controversial policy topics, as was illustrated in the context of Uber controversies in Paper 3. The findings of my third paper show that if stakes run high but affected parties are not properly included

[1] However, it is recognised that limits can exist when participatory governance principles and institutions are taken to a national level setting (see Pogrebinschi, 2013). But even with respect to this issue, recent research on 'national level deliberative democracy' has suggested interesting and promising ways forward on how to solve the 'problem of scale' in deliberative democracy (Niemeyer & Jennstål, 2018; Riofrancos, 2017).

policymaking can quickly ran into a stalemate. It would be a mistake to consider the regulation of 'apps', or 'online infrastructure', as a highly, complex technical matter that falls outside the realm of the ability of a wider range of stakeholders and public to contribute. The idea that platform regulation is a highly technical policy matter in which ordinary citizens and other non-expert stakeholders have little to contribute can backlash in the form of an intensification, rather than appeasement, of policy conflict, as starkly evidenced in the case studies of Paper 3. Affected interests must be included not only for reasons of democratic equality, but also for practical reasons of improving the chances of policy acceptance. Understandably, topics such as how to regulate platforms do involve a technical component that needs to be adequately and competently dealt with. But it reinforces the point raised in Paper 1, that is, the importance of having a professional and capable meritocratic bureaucracy.

In other words, where emotions and tensions run high, it would be naïve to expect a behind-the-closed doors type of exclusionary policymaking method – a 'quiet politics' in the Culpepperian language (2010) – to produce a sustainable policy outcome. Put differently, there appears to be a strong truth in the age-old adage that giving people a say – even if not always a *de facto* influence – will appease them. The bureaucrats studied in this research project appear to have grasped this logic when dealing with the heated topic of Uber regulation. Taken together, the main findings of Papers 1 and Paper 3 suggest that a 'deliberative meritocratic' bureaucracy could be the optimal way forward to some of the heated regulatory challenges of today's world.

Last but not least, what are the main future research directions that emerged? I would emphasize three broad themes that opened up as promising future research venues for comparative politics scholarship in general and CPE one in particular. First, it is important to empirically validate whether my findings about the importance of bureaucratic and participatory influence also hold across other policy domains and geographical locations. Specifically, with regards to my first argument about the consequences of meritocratic, insulated and resourceful bureaucracy for platform regulation, it also needs to be tested on instances of contemporary policymaking other than ride-hailing regulation. There are numerous platform spheres out there – from Airbnb and Amazon to Facebook and Google – for which the theory of bureaucratic influence, as advanced in Paper 1, could be applied. One obvious case could be comparing the regulatory dynamics around platform regulation – using any of the above-listed major platform spheres as an example – between the highly meritocratic, insulated and resourceful bureaucracy of European Commission and the more partisan variant in the United States. I chose to focus on the specific case of Uber because it is both a consequential and prominent case of 'platform politics', but also because it provided me with a relatively lengthy timespan to cover (Uber launched in San Francisco in 2011 and rapidly spread across major cities in the advanced democracies, as explained in Paper 1). It enabled to identify more profound regulatory patterns around its regulation than a more limited – say year or two long – timespan of regulatory action would have allowed for. However, as platforms have grown in presence and prominence, becoming established features of our contemporary economic landscape, the opportunities for rigorously exploring the regulatory politics surrounding them have also opened up in other areas of platform economy. These promising research opportunities still remain largely unexploited by social scientists (as evidenced in the literature review of Paper 1).

Second, several interesting and powerful research opportunities exist within what could be labelled as the 'quantification of platform politics' research theme. As more longitudinal and geographical data about contemporary platforms has become available, social scientists should

look for ways how to 'quantify' this increasingly vast pool of information – e.g. developing scores for regulatory restrictiveness/friendliness around Uber regulation and other similar efforts. It should then be operationalised in well-designed quantitative research projects and statistical models. I spent almost a year trying to work out a statistical model – along the lines of what was eventually developed in Rosebrook (2019) – around the political determinants of platform regulation. My specific goal was to show the effects of bureaucratic autonomy around the 'friendliness' of Uber regulation across the 50 largest American cities. However, I understood I was too early in the process because at the time Uber was unwilling to share with me any relevant information about their market operations (which I intended to use as control variables) – treating all data as 'confidential business information'. However, at the time limited secondary sources and academic literature on the topic existed yet. It proved an overly daunting task, especially as I also had to measure and codify bureaucratic autonomy across 50 local transit agencies – the actors which were initially responsible for Uber regulation in the United States. It is why I never finished that specific paper as initially planned, despite a considerable effort and time. However, with more scholarship and policy studies now available on platforms – including some publicly available datasets (e.g. Thelen, 2018) – it is perhaps a ripe time to consider also more quantitative research designs for studying platform politics (some preliminary correlational studies already exist; see for example Tzur, 2019, and Graves & Moylan, 2015 on Uber politics). Any quantitative validation of, for example, the importance of bureaucratic autonomy would improve the robustness of my findings.

Finally, this research project points towards two main promising areas of investigation with respect to participatory governance. First, I focused on the effects of participatory governance on socioeconomic development in large cities in one specific federal democracy in Latin America (Brazil). However, it is important to validate whether these positive effects associated with participatory institutions also hold in other locations, especially in smaller cities. The study of the effects of participatory democracy at the national level is also a promising research area. It remains both substantively important and theoretically intriguing whether a more participatory governance approach could also be successfully applied at the central government level. Second, I showed that albeit often being used instrumentally by bureaucrats, the collaborative governance approach appears to favour compromise-building. In my case studies, bureaucrats appeared right in their expectation that more participation will improve the chances of getting various interests onboard. In fact, bureaucrats' decision to expand participation was intrinsically linked to its legitimacy-enhancing property. But it would be important to clarify these apparently 'compromise-fostering' effects of participatory governance. Specifically, what aspects of collaborative governance favour an agreement among diverse and opposed stakeholders? The literature on participatory democracy tends to emphasize three main qualities of participatory institutions: deliberation, inclusion and transparency (Landemore, 2020). It would be important to clarify which of these channels – or some third channel – is the most critical for building a generally accepted policy output, particularly in conditions of starkly divergent actor preferences. It would enable to design even more effective participatory institutions, at least from the consensus-building perspective.

To summarize, this research projects points to the importance of bureaucracy and participation as critical catalysts in contemporary policymaking. However, there remain numerous highly promising research venues for comparative politics scholars seeking to take seriously the study of contemporary policymaking, particularly with respect to platform economy, collaborative governance and the role of bureaucracy. Specifically, the three most promising areas for future research are: (i) the study of platform politics across different domains (moving beyond the currently dominant case of Uber); (ii) the 'quantification' of the study of platform politics (as

more data is becoming available about these platforms); and (iii) clarifying the mechanisms through which participation fosters agreement as well as wellbeing gains in participatory governance.

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