Chapter Two

ANALYTICAL FRAMEWORK

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As noted in chapter one, the analysis of policy-making in Japan and Australia starts with the assumption that policy-making is fragmented, largely occurring in discrete subsystems with limited membership. Members interact regularly and develop interdependent relationships that lead to an emphasis on consensus-seeking and negotiated outcomes. Conflict is generally (but not invariably) kept within the policy community and there are acknowledged limits on the type of action each member of the policy community can take to pursue their individual interests.

Politicians and their interests constitute another factor in the policy-making equation. The policy community concept recognizes that most decisions are made without reference to party politicians (Richardson & Jordan, 1979:105). Politicians are not part of the policy community. But politicians have legitimating functions and have delegated, not abrogated, policy-making responsibility. “At the end of the day, the material power and legitimacy of elected government can ride roughshod over any policy community” (Dowding, 1995:144). Thus, politicians and the factors which influence them cannot be excluded from any model of policy change.

Unlike the conventional policy community approach, the analytical framework developed in this chapter assumes that exogenous factors are more significant in terms of their effect on policy outcomes than is the internal structure of the policy community. Furthermore, the analytical framework assumes that politicians and political interests play an important role in determining policy outcomes. Finally, the analytical framework assumes that multi-causality is the norm. In other words, being able to explain policy change with reference to a single explanatory variable is the exception rather than the rule. This is not to say that all explanatory factors will always be present, or will be equally significant in all cases. Therefore, even if there is a case where a single explanatory factor dominates, the analytical framework can still be used.

The analytical framework discussed below integrates key decision-makers (politicians and the policy community) and the exogenous factors that, through those
decision-makers, have a significant influence on policy outcomes. The flexibility of this analytical framework lies in the fact that it does not link the exogenous variables directly to policy outcomes and does not attempt to establish direct causal relationships, as do models based on the internal structure of the policy community where analysts attempt to link network type directly to policy outcomes.

Like any framework, the analytical framework set out in Figure 1, is a simplification of the complex, interdependent relationships which characterize the real world. The analytical framework highlights those factors which, more often than not, have a significant influence on policy outcomes and describes the general direction of their influence. Although the analytical framework contains broad categories like institutional structures, it is not based on structural-functionalist assumptions about the function of institutions and social structures.

![Figure 1](image)

The analytical framework does not attempt to establish direct, causal relationships (if a then b), but it does contain one important causal assumption; that the more conflict (or potential conflict) there is within a policy community, the less politicians are able and willing to secure sufficient consensus to put together a coalition of interests, with the result that policy change is more likely to be stopped, or occur hesitantly, in small, incremental steps. Placing this central mediating role outside of the policy community seems, at first, to be counter-intuitive. If most decisions are made without reference to politicians, how can they perform this central role? Why are bureaucrats (who are almost always involved in the decision-making process) not identified as the group which seeks to put together a coalition of interests?

The role of politicians and bureaucrats in the policy-making process is the central concern of Aberbach, Putnam and Rockman’s (1981) study of the relationship between politicians and bureaucrats in Western democracies. As part of that study, Aberbach et al. developed a typology of four ideal-type relationships. The policy/administration model (Image I) assigns policy-making responsibility to politicians, with bureaucrats being confined to policy execution (Image II) but make distinct contributions to expertise - an approach adopted by many politicians particularly engaged in a narrowly defined hybrid model, where hybrid model, in which bureaucrats and politicians share overlapping domains and responsibilities.

After interviewing politicians in Britain, France and the USA, they were surprised to find that most, (over 80 per cent) thought they were doing a good job (Aberbach et al., 1981). Politicians see themselves as experts in policy and should be looking for better answers to questions, such as what policy focus on the protection of the environment or ensuring the standard of living amongst micro enterprises claims based on expertise.

Similarly, politicians were asked to explain why they included general public policy concerns, government policies and the views of groups that support them. Politicians, compared to the American interest groups (Aberbach et al., 1981), therefore, place a greater emphasis on the need to assure the public that they are more involved in the process and more knowledgeable in this conflict.

The politicians and bureaucrats in this chapter of their roles and responsibilities in their parties. Aberbach et al. (1981) take on the policy and administration roles over into the hands of politicians.
Analytical Framework

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imposition. The not, have a notion of their institutional function of

confined to policy implementation (Aberbach et al., 1981:4). In the interests/facts model (Image II) both politicians and bureaucrats participate in the policy-making process, but make distinctive contributions. Bureaucrats contribute facts and knowledge - neutral expertise - and politicians contribute interests and values - political sensitivity (Aberbach et al., 1981: 6). The energy/equilibrium model (Image III) also sees both bureaucrats and politicians participating in the policy process. But in this model, politicians are primarily engaged in articulating broad, diffuse interests while bureaucrats mediate amongst the narrow, focused interests of organized clienteles (Aberbach et al., 1981:9). The pure hybrid model (Image IV) occurs when any distinction between the roles of politician and bureaucrat disappears (Aberbach et al., 1981:16).

After interviewing more than 1400 senior bureaucrats and politicians from the USA, Britain, France, Germany, Italy, the Netherlands and Sweden, Aberbach et al. were surprised to discover a higher percentage of bureaucrats (38 per cent) than politicians (27 per cent) thought that mediating and reconciling interests was an important part of their job (Aberbach et al., 1981:89). That a higher percentage of bureaucrats than politicians see themselves as interest brokers, appears to suggest that any central mediating role should be located within, not outside, the policy community. However, after analyzing answers to other questions, Aberbach et al. (1981:93) concluded that while bureaucrats focus on the technical aspects of public policy and attempt to develop agreements amongst members of the relevant policy community, politicians advance broad policy claims based on policy preferences, ideology and constituency demands.

Similarly, when Aberbach et al. looked at the interactions of bureaucrats and politicians with one another, with other participants in the policy process, and with the general public, they found that bureaucratic networks were concentrated within government departments and links to societal actors were through the organized interest groups that were associated with departmental activities (Aberbach et al., 1981:214). Politicians, on the other hand, were more closely linked to "ordinary citizens" than to interest groups, generally interacting with a wider range of actors than bureaucrats (Aberbach et al., 1981:216). Aberbach et al. (1981:246) concluded that politicians, therefore, play an important role in assembling a sufficiently broad coalition of interests to assure the acceptance of a new measure when the conflicting interests are expressed in the more visible political arena. Nevertheless, bureaucrats were increasingly taking on this conflict management role when the conflict did not reach the political arena.

The picture that emerges is consistent with the view of the policy process as outlined in chapter one. Bureaucrats interact on a regular basis with the organized interests active in their particular policy area. Negotiated outcomes are preferred, although politicians take on the conflict management role when conflict within the policy community spills over into the political arena.

These results led Aberbach et al. to designate Image III as the dominant modality with both bureaucrats and politicians engaging in policy-making. Senior bureaucrats play a stabilizing role, while politicians impart energy to the governing process (Aberbach & Rockman, 1988:4). For Aberbach et al., policy change is still being directed by politicians, even though the bureaucrats' detailed, technical knowledge means that it is
they who have to conduct "the politics of small-scale policy adaptations" (Aberbach & Rockman, 1988:4).

Thus, Aberbach, Putnam and Rockman's research sheds some light on the apparent paradox. When looking at one specific decision, bureaucrats are seen to play a significant conflict management role. Politicians (as a class of actors) become more important in producing policy change when the timeframe is expanded and the focus of analysis shifts from a single decision to a series of decisions over ten, twenty or thirty years. This is because the likelihood of conflict spilling over into the political arena increases as groups outside the policy community seek to change the direction of current policies and programs. Bureaucrats are more prominent in individual instances; politicians become more important when looking at the process of policy change. It is for this reason that my analytical framework assigns the central mediating role to politicians.

The ability and willingness of politicians to perform this conflict management role is affected by ideas, economic or social forces, institutional structures and policy synergies (the degree to which any action will assist in achieving multiple goals). The degree of conflict within a policy community is also affected by ideas, economic or social forces and institutional structures.

FACTORS WHICH INFLUENCE POLICY
COMMUNITIES AND POLITICIANS

In the previous chapter, the interests of those groups that wield significant political or economic power, institutional arrangements, social or economic forces and the ideology of key actors, were identified as the factors most often cited as having an influence on the decision-making process. Each of these exogenous variables has been incorporated into the analytical framework. The interests of those groups that wield significant political or economic power are incorporated within the "degree of conflict" variable and the "policy synergies" variable. Institutional arrangements correspond to the "institutional structures" variable. Economic or social forces constitute their own variable and the ideology of key actors is subsumed within the "ideas" variable.

However, before moving on to discuss the benefits of this new way of looking at the policy-making process, it is important to clarify how each of the four factors has been incorporated into the analytical framework and what is meant by "degree of conflict", "policy synergies", "institutional structures", and "ideas" as well as discussing the extent to which these factors are exogenous.

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1 The differing degree of influence between bureaucrats and politicians, depending on the timeframe involved, should not be altogether surprising. In their analysis of how organizational structures change over time, Ranson, Hinings and Greenwood (1980:13-14) note that "how we unravel the determining influences depends much on how we locate our analysis temporally".

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Interests of Key Players

The interests of those groups that wield significant political or economic power have been incorporated into two variables because “interests” covers the interests of powerful players within the policy community as well as powerful political actors. The interests of politicians centre around getting re-elected and achieving policy goals. Thus, policy in one particular area will be affected by the extent to which politicians believe action in that area will further those interests (policy synergies). A particular course of action is more likely to receive support if politicians believe it will enhance their (or their party’s) chance of being re-elected, or will assist in achieving policy goals in some other policy area. For example, in Australia interest rate ceilings on deposits with trading and savings banks were removed in December 1980. But the much more politically sensitive ceiling on home loan interest rates was maintained until April 1986, when the government decided that the flow of funds through the savings banks had declined to such an extent that lifting the ceiling and thus freeing up more funds to satisfy unmet demand could be done without significant electoral damage (Perkins, 1989:42). Even then, the ceiling on existing loans was maintained.

The effect of policy synergies is also visible in aged care policy. In Australia, residential care has dominated services for the aged for the past thirty years. Yet the government did not make a purposeful decision to foster residential care in preference to community care because it believed that this was the best way to care for the frail aged. Rather, the growth of nursing homes in Australia occurred because of the government’s desire to ensure the continued viability of the private health insurance industry (Howe, 1990:154). Change happened in one policy area (aged care) because these changes helped politicians achieve their goals in another policy area - health insurance.

The “policy synergies” variable, which takes account of the electoral sensitivities of politicians, is the point at which the interests and demands of groups outside the policy community are directly fed into the policy-making process. A more diffuse point of entry is through the bureaucracy which, while not formally responsible for evaluating the political implications of policy options, operates with a general sensitivity to political interests. As one senior Australian Treasury bureaucrat remarked:

[to be effective...we need to be persuasive, but we also need to be aware of the sensitivities and the political objectives of the government. I think it is possible to be so aware and at the same time still be professional (cited in Campbell & Halligan, 1992:109).

The interests of other powerful groups (including the bureaucracy) are contained within the “degree of conflict” variable because it is the differing interests of these other powerful groups that generates conflict within the policy community. So why not call this variable the degree of diverging interests rather than the degree of conflict? The answer is because it is possible to have diverging interests (such as between banks and non-bank

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2 For a more detailed discussion of exactly how the government’s desire to ensure the continued viability of the private health insurance industry contributed to the dominance of residential services in Australia, see chapter eight.
financial institutions in Australia in the late 1970s) but relatively little conflict; and it is conflict which affects the ability and willingness of politicians to put together a coalition of interests, not diverging interests per se.

Institutional Arrangements

In the public policy literature, ‘institution’ is used in a number of different ways with consequent confusion over what is meant by terms such as ‘institution’, ‘institutional approach’, ‘institutional arrangements’ and ‘macro-political institutions’ (Jordan, 1990:477). Part of the confusion over terminology stems from the fact that the current generation of political scientists have reacted against the belief held by the previous generation - that the traditional focus on constitutional and institutional structures was not a good indicator of policy outcomes - in two different ways (Jordan, 1990:476). There are those who wish to restore the study of institutional structures to a more central role in accounts of policy-making and generally treat institutions as a purely exogenous variable (Jordan, 1990:476). There are also those, such as March and Olsen, who see political outcomes as the result of a more dynamic process (Jordan, 1990:481). These scholars believe that political outcomes are not just a consequence of the interests and power of political actors constrained by formal constitutional structures. Formal constitutional and institutional structures shape political preferences and the distribution of resources, which in turn affects the power of political actors. Political actors may then change the decision-making rules and formal institutional structures so as to entrench their power. These changes may then generate changes in political preferences, and so on. Thus, the relationship between institutional structures and political actors is circular rather than linear.

In this book ‘institutions’ are defined as individual actors, such as government departments or regulatory bodies. As such, these institutions, or institutional actors, form part of the policy community. ‘Institutional structures’, on the other hand, encompasses the interdependent relationships highlighted by March and Olsen (1984). That is, ‘institutional structures’ refers to the way institutions are organized and how they relate to each other. This definition - with its relational emphasis - follows Hall (1986), who sees formal rules, compliance procedures and standard operating practices (the way institutions are organized) as structuring the interactions of individuals by affecting the degree of power that any one set of actors has over policy outcomes, and the way those actors define their own interests (Hall, 1986:9). The term ‘institutional structures’ encompasses both formal and informal organizational networks. It covers sector-specific relationships as well as the structures, laws, decision-making rules and norms that affect relationships in the wider domestic and international political arena.

Sector-specific relationships are affected by the laws and regulations which define permissible activities, as well as the degree, range and type of regulatory authority operating in a particular sector. For example, in Japan up until the early 1980s, a combination of formal laws (eg. the 1947 Securities and Exchange Law) and informal restrictions (gyosei shidō - administrative guidance) gave securities companies a virtual

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monopoly in the underwriting and trading of bonds, with banks only permitted to underwrite government bonds (Horne, 1985:98-99). Strict functional divisions also characterized the banking industry with long-term credit and trust banks providing long-term loans to industry; regional banks serving as bankers to local government and providing loans to small and medium-sized corporations; and city banks providing short and long-term loans to corporations of various sizes as well as to individuals. The organization of the Japanese financial sector has had a significant effect on the interests, and hence behaviour, of the major players. The financial separation engendered a competitive, non-co-operative approach to policy-making, as each different type of institution sought to protect their own monopoly while seeking to expand into the others' domain.  

Formal structures that transcend specific policy sectors can also affect patterns of service provision within a particular sector. For example, the constitutional division of responsibility between the Commonwealth and the States has had a significant impact on the provision of aged care services in Australia. Because the States have constitutional responsibility for health and welfare services, the funding of home and community services for the aged has always been tied to the amount of money provided by the States, with the Commonwealth matching State contributions. Thus, the main constraint on the expansion of home care services (and one of the reasons for the continued dominance of residential services) is the inability (or unwillingness) of the States to increase their contributions. Similarly, international laws, treaties and conventions can also constrain domestic actors, shaping interests and policy preferences.

Finally, decision-making rules and structures which regulate the wider political arena can also affect policy-making in a particular policy sector. For example, whether a legislature is uni-cameral or bi-cameral; whether or not the Upper House has the power to reject legislation; or even whether or not a government has a majority in the Upper House, will affect the ability of politicians to put together a successful coalition of interests.

This discussion of institutional structures began with the observation that institutional structures encompassed the interdependent relationships highlighted by March and Olsen (1984). If the relationship between institutional structures and political actors is circular rather than linear, in what sense can institutional structures be considered an exogenous influence on politicians and members of the policy community? To answer, I wish to turn the question on its head and ask to what extent can institutional structures be considered an endogenous variable? If institutional structures is an endogenous variable, then a change in the policy community will produce some change in the way institutions are organized and how they relate to each other. The organization of sector-specific institutions can be affected by changes in the policy community. For example, in his article, 'From Policy Community to Issue Network', Smith (1991:243) noted how the
food policy community in Britain was worried that, if the issue of salmonella in eggs reached the public agenda, there would be "demands for new groups to become involved in policymaking and perhaps demands for new institutions". When the issue did reach the public agenda, and the previously cohesive food policy community fractured, new institutional structures did emerge reflecting the wider range of groups which now had access to the policy-making process (Smith, 1991:251-252).

But institutional structures also encompass the very broad over-arching relationships which are not affected by changes in any one policy sector. The structure of Australian Federal/State financial relations is the result of a number of decisions taken by political and judicial actors over a number of decades. Those same actors can, of course, take further decisions that will change the current structure. But changes in Federal/State financial relations will not occur as a result of changes in a single policy community. The widening of the aged care policy community in Australia to include representatives of non-residential service providers, in an attempt to reduce the influence of residential service providers, did nothing to change the funding arrangements which sustain the continued dominance of residential aged care services. Change from within did not produce a corresponding change in institutional structures. Therefore, while acknowledging the fact that changes in policy communities and decisions taken by politicians can, at times, generate changes in institutional structures, I would argue that the direction of influence is almost always in the opposite direction and, for this reason, treat institutional structures as an exogenous, rather than an endogenous, variable.

Economic and Social Forces

The third factor most often cited as having an influence on the decision-making processes is economic or social forces. As noted in the previous chapter, economic or social forces shape policy outcomes by generating changes in the economic or social environment which are seen to require some sort of policy response, or by directly affecting the interests (and hence actions) of members of the policy community. But if economic and social forces only has an influence on policy outcomes because of the way they are perceived by politicians or members of the policy community, are they an exogenous or endogenous influence?

Ranson et al. (1980:11) addressed this issue when discussing the impact of demographic changes on the structure of organizations and concluded that:

"Distinctions need to be made between contextual pressures [such as demographic changes] which have an effect on structuring because of the way they are perceived - [endogenous influences] - and those that have an impact in spite of perception [exogenous influences]."

Do economic or social forces have an influence in spite of perception?

It is clear that the existence of economic or social forces does not depend on the perception of politicians or members of the policy community. For example, deregulatory
pressure in the Japanese financial sector was generated by changes in the domestic market as banks lost market share as a result of competition from other financial institutions and the postal savings system (Hamada & Horiuchi, 1987:246-247). This loss of market share to the non-bank financial institutions would have occurred even if the banks were unaware of it happening. So in that sense, economic and social forces are not endogenous - they do not come from within. Furthermore, politicians and members of the policy community perceive economic and social forces as exogenous, at least in the short-to-medium term. For example, there is nothing that can be done to reverse the ageing of the population in the short-to-medium term. Economic and social forces are treated as “given” within a particular policy context. Thus, while acknowledging the fact that the effect of economic and social forces is usually filtered through the perceptions of politicians and members of the policy community, economic and social forces are treated as an exogenous variable because they are not generated within the policy community and are not regarded by key decision-makers as endogenous.

Ideology of Key Actors

The ideology of key actors is the fourth factor most often identified as having a significant effect on policy outcomes. In my analytical framework the ideology of key actors is subsumed within the “ideas” variable. This variable is broader and less systematic that the concept of ideology because, as recognized in the policy learning literature, the role of ideas in the policy process is not just confined to over-arching belief systems, but can also encompass instrumental ideas about appropriate policy instruments and processes (Bennett & Howlett, 1992).

Ideas about appropriate policy instruments and processes characterize instrumental learning or what Rose (1991; 1993) calls lesson-drawing. Policy-makers engage in lesson-drawing when searching for solutions to a particular problem. Policy-makers look at policies and programs that have been tried in other places and ask - will it work here? Lesson-drawing covers the positive and negative aspects of others’ experience; learning what works and what does not. Because lesson-drawing is concerned with the fungibility of programs, it focuses on specific measures and ignores the determinants of policy which are beyond the control of public officials (Rose, 1993:21). Lesson-drawing, or instrumental learning, therefore involves learning about the viability of policy instruments or implementation designs (May, 1992: 331).

Rose (1991:15-16) sees lesson-drawing as occurring within epistemic communities; that is, informal knowledge-based networks of individuals “with a claim to policy-relevant knowledge based on common professional beliefs and standards of judgement, and common policy concerns”. Membership of epistemic communities may substantially overlap with membership of the relevant policy community, but the two are not identical.

May (1992:352) defines policy instruments as prescriptive elements, such as rules specifying appropriate actions; positive and negative inducements; as well as measures which enhance the capacity of individuals or organizations, such as technical assistance and training.
While bureaucrats and policy experts belong to both types of communities, the policy community also contains actors who are members by virtue of their economic position rather than any shared professional beliefs. Because lesson-drawing is carried out within epistemic communities, Rose believes politicians are only involved to the extent that their values give direction to the search for lessons and their endorsement is needed to legitimize new programs (Rose, 1993:52).

Work carried out by Hall (1993) confirms Rose’s belief that it is bureaucrats and policy experts who engage in instrumental learning. In an analysis of three cases involving a change in policy instruments, Hall (1993:283) notes that in each case “officials, rather than politicians, played the central role”.

Social learning, on the other hand, can involve both bureaucrats and politicians because it entails learning about the social construction of policy problems and policy goals (May, 1992:331). Social learning occurs when there is a re-affirmation or revision of the dominant causal reasoning linking policy problems, interventions and objectives (May, 1992:337). Thus the effect of social learning is not just changes in policy instruments, but major paradigm shifts in the way policy problems are perceived, and hence in the type of policies that policy-makers believe will “solve” the policy problem (Bennett & Howlett, 1992:289). For example, the change in British macro-economic policy-making during the 1970s and 1980s involved a shift from a Keynesian to a monetarist economic paradigm (Hall, 1993). In this instance, “the struggle to replace one policy paradigm with another was a society-wide affair, mediated by the press, deeply imbricated with electoral competition, and fought in the public arena” (Hall, 1993:287).

The process of social learning is more visible than instrumental learning, which explains why changes in the ideology of key actors is more often the focus of analysis than the more frequent, but less visible, changes in policy instruments and processes.

As noted in chapter one, political scientists have traditionally regarded public policy pluralistically, as the result of competing individual and group interests. Conflict and power were seen as the primary determinants of policy outcomes. The idea that knowledge acquisition and utilization also plays an important role in determining policy outcomes was introduced as a challenge to conventional conflict-oriented theories (Bennett & Howlett, 1992:276). As Heclo (1974:305) observed, “governments not only ‘power’ they also puzzle”.

However, theories of knowledge acquisition and utilization remain a partial corrective to conflict-oriented theories because “collective puzzlement” takes place within structures “that have won, or maintained, the authority to allocate values within the community” (Bennett & Howlett, 1992:290). Hall (1993:289) provides further support for the inclusion of both the “ideas” variable and the “degree of conflict” variable in the analytical framework when he points out that ‘powering’ and ‘puzzling’ often go together. Politicians compete for office by propounding new solutions to collective problems that they believe will appeal to voters and bureaucrats can advance their own careers within the bureaucracy by devising new approaches to old dilemmas.

Hall’s description of the way in which ideas interact with interests in the policymaking process raises the (by now) familiar question of whether the category of “ideas” is an exogenous or endogenous variable. Certainly ideas do not directly affect policy outcomes. Like members of all communities, policy makers can also have beliefs that exist outside those key dynamic instruments. exogenous, generated w/ the policy

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outcomes. Like economic and social forces, the influence of ideas is mediated through members of the policy community and politicians. Ideas about other ways of doing things exist outside of the perception of key decision-makers, but only acquire influence when those key decision-makers change their way of thinking about policy problems and instruments. However, consistent with the classification of economic and social forces as exogenous, "ideas" will be treated as an exogenous variable because ideas are not always generated within the policy community and are not regarded by politicians and members of the policy community as endogenous.

The interdependence of all the variables in the analytical framework means that it is possible to extend the framework to encompass third order linkages that delineate where institutional structures, economic forces, ideas etc. come from. For example, in Australia, specific policy decisions taken during World War II created a system of regulations governing the financial sector (institutional structures) which, over time, generated economic forces as the regulation of banks led to a reduction in the size of the banking sector relative to that of the non-bank sector, thereby decreasing the effectiveness of monetary policy. The economic forces generated by domestic institutional structures were enhanced by the increasing globalization of financial markets. The increasing globalization of financial markets was the result of specific policy decisions taken by advanced industrial nations, as well as flowing from changes in information and communication technologies (Helleiner, 1994).

Similarly, new ideas may be generated in response to changes in economic and social conditions, and then may themselves generate new institutional structures which will, in turn, affect future policy outcomes. The problem is really one of trying to force an inherently circular process into a linear analytical framework.

To solve the problem I return to the point made by Ranson et al. (1980:13-14) that now we unravel influences depends upon our temporal lens. Because my main concern is to provide a framework for analysis of policy-making in specific policy sectors over a limited period of time (the medium-term view), rather than taking the long-term view and charting the effects of change in all sectors over many decades, these third order linkages have not been incorporated into the analytical framework.

**Benefits of New Analytical Framework**

Recent attempts to link variations in policy outcomes to changes in the structure of policy communities have had limited success. Models that explain policy outcomes in a type of policy area fail when applied to very different policy areas. Howlett and Rimer's (1995) analysis of Canadian forest policy (where the authors identify a change in the structure of the policy community, but acknowledge that the change from a dominion to a fractious policy community had little impact on policy outcomes) highlights the limitations of what Dowding (1995) has called the "lepidopterist approach" analyzing policy change. Elaborate typologies are constructed on the basis of criteria that do not prove significant in determining policy outcomes in the real world.
Explanations that focus on the internal structure of the policy community will inevitably fail to be broadly applicable because policy outcomes are influenced by political actors as well as members of the policy community. While most policy decisions are made without reference to party politicians, politicians’ influence can be crucial. For example, the introduction of free medical care for the aged in Japan is inexplicable if politicians are excluded from consideration.

More recently, work by British and European academics suggest that in many Western European states the stable, closed world of policy communities are under threat from a range of exogenous influences which lead political actors to intervene in decisions which, in the past, would have remained within the policy community (see, for example, Richardson, 2000). Examples of decisions being taken out of the relevant policy community (such as during the 1986-1993 GATT negotiations where interests outside the French agricultural policy community came to dominate decision-making – see Epstein, 1997) can be explained using the analytical framework presented in this chapter. In the example mentioned above, the stalemate in GATT negotiations which forced the French government to adopt policy positions at odds with the agricultural policy community is an example of policy synergies at work. That is, political actors intervening in one policy area because of their desire to achieve policy goals in another policy area.

Thus, models which focus on the internal characteristics of the policy community fail to be broadly applicable because they do not take into account factors which influence both politicians and members of the policy community. Even those who believe that the structural properties of networks are the primary determinants of policy outcomes, agree that more attention needs to be paid to those factors which arise from outside the policy community; for example, broad social or economic changes and cognitive frameworks (Atkinson & Coleman, 1992:175).

One of the strengths of the analytical framework described above is that it not only incorporates these exogenous influences, but also provides a way of focusing on the impact of changes in the economic environment or the way in which key decision-makers view policy problems and instruments. It does this by elaborating the causal chain. Rather than linking the exogenous variables directly to policy outcomes, the analytical framework sets out (in broad terms) how these exogenous variables interact to affect policy outcomes. Institutional structures, for example, shape the interests of key decision-makers, which in turn have an influence on the degree of conflict within a policy community and hence the ability and willingness of politicians to put together a coalition of interests.

The analytical framework outlined in this chapter provides a means through which the policy analyst can examine the ways in which domestic and global influences on the policy process interact to affect policy outcomes because it facilitates comparisons over time, across policy sectors and across different political systems. It does this in a number of ways. Firstly, it eliminates irrelevant systemic factors. Secondly, the explanatory variables are not confined to the structural characteristics of policy communities and are not linked directly to policy outcomes. Thirdly, the analytical framework contains explanatory variables that are sufficiently broad to ensure that the same type of factor will probably occur across a wide range of policy sectors and political systems.
Comparative research which focuses on sub-system variables assumes that "in spite of intersystemic differentiation, the populations will differ with regard to only a limited number of variables" (Przeworski & Teune, 1970: 39). In other words, it is assumed that intersystemic differences can be explained with a common set of variables. The importance of having a common set of variables is highlighted by Campbell (1992:379) who notes how writers often conclude that decision-making in Japan is rational and decision-making in the U.S.A. is political after examining different sets of factors and using different logics of explanation for the two countries. Systems differ when the pattern of relationships among common variables differs (Przeworski & Teune, 1970:45). Because the analytical framework presented in this chapter employs a common set of variables, it is possible to discern differing patterns of relationships and hence make valid comparisons across two or more policy sectors or political systems. For example, the contrasting Australian and Japanese experiences of financial deregulation can be explained in terms of differing institutional structures and different ideas about appropriate policy instruments.

The second way in which the analytical framework facilitates comparative research is through the type of factors chosen as explanatory variables and the way in which these variables are linked to policy outcomes. While empirical studies have established links between certain types of policy networks and broad areas of industry policy, the relationship has not proved to be broadly applicable across a range of policy sectors. Therefore, because attempts to link the structure of policy networks to policy outcomes have had limited success, the analytical framework uses those factors which influence key decision-makers as key explanatory variables. Furthermore, these variables are not linked directly to policy outcomes, thereby increasing the explanatory power of the framework because it allows for differences in the effects of exogenous variables. In other words, because the analytical framework acknowledges the fact that institutional structures, economic and social forces, ideas and policy synergies do not operate independently of each other and influence policy outcomes through their effect on the policy community and politicians, it is capable of explaining a wider range of policy outcomes than a model which links exogenous variables directly to policy outcomes. For example, models, such as that put forward by Harper (1986), which link policy change directly to economic forces are capable of explaining certain policy outcomes. Harper's explanation of the forces driving financial deregulation in Australia is perfectly consistent with the facts. Yet Harper's explanation of policy change (where policy change is seen as a direct result of the fungibility of money and finance) fails to explain the Japanese experience of financial deregulation in spite of the fact that Japan also experienced pressure for reform as an increasing number of alternative financial services were developed, both within overseas and domestic markets. It is only when the causal chain is elaborated, and the effect of one variable on another is examined, that the Japanese and Australian experiences of financial deregulation can be explained using the same analytical framework.

Finally, the third way in which the analytical framework facilitates comparative research is through the inclusion of explanatory variables which are sufficiently broad to ensure that the same type of variable will probably occur across a wide range of policy
sectors and political systems. Each example of policy change is made up of a myriad of details and can be seen as the result of a unique combination of specific historical, cultural and geographic factors. Analysis of individual cases involves sorting through this mass of detail to determine what is and is not significant. Comparative analysis is further complicated by the need to deal with specific historical, cultural and geographic factors in such a way that general statements can be made regardless of the system within which observations are made. In other words, the common set of explanatory variables cannot be so specific that they are only applicable to a very limited number of cases, nor can they be so general that they cannot explain individual cases.

The analytical framework presented in this chapter contains explanatory factors, such as institutional structures and policy synergies, which take into account structures, relationships and pressures which are specific to individual policy sectors and therefore will never be exactly the same in two or more cases. It also contains factors, such as economic and social forces or ideas, where the same factor may occur in different political systems. Both types of factors are described in such a way that they are applicable to a wide range of policy sectors and political systems. For example, in both Australia and Japan, pressure for change in the domain of aged care was generated by economic and social forces and reinforced by ideas within the policy community about appropriate policy outcomes. The same factors were at work in two different countries as budgetary constraints, together with an ageing population, forced governments to modify existing patterns of service provision. Economic forces also generated pressure for change in the financial sectors of Australia and Japan. In this policy sector it was not budgetary constraints which generated pressure for change, but rather an increase in financial alternatives, both overseas and within the domestic market. The term ‘economic forces’ is sufficiently broad to cover the sorts of pressures generated by many different types of economic relationships, and can therefore be applied to a wide range of policy sectors and political systems; but it is not so broad as to be meaningless.

The role played by historical and cultural factors in shaping policy outcomes was highlighted in the work of Castles et al. (1993) on families of nations. The analytical framework presented in this chapter is able to take account of specific historical and cultural factors (through the institutional structures and policy synergies variables) as well as the effect of global economic and social forces, and ideas. Therefore, the framework is able to explain results (such as similar policy outcomes in two countries that clearly do not belong to the same family of nations) which, at first glance, may appear counter-intuitive.

6 The families of nations concept is based on the belief that the commonalities of policy outcomes which characterize groupings of nations can be explained (in part or in whole) by shared historical and cultural experiences (Castles, 1993:xvi).