

# Chapter 3

## The Policy Context

### Introduction: Institutions, Ideas, and Actors

Recent research findings about what most influences policy fuel a debate that has lost none of its vitality since the time Harold Lasswell urged researchers to connect technical analysis of policies to their social and political context. Different policy studies—ranging from broad comparisons of economic or social policy to narrowly focused case studies of a particular industrial or resource management policy—provide a rich, though complex, picture of the myriad factors that shape public policy.

Those who seek a universal theory of policy-making might question whether policy science has made much progress from its post-war origins, given the ongoing divergence over what merits attention in explaining policy. But those who accept Lasswell's proposal that the policy researcher needs to make sense of the particular context to gain effective insight will discover that advances have been made in teasing out the intricate relationships between some generally accepted critical factors affecting policy development, namely actors, institutions, and ideas.

With respect to actors, studies of political or administrative leadership, chronicles of policy entrepreneurs' efforts, and examinations of the way that 'street-level' bureaucrats or private contractors and consultants work through the many details of delivering policy highlight the role that both individual and organized actors play in policy development. Such studies indicate one location where we need to look for answers as to why policy turns out one way instead of another. This behavioural orientation, however, is tempered by the fact that what actors seek and do depends on the political, economic, and social structures that surround them. And, finally, growing numbers of studies also seek to explain the content of policy based on the ideas actors hold and their expectations of appropriate government and policy action.

As the survey in Chapter 2 revealed, many of the analytical approaches to studying public policy and itemized in Figure 2.2 fail to adequately take into account all of the different actors, institutions, and ideas that affect public policy. Welfare economics and public choice theory, for example, treat individual and group actors as key explanatory variables and would thus suggest that policy context should be seen mainly from the perspective of these individuals. Theories built on group and class theory, such as pluralism and Marxism, attribute influence to organized groups of actors affected by social, economic, and political structures, but still consider actors to be primary and other factors such as structures and ideas to be secondary or peripheral.

As we also have seen in Chapter 2, the most successful syntheses of the different models and theories of politics and policy-making have been varieties of

neo-institutional approaches to political life (Goldmann, 2005; Kato, 1996; Scharpf, 1991, 1997). Arising from critiques of these long-established theories, these more recently elaborated analytical frameworks for studying policy, such as statism and the different variants of neo-institutionalism, attempt to account for both actor-oriented and structural variables. Although their assumptions differ somewhat, these approaches treat state and social institutions as important entities affecting the preferences and activities of other policy actors. Both attempt to explain public policy as the product of interdependent interaction between state capacity and social action.

While ever more accurately describing policy processes, however, none of these analytical frameworks provides much insight into policy substance or *content*. In many early theories of policy-making, for example, the actual content of policy outputs is often simply assumed to be determined by, for instance, the manifestation of the 'self-interest' of policy actors in any given policy choice context (Flathman, 1966; Hecko, 1994; Braun, 1999), tempered by the nature of the conflicts and the compromises they make during policy formation (Sabatier, 1988, 1993). Some neo-institutional theories, however, have a more sophisticated conception of the role of ideas in the policy process. They note that the presence of particular actors in the policy process and the interests they pursue are often largely determined by the nature of the organization within which they operate. Moreover, they also note that many of the ideas that participating policy actors articulate have been shaped by past policy choices and the ideas embodied in those choices (Schmidt, 2008).

As John Campbell has noted, a number of distinct idea sets go into public policy-making: *program ideas*, *symbolic frames*, *policy paradigms*, and *public sentiments* (see Figure 3.1). Symbolic frames and public sentiments tend to affect the perception of the legitimacy or 'correctness' of certain courses of action, while policy paradigms represent a 'set of cognitive background assumptions that constrain action by limiting the range of alternatives that policy-making elites are likely to perceive as useful and worth considering' (Campbell, 1998: 385; also Surel, 2000). 'Program ideas', then, largely represent the selection of specific solutions from among the set designated as acceptable within a particular paradigm.

This notion of the filtering of reality through a policy paradigm helps make the analysis of policy content possible. Developed originally to describe enduring sets

**Figure 3.1 Ideational Components of Policy Contents**

Level of Policy Debate Affected			
Level of Ideas Affected	Cognitive (Causal) Normative (Value)	Foreground Program Ideas Symbolic Frames	Background Policy Paradigms Public Sentiments
			Source: Adapted from John L. Campbell, 'Institutional Analysis and the Role of Ideas in Political Economy', <i>Theory and Society</i> 27, 5 (1998): 385.

of ideas that are present in the natural sciences, the term ‘paradigm’ was later applied to long-lasting points of view on ‘the way the world works’ that are found in the social sciences (Kuhn, 1962, 1974; Hall, 1990, 1992, 1993). The concept is closely related to traditional philosophical notions of ‘ideologies’ as overarching frameworks of ideas influencing action and to more recent sociological notions of ‘discourses’ or ‘frames’ (Goffman, 1974; Surel, 2000). The notion of a paradigm is compatible with the basic elements of a neo-institutional approach to policy studies since it captures the idea that established beliefs, values, and attitudes lie behind understandings of public problems and emphasizes how paradigm-inspired notions of the *feasibility* of the proposed solutions, just as much as actor self-interest, are significant determinants of policy content (Hall, 1990: 59; also Edelman, 1988; Hilgartner and Bosk, 1981; Schneider, 1985). The implicit power of embedded ideas is clearly evident in how policy-makers understand problems and view solutions to them.

Much recent theorizing reflects this understanding that both actors and institutions and the ideas they hold play a meaningful role in affecting the unfolding and outcome of policy processes. Individuals, groups, and classes engaged in the policy process certainly have their own interests, but how they interpret and pursue their interests and the outcomes of their efforts are shaped by institutional and ideational factors (Lundquist, 1987; Schmidt, 2008; Menahem, 2008).<sup>1</sup>

As noted in Chapter 2, in this book we adopt the statist tendency to define institutions quite narrowly as comprising only the actual structures or organizations of the state, society, and the international system. Following this approach, we are less preoccupied than many scholars with the origins of these institutions, which are only rarely be avoided, modified, or replaced without a considerable degree of effort. As such, we are concerned with the way institutions are organized internally and in relation to each other and how this affects actor behaviour (March and Olsen, 1998b). In addition to their formal organizational characteristics—membership, rules, and operating procedures—we emphasize the principles, norms, and ideas they embody. These principles, in the shape of formal or informal rules and conventions, as well as ethical, ideological, and epistemic concerns, further help to shape actors’ behaviour by conditioning their perception of their interests and the probability that these interests will be realized in policy outcomes (March et al., 2000; Timmermans and Bleiklie, 1999).

## The Political-Economic Context

Two meta-institutions—*capitalism* and *democracy*—inform the structures within which the public policy process unfolds in most modern societies. These overarching institutions deserve particular attention, not only because they are influential among policy-makers, but also because they are not intrinsically compatible and hence must be somehow constantly reconciled, leading to unstable compromises that pose major challenges to liberal-democratic countries. In this chapter, these two important contextual aspects of the policy-making process and outcomes are discussed in some depth.

## Capitalism

Capitalism refers to both a market-oriented political economy or system of production and exchange and to a society in which control over the property required for production (capital) is concentrated in the hands of a small section of the populace, while most of the rest of the population sells their labour-time in a system of wages.

Under capitalism, production is undertaken not for direct consumption by the producer but for purposes of sale or exchange, so the producer can use the money thus derived to purchase other goods for consumption. This differs from pre-capitalist societies in which producers directly consumed much of what they produced, except for a small portion exchanged through barter or taxed for military protection. In capitalism, exchange takes place through markets among individuals usually unknown to each other.

Capitalism is a socio-economic system that was first produced by the breakdown of agricultural societies, which operated on quite different principles—lacking, for the most part, markets, capital, and wage labour. In Europe, these societies underwent industrialization towards the end of the eighteenth century. This system of organizing social and economic relations in society spread rapidly to North America and most of the rest of the world during the nineteenth century, often through its direct imposition on colonies in Africa, North and South America, Australasia, and Asia by European and other imperial states, but also through its emulation by many developing countries in Europe, Asia, and elsewhere.

In the twentieth century many nations rejected capitalism and adopted socialism—a state-oriented political economy in which ‘capital’ is publicly owned and allocated—with the expressed intention of working towards the establishment of a communist political economy, in which ‘capital’ would be communally owned and wage labour abolished. But by the end of the twentieth century, as economic growth stagnated in socialist countries, most embraced capitalism with renewed enthusiasm. Now almost all countries in the world are capitalist, though they vary a great deal in terms of their specific political arrangements (Coates, 2005; Lehne, 2001; Howell, 2003; Hall and Soskice, 2001b).

The hallmark of capitalism is that ownership of production inputs—e.g., raw materials, machinery, factory buildings—is largely in private hands. This implies that the owners of the means of production have the exclusive right to decide on the use of those means of production. This right is guaranteed by the state, with certain restrictions required to ensure the effective reproduction of the capitalist order such as avoiding fraud or the mistreatment of workers. Capitalism thus entitles owners to decide what will be produced, in what manner, and in what quantities, a power that also establishes the capitalists as the dominant social class since other classes and strata in society—workers, peasants, small shop owners, religious authorities, intellectuals, and the like—all rely on capitalists for their incomes and well-being. To earn a livelihood, those who do not own the means of production must work for those who do. In many capitalist societies, their own labour and skill are often the only productive inputs non-capitalists own. In order to survive, this must be sold to capitalists for salaries and wages.

This underpins a critical feature of capitalism: the need for firms to make profits, or accumulate capital, in order for both producers and the economy as a whole to survive. Profit is to capitalism what motion is to bicycles: capitalism, like bicycles, cannot properly function by standing still. If an adequate return on investment is not forthcoming, capitalists will withhold their investment or invest it somewhere else. The result can be a decline in economic activity in a society and a general lowering of a society's living standards. This imposes an enormous pressure on states to ensure hospitable conditions for continued, and expanded, capital investment.

Businesses and firms attempt to influence governments directly and, through their membership in various forms of business associations, indirectly (Coleman, 1988; Jacek, 1986). Business associations, among the many interest groups found in capitalist societies, enjoy an unmatched capacity to affect public policy, given the reliance of states in capitalist societies on businesses for their revenues and for overall levels of social well-being (Lindblom, 1977). The increasing globalization of production and financial activities has further reinforced this power of capital. It is now much more possible for investors and managers to respond, if they so choose, to an unwanted government action by moving capital to another location. Although this theoretical mobility is limited by various practical considerations, such as the availability of resources or trained labour, the potential loss of employment and revenues is a threat with which the state must contend in making decisions. Because of their potential to affect state revenues negatively, capitalists—both domestic and foreign—have the ability to 'punish' the state for any actions of which they disapprove (Hayes, 1978).

Even in democratic states where power and influence lie in electoral and legislative systems that empower non-capitalists, the financial contributions of businesses to political parties, for example, continue to afford them an important resource for influencing policy-makers. Modern elections can sometimes turn on relatively short-term issues and personalities, which necessitate large budgets to influence voters through extensive media advertising campaigns. In such situations, political parties supported by contributions from business are in a better position to run such campaigns and thus influence voting behaviour. This can lead political parties and candidates running for office to accommodate business interests more than they would those of other groups. Similarly, the financial contributions that businesses often make to public policy research institutions and individual researchers serve to further entrench their power. The organizations and individuals receiving funds tend to be sympathetic towards business interests and can provide business with the intellectual wherewithal often required to prevail in policy debates (McGann and Weaver, 1999; Abelson, 1999; Rich, 2004). Hence, for all these reasons, business actors and behaviour deserve special consideration in the study of public policy.

### *Liberalism*

Another distinctive feature of capitalism, as it has emerged historically, is its inextricable link with the theory and ideology of liberalism, which refers to a set of

more or less well-organized and institutionalized beliefs and practices that serve to maintain and promote capitalism (Macpherson, 1978). Liberalism emerged in tandem with capitalism in the eighteenth century as a political ideology dedicated to justifying and reinforcing the increasingly important capitalist mode of production. This highly adaptive social theory has changed substantially since its origin in order to accommodate changing economic and political circumstances, without departing very far from its fundamental belief in the righteousness and appropriateness of private ownership of the means of production as the key to the attainment of human progress and freedom (Howlett et al., 1999).

Liberalism is centred on the assumption of the primacy of the individual in society. It views individuals as having inalienable natural rights, including the right to own property and to enter into contracts with other individuals concerning the disposition of that property. These rights have to be protected from intrusion by collective social organizations such as the state, churches, or trade unions. A good society in liberal theory is one that guarantees individuals freedom to pursue their interests and realize their potential. This freedom should be restricted only when one person's freedom erodes that of another, for example, through theft or violence (Macpherson, 1962).

Freedom to pursue the livelihood of one's choice and to accumulate wealth is sacrosanct in liberalism. The preferred mechanism for liberalism through which individuals can pursue their interests in an unencumbered fashion is, of course, the market. Here, all individuals selfishly pursue their own interests according to their own abilities and preferences. Liberals see exchange in the marketplace as benefiting everyone who engages in it, and the net result of this activity is the enhancement of society's welfare as a whole. This tenet links liberalism closely to capitalism, as a system of market-based exchange based on individual property rights.

Liberalism is essentially a theory of the market that has had to include the state on grounds of contingency to perform functions that would not otherwise be performed. Liberal political economy contains two slightly different formulations concerning the state. The first is the idea of the *supplementary or residual state*: the notion contained in neo-classical and neo-conservative liberal political economy that the state should only undertake those activities—such as the provision of pure public goods—that markets cannot perform. The second is the notion of the *corrective state*: the idea found in later so-called Keynesian and post-Keynesian analyses, which asserted that the state can act in a variety of other areas of market activity to correct the host micro- or macro-level market failures described in Chapter 2 (Dunleavy and O'Leary, 1987).

Significantly, both variants of liberal thinking under-theorize the state and, in so doing, public policy-making. This is because they treat the state as an inherently anti-liberal entity whose very existence tends to threaten markets and individual freedoms, on the one hand, but as one that ought to follow liberal tenets in doing only whatever it is that the market cannot do. The state is generally not considered to be in any way constrained by the society in which it exists or by its organizational capacity in its pursuit of either of these two contradictory goals

(Schott, 1984: 60). In fact, the capacity of the state to act and the forces that act upon the state are usually not considered at all in liberal theory, which tends to focus on questions of individual rights and freedoms and urges the adoption of a limited state on purely ethical grounds (Sandel, 1984). Or, in slightly more sophisticated analyses, it is usually just assumed that the state can and will act either to provide goods and services or to correct market failures out of a concern for economic growth and efficiency. Neither of these analyses, however, does justice to the complexity of state action and public policy-making in the contemporary world, as the subsequent discussion of these processes in this book will attest.

### Democracy

The second major meta-institution affecting states and policy-making is democracy. Democracy is one of the most contentious concepts in the study of politics. One survey in the late 1980s, for example, found 311 definitions of 'democracy' (Cunningham, 1987: 25). It is not our objective to resolve this definitional debate. For our purposes, it is sufficient to regard democracy as a plan of political organization, a political decision-making system, which involves structuring the mechanisms of day-to-day control of the state through representative institutions staffed through periodic elections (Bealey, 1988: 1). Thus, Göran Therborn succinctly defines modern democracy as '(1) a representative government elected by (2) an electorate consisting of the entire adult population, (3) whose votes carry equal weight, and (4) who are allowed to vote for any opinion without intimidation by the state apparatus' (Therborn, 1983: 262).

Democracy confers entitlements on citizens to choose who they want to have represent them in government. The method of election varies among nations, but the primary purpose is always to declare the candidate with the largest number of votes as the winner in periodic competitions to staff legislative and executive branches of governments, as well as the judiciary in certain jurisdictions. This condition establishes that the government is to be formed by the representatives of the largest number of citizens and, depending on the type of system used, that through those representatives it is to be held directly or indirectly accountable to the citizens. Elections as a means of removing a government and replacing it with another were virtually unheard of until the nineteenth century, and even today some governments find ingenious excuses to avoid submitting themselves to the judgement of the electorate.

It was only towards the end of the nineteenth century that Western nations began to establish democratic institutions in the sense that we understand them today (Doorenspleet, 2000), a process not completed until well after World War II when the franchise, or right to vote, was made universal for most adults in most Western nation-states (Therborn, 1983: 264). The intent of earlier restrictions on voting, so that, for example, only white male property owners could vote, as was the case in the US, UK, Canada, and Australia and many other countries, was to limit the privilege of voting to social and economic elites.

The removal of these barriers represented a major milestone in promoting social equality and reducing or offsetting the direct power of capitalists over state actions in capitalist countries. From a political-economic perspective, insofar as democracy is based on the principle of the secret ballot and majority rule, those who do not own the means of production can, in principle, exercise their numerical superiority in elections to vote in governments that will use state authority to alter the adverse effects of capitalist ownership of the means of production, often in the face of stiff opposition from business (Przeworski, 1985).

Democracy, by requiring that governments be elected, permits the weaker sections of the society some degree of control over the state and thus helps to shape not only the internal functioning of the state but also, through the use of state authority, how markets for particular goods and services will function. As Adam Przeworski (1985: 11) points out: 'Political democracy constitutes the opportunity for workers to pursue some of their interests. Electoral politics constitutes the mechanism through which anyone can as a citizen express claims to goods and services. . . . Moreover . . . they can intervene in the very organization of production and allocation of profit.' Influenced by democratic politics, for example, in most countries the state has introduced income redistribution measures, defying one of the basic capitalist tenets that the market alone ought to determine the distribution of income (Przeworski, 1991). Similarly, in many countries, states have replaced private ownership of some means of production with public, or state, ownership: all countries have some state-owned or controlled enterprises producing a variety of goods and services; from those related to national security and defence to finance, shipping, transportation, and telecommunications activities, to the production of various kinds of small-scale consumer items.

Democracy thus offers a political mechanism that can moderate the economic effects of capitalism. The degree of harmony achieved between these two meta-institutions is a major contributor to social cohesion and can reduce the need for coercive authority (e.g., police and prisons) to maintain domestic order. The potential for symbiosis between capitalism and democracy is realized through specific policy options and their outcomes. As will be shown in the following section, attaining an effective balance between capitalism and democracy, however, is a difficult task that is by no means automatic or inevitable.

### Policy-Making in the Liberal-Democratic Capitalist State

To the extent liberalism and its corollary, capitalism, are about individual rights while democracy is about collective rights, the two are fundamentally contradictory, notwithstanding the common term 'liberal democracy' often used to describe countries with both systems in place. As the early liberal thinkers understood all too well, democracy poses a fundamental threat to the liberal order because it gives the majority the capacity to erode individual rights, including especially the rights of capitalists to dispose of their property as they see fit. The liberals' worst fears were realized in the twentieth century when left-leaning parties in many parts of the globe formed governments that often used their powers

to nationalize industries, raise taxes, and redistribute income. The opportunities for political control that democracy offers economically weak groups thus sit uneasily with the basic tenets of liberalism. While the advent of democracy did not lead to the extermination of capitalism, as some had hoped and others had feared, it did mean that democratic governments could no longer ignore the interests of the majority of non-elites to the extent to which they had in the past (Korpi, 1983).

Democracy complicates policy-making and implementation tasks in a capitalist society because its presence means policy-makers can no longer concentrate on serving only state interests and the interests of their business allies in accordance with the tenets of a pure liberal policy paradigm (Swank, 2000; DeLeon, 1997; Gourevitch, 1993). In democracies policy-makers have to at least appear to be heeding the concerns of farmers and workers, children and seniors, men and women, and other sections of the populace who have different and often contradictory interests that need to be constantly juggled and are inherently unstable. Political violence is particularly detrimental to economic growth (Butkiewicz and Yanikkaya, 2005) and democracy is often needed to diffuse the tensions generated by capitalism so as to avoid revolution and rebellions. Such conflicts make policy-making challenging and often lie at the heart of the sometimes very ad hoc and contradictory policy choices that governments regularly make.

Along with liberalism, capitalism and democracy form an important part of the meta-institutional and macro-ideational, or 'political-economic', context of policy-making in many modern countries. Taken together, they greatly influence the actors and ideas in most policy-making processes. However, a government's capacity to act autonomously or relatively autonomously within this context is shaped not just by the existence of capitalism and democracy and the ideas and interests they generate, but also by the manner in which the government and the various more or less empowered actors under liberal capitalism found in each country or issue area are organized.

### Political-Economic Structures and Public Policy

To make and implement policies effectively in a capitalist democracy, the state needs to be well organized and supported by prominent social actors. The extent to which these actors are able to offer the necessary support depends, among other things, on their own internal organization and their relationships with the state and with other similarly powerful social actors.

These are complex relationships. Fragmentation within and among prominent social groups simultaneously strengthens the state's level of *policy autonomy* and undermines its *policy capacity* by limiting its ability to mobilize social actors towards the resolution of societal problems. If the societal conflicts are particularly severe, the state may find its functioning paralyzed. Conversely, unity within and among social groups makes for a stable policy environment that facilitates policy-making and promotes effective implementation (Painter and Pierre, 2005). But strong social cohesion can also constrain the state's ability to change policy in a significant or large-scale way.

Strong organizations can bargain more effectively and need not make unreasonable demands for the sake of maintaining their members' support. And when they agree to a measure, they can enforce it upon their membership, through sanctions if necessary. Mancur Olson has argued that in societies characterized by 'encompassing' groups (that is, umbrella groups consisting of a variety of similar interests) rather than 'narrow' interest groups, the groups 'internalize much of the cost of inefficient policies and accordingly have an incentive to redistribute income to themselves with the least possible social cost, and to give some weight to economic growth and to the interests of society as a whole' (Olson, 1982: 92). The existence of numerous narrow interest groups, in contrast, promotes competition among groups that pressure the state to serve their members' interests only, regardless of the effects on others. The cumulative effect of policy-making led by interest groups often can be contradictory and ineffective policies that leave everyone worse off.

The most desirable situation for the state, insofar as effective policy-making and implementation are concerned, is for both state and society to be strong, with close partnership between the two, thereby maximizing and balancing both state policy capacity and autonomy. Peter Evans (1992) calls this institutional arrangement 'embedded autonomy'. In contrast, policy effectiveness is lowest when the state is weak and the society fragmented. In the former scenario, states in partnership with social groups can be expected to devise cohesive and long-term policies. In the latter, the state can be expected to produce only short-term and, usually, ineffective or difficult to implement policies.

### Political Systems and Public Policy

Political systems also have a crucial impact on state policy capacity and on how states make and implement policies and their outcomes (Fabbrini and Sicurelli, 2008). One of the most significant aspects of the political system affecting public policy is whether it is federal or unitary. In *unitary* systems, the existence of a clear chain of command or hierarchy linking the different levels of government together in a superordinate/subordinate relationship reduces the complexity of multi-level governance and policy-making. Thus, in countries like Britain, France, Japan, and Thailand, the national government retains all decision-making powers. It can choose to delegate these powers to lower levels of government or dictate to them, but the role of the central, national government is legally unchallenged.

The salient feature of *federal* political systems with respect to public policy is the existence of at least two autonomous levels or orders of government within a country. The two levels of government found in such countries as Australia, India, Brazil, Nigeria, and the United States (Burgess and Gagnon, 1993; Duchacek, 1970) are not bound together in a superordinate/subordinate relationship but, rather, enjoy more or less complete discretion in matters under their jurisdiction and guaranteed by the constitution. This is distinct from the multi-level systems of government found in unitary systems, where the local bodies (for

example, regional districts, counties, or municipalities) owe their existence to the national government rather than to the constitution.

Federalism has been cited as a major reason for the weak policy capacity of governments in many policy sectors in countries such as the US and Canada (Howlett, 1999; McRoberts, 1993). In federal countries, governments find it difficult to develop consistent and coherent policies because national policies in most areas require intergovernmental agreement, which involves complex, extensive, and time-consuming negotiations among governments that do not always succeed (Banting, 1982; Schultz and Alexandroff, 1985; Atkinson and Coleman, 1989b). Furthermore, both levels of government are subject to unpredictable judicial review of their measures, which further restricts governments' ability to realize their objectives.

Federalism thus makes public policy-making a long, drawn-out, and often rancorous affair as the different governments wrangle over jurisdictional issues or are involved in extensive intergovernmental negotiations or constitutional litigation. Different governments within the same country may make contradictory decisions that may weaken or nullify the effects of a policy (see Grande, 1996; McRoberts, 1993).

Another domestic institutional variable affecting public policy concerns the links between the executive, legislature, and judiciary provided under a country's constitution. In *parliamentary* systems, the executive is chosen by the legislature from among its members and remains in office only as long as it enjoys majority support from legislators. In *presidential* systems, the executive is separate from the legislature, is usually elected directly by the voters, and need not enjoy majority support in the legislature (Stewart, 1974). The United States is the archetype of the presidential system, whereas most of the rest of the world has some version of a parliamentary system; other countries, such as France, have a hybrid of the two systems.

The separation between the executive and legislative branches of the government in presidential systems, and the fusion of the two in parliamentary ones, has important consequences for the policy process (Weaver and Rockman, 1993a). The division of powers promotes difficulties for policy-makers in presidential systems. The individual members and committees of the legislature play an active role in designing policies, including those proposed by the president. It matters if the party of the president's affiliation forms the majority in both houses of the legislature, but local concerns often motivate legislators and can override partisan loyalties. To ensure majority support for policy measures requiring legislative approval, it is common for the president to have to bargain with the members of the legislature, offering administrative and budgetary concessions in return for support, and thereby often changing the original intent of a policy proposal. The active involvement of the members of the legislature in drafting bills promotes multiple points of conflict with the executive; it also opens up greater opportunities for interest groups and voters to influence the policy process, the result of which may be diluted or even conflicting policies (Besley and Case, 2003).

In parliamentary systems, in contrast, the executive can more often than not take legislative support for its measures for granted, thanks to the strict party discipline enforced on individual members of the parliament. While there may be some bargaining over a policy within a party caucus, there is little chance of changing a bill once it has been introduced in parliament. The only time when this may not be the case is when the governing party does not have an outright majority in the legislature and governs in coalition with other parties, who often demand modification to the policy in return for their support. In many countries, especially those with proportional systems of representation that allow for a proliferation of minor parties, coalition governments are routine, which complicates policy-making, though not as much as in the presidential system (Warwick, 2000). Generally speaking, however, policy-making in parliamentary systems is centralized in the executive, which usually enables the government to take decisive action if it so chooses (Bernier et al., 2005). While sometimes decried as overly concentrating power and decision-making (Savoie, 1999), this is not entirely undesirable from a policy-making perspective, insofar as a state's policy capability is concerned, because the adversarial politics characteristic of legislatures in presidential systems reduces the likelihood of generating coherent policies.

## Domestic Policy Actors

Flowing from the nature of a country's political economy and its political system, the following sets of policy actors exist in most liberal-democratic capitalist countries and exercise some influence over policy processes and outcomes.

### Elected Politicians

The elected officials participating in the policy process may be divided into two categories: members of the executive and legislators. The *executive*, also referred to in many countries as the cabinet or, simply, the government, is a key player in any policy subsystem. Its central role derives from its constitutional authority to govern the country. While other actors also are involved in the process, the authority to make and implement policies rests ultimately with the executive. As we have seen, there are indeed few checks on the executive in parliamentary systems (such as Japan, Canada, Australia, and Britain) as long as the government enjoys majority support in the legislature. It is somewhat different in presidential systems (as in the United States or Brazil), where the executive often faces an adversarial legislature with different policy preferences and priorities. But even here, the executive usually has a wide area of discretion beyond legislative control in financial and regulatory matters, as well as in defence, national security, and issues related to international treaty obligations of different kinds.

In addition to its prerogative in policy matters, the executive possesses a range of other resources that strengthen its position. Control over information is one such critical resource. The executive has unmatched information that it withholds, releases, and manipulates with the intention of bolstering its preferences and weakening the opponents' case. Control over fiscal resources is another asset

favouring the executive because legislative approval of the budget usually permits wide areas of discretion for the executive. The executive also has unparalleled access to mass media in publicizing its positions—the ‘bully pulpit’, as it is called in the US—and undermining those of its opponents. Moreover, the executive has the bureaucracy at its disposal to provide advice and to carry out its preferences. It can, and often does, use these resources to control and influence societal actors such as interest groups, mass media, and think-tanks. In many countries, as well, the government has important powers allowing it to control the timing of the introduction and passage of laws in the legislature. This gives the executive a great deal of control over the political agenda (Bakvis and MacDonald, 1993).

Counterbalancing the executive’s immense constitutional, informational, financial, and personnel resources are conditions that make their task difficult. The tremendous growth in the size, scope, and complexity of government functions over the years, for example, prevents generalist politicians from controlling, or often even being aware of, the many specific activities of government nominally under their control (Adie and Thomas, 1987; Kernaghan, 1979, 1985a). Moreover, in democratic governments, ministers are constantly bombarded with societal demands, many of which are mutually contradictory but which they often cannot ignore because of the need to maintain voters’ support (Canes-Wrone et al., 2001). Finally, and perhaps most importantly, a government may not have the organizational capacity to make coherent policies and implement them effectively.

Members of the *legislature* play a very different role. In parliamentary systems the task of the legislature is to hold governments accountable to the public rather than to make or implement policies. But the performance of this function permits opportunities for influencing policies. Legislatures are crucial forums where social problems are highlighted and policies to address them are demanded. Legislators also get to have their say during the process of approving government bills and governmental budgets to fund policy implementation. In return for their consent, they are sometimes able to demand changes to the policies in question. Legislators may also raise and discuss problems of implementation and request changes. However, a legislature’s policy potential often may not be realized in practice. This is because of the dominance enjoyed by the executive and its effects on the internal organization of the legislature and on the role played by legislative committees (Olson and Mezey, 1991).

Most laws are proposed by the executive and more often than not subsequently adopted by the legislature. This is especially so in parliamentary systems, where the majority party forms the government and therefore is generally expected to support the passage of bills proposed by the executive. In presidential systems, on the other hand, the legislature is autonomous of the government constitutionally as well as in practice, which explains why presidents, irrespective of whether their party holds a legislative majority, must strike bargains with the legislature or risk defeat of their policy proposals.

The internal organization of the legislature is also a significant determinant of its role in the policy process. Legislatures where the membership is tightly organized along party lines, and marked by a high degree of cohesion and discipline,

permit little opportunity for legislators to take an independent stand. This is particularly true in parliamentary systems where the legislators belonging to the governing party are always expected to support the government except, infrequently, when contentious social issues of a moral nature are brought to a vote. Similarly, the role of individual legislators is lower in parliaments in which one party has a clear majority; the existence of several minor parties in coalition governments permits greater opportunity for legislators to express their opinion and force the government to deal with them.

In many contemporary legislatures, most important policy functions are performed not on the floor of the legislature but in the committees established along functional or sectoral lines to review proposed legislation. Committees often build considerable expertise in the area with which they deal, and the extent to which this happens enables the legislature to exercise influence over making and implementing policies. But to build expertise, the members need to serve on the committees over a relatively long period of time. Committee members must also not necessarily vote along party lines if their influence is to be maintained.

The nature of the problem being considered also affects legislative involvement in the policy process. Technical issues are unlikely to involve legislators because they may not fully understand the problems or solutions, or they may see little political benefit in pursuing the matter. National security issues and foreign policy-making are also usually conducted in a shroud of secrecy and outside the legislature. Similarly, policies dealing with a problem perceived to be a crisis are unlikely to involve the legislature very much because of the time it takes to introduce, debate, and pass a bill. Policies dealing with allocation or redistribution of resources or income among components of the public generate the highest degree of passion and debate in legislatures, but usually do not have much effect on a government’s overall policy orientation. However, other policies related to the propagation and maintenance of certain symbolic values—such as the choice of a national flag, immigration, multiculturalism, prayers in schools, or the elimination of racism and sexism—are often so divisive that the executive may be somewhat more willing to take the legislators’ views into account in forming legislation.

As a result of these limitations, legislatures generally play only a small role in the policy process in parliamentary systems. While individual legislators, on the basis of their expertise or special interest in a particular issue, can become engaged as individual policy actors, legislatures as a whole are not very significant actors in policy-making or implementation. In congressional or republican systems, on the other hand, where the legislative agenda is less tightly controlled by the executive, individual legislators can and do play a much more influential role in policy processes, and legislative committees and coalitions are often significant members of many policy subsystems (Warwick, 2000; Laver and Hunt, 1992; Laver and Budge, 1992).

#### *The Public*

Surprising as it may appear, the *public* plays a rather small direct role in the public policy process. This is not to say that its role is inconsequential, as it provides

the backdrop of norms, attitudes, and values against which the policy process unfolds. However, in most democratic states, policy decisions are taken by representative institutions that empower specialized actors to determine the scope and content of public policies, but these institutions do not, as a matter of course, provide mechanisms through which the public can directly determine policy.

One important role played by members of the public in a democratic polity is as voters. On the one hand, voting offers the most basic and fundamental means of public participation in democratic politics and, by implication, policy processes. It not only affords citizens the opportunity to express their choice of government, but also empowers them to insist that political parties and candidates seeking their votes provide (or at least propose) attractive policy packages. On the other hand, the voters' capacity to direct the course of policy usually cannot be realized, at least not directly, for at least three reasons (Hibbing and Theiss-Morse, 2002).

First, most democracies delegate policy-making to political representatives who, once elected by the voters, are not required to heed constituent preferences on every issue (Birch, 1972). Second, as was discussed above, most legislators participate very little in the policy process, which tends to be dominated by experts in specific sectoral areas rather than by legislative generalists (Edwards and Sharkansky, 1978: 23). Third, candidates and political parties often do not run in elections on the basis of their policy platforms; and even when they do, voters usually do not vote on the basis of proposed policies alone. Having said that, it is true that politicians do pay attention to public opinion in a general sense while devising policies, even though they do not always respond to or accommodate it (Soroka, 2002).

The impact of public opinion on policy processes is more frequent and pervasive, although even less direct than voting. Despite many works over the past decades that have consistently found the relationship between public opinion and public policy-making in democratic societies to be a tenuous, complex one, there persists a tendency to view this relationship as simple, direct, and linear (see Luttbeg, 1981; Shapiro and Jacobs, 1989). From at least the time of the early works on the subject by scholars such as V.O. Key (1967), E.E. Schattschneider (1960), and Bernard Berelson (1952), prominent political scientists and others have repeatedly found little or no direct linkage between public opinion and policy outcomes. Nevertheless, in study after study this finding has been made and remade, as investigators appear dissatisfied with it (Monroe, 1979; Page and Shapiro, 1992). As Schattschneider suggested, this is no doubt due to the sincere but sometimes simplistic notion of democracy that privileges 'government by the people' over 'government for the people'. But the reality is more complex (Soroka, 2002): democracy is more than mob rule (Birch, 1972). While a concern for popular sovereignty is laudable, theoretical speculations must be tempered by empirical reality if the relationship between public opinion and public policy is to be effectively analyzed and understood.<sup>2</sup>

The simplest model of the relationship between public opinion and public policy-making views government as a policy-making machine—directly processing popular sentiments into public policy decisions and implementation

strategies. This is a highly problematic perception as it assumes that public opinion has a concrete, quasi-permanent character that can be easily aggregated into coherent policy positions (Erikson et al., 1980; Erikson et al., 1989). Numerous studies have underlined the vague, abstract, and transitory nature of public opinion, and have emphasized the difficulties encountered in aggregating the 'babble of the collective will', as Rousseau put it, into universally endorsed policy prescriptions (Rousseau, 1973; also see Lowell, 1926). Moreover, many opinion researchers and policy scholars have noted how these difficulties have multiplied as scientific and complex legal issues have come to dominate policy-making in contemporary societies, further divorcing policy discourses from public ones (see Pollock et al., 1989; Torgerson, 1996; Hibbing and Theiss-Morse, 2002).

The public's role in policy-making should thus not be taken for granted as either straightforward or decisive. But neither should it be ignored, especially in relation to other elements of the policy context. Even if elections rarely provide focused public input on specific policy options, they can often introduce real change to policy agendas even if these changes are something of a wild card.

### Bureaucracy

The appointed officials dealing with public policy and administration are often collectively referred to as the 'bureaucracy'. Their function is to assist the executive in the performance of its tasks, as is suggested by the terms 'civil servants' and 'public servants'. However, the reality of modern government is such that their role goes well beyond what one would expect of a 'servant'. Indeed, bureaucrats are very often the keystone in the policy process and the central figures in many policy subsystems (Kaufman, 2001).

Most of the policy-making and implementation functions once conducted directly by legislatures and the political executive are now performed by the bureaucracy because the responsibilities of modern government are too complex and numerous to be performed by the cabinet alone (see Bourgault and Dion, 1989; Cairns, 1990b; Priest and Wohl, 1980). Certain policies have indeed been 'automated' so that routine actions can be taken without human intervention. Indexing public pensions to the rate of inflation is an example of such 'automatic government' (Weaver, 1988). The most exceptional policy decisions can also be removed from the deliberation of men and women, as with the case of the US 'Mutual Assured Destruction' (MAD) security policy during the height of the Cold War—in this instance, due to the presumption that there would be no time for a deliberative reaction to a nuclear attack from the Soviet Union.

The bureaucracy's power and influence are based on its command of a wide range of important policy resources (see Hill, 1992: 1–11). First, the law itself provides for certain crucial functions to be performed by the bureaucracy, and may confer wide discretion on individual bureaucrats to make decisions on behalf of the state. Second, bureaucracies have unmatched access to material resources for pursuing their own organizational, even personal, objectives if they so wish. The government is the largest single spender in most countries, a situation that gives its officials a powerful voice in many policy areas. Third, the bureaucracy is a reposi-

tory of a wide range of skills and expertise, resources that make it a premier organization in society. It employs large numbers of just about every kind of professional, hired for their specialized expertise. Dealing with similar issues on a continuing basis endows these experts with unique insights into many problems. Fourth, modern bureaucracies have access to vast quantities of information about society. At times the information is deliberately gathered, but at other times the information comes to it simply as a part of its central location in the government. Fifth, the permanence of the bureaucracy and the long tenure of its members often give it an edge over its nominal superiors, the elected executive. Finally, the fact that policy deliberations for the most part occur in secret within the bureaucracy denies other policy actors the chance to effectively oppose its plans. Bureaucrats can thus exert a prominent influence on the shape of the policy context.

The structure of the bureaucracy has perhaps the strongest effect on public policy processes, especially at the sectoral level (Atkinson and Coleman, 1989a). Concentration of power in only a few agencies reduces occasions for conflict and permits long-term policy planning. Diffusion of power, in contrast, fosters inter-agency conflicts and lack of co-ordination; decisions may be made on the basis of their acceptability to all concerned agencies rather than their intrinsic merit. The bureaucracy's autonomy from politicians and societal groups also contributes to its strength and effectiveness in policy-making. To be strong, a bureaucracy must have a clear mandate, a professional ethos, and enjoy strong support, but not interference, from politicians in its day-to-day activities. Close ties with client groups are also to be avoided if a bureaucracy is to be effective. An ability to generate and process its own information is also important if reliance on interest groups is to be avoided.

Countries like France, Korea, Singapore, and Japan have historically had bureaucracies that enjoy a somewhat exalted status in government and society (Katzenstein, 1977). They are said to constitute a homogeneous elite grouping that plays the most important role in the policy process. They undergo long professional training and pursue service in the government as a lifelong career. In other societies, such as Russia and Nigeria, bureaucracies enjoy relatively low status and lack the capacity to resist pressures from legislators or social groups, which often promotes incoherence and short-sightedness in policies. At the extreme, bureaucrats can become so marginalized that corruption becomes the norm, either to supplement meagre salaries or because ethics and the rule of law are not deemed to matter.

The effective mobilization of bureaucratic expertise is rarer than commonly believed (Evans, 1992). Despite the massive expansion in bureaucracies throughout the world over the last several decades, weak bureaucracies in the sense understood here are the norm rather than the exception (Evans, 1995). In many countries with corruption, low wages, and poor working conditions, bureaucracies often do not have the capability to deal with the complex problems they are asked to address. If these conditions obtain in a country, then it is quite likely that the state will have difficulty devising effective policies and implementing them in the manner intended (Halligan, 2003; Burns and Bowornwathana, 2001; Bekke

and van der Meer, 2000; Verheijen, 1999; Bekke et al., 1996). In many countries, even if bureaucratic expertise exists in a particular area, problems of organization and leadership prevent its effective marshalling (Desveaux et al., 1994).

While it can be tempting to view bureaucrats as the most influential policy actors, either through their grasp of the levers of power or because their ineffectiveness constrains many policy initiatives, we must avoid exaggerating the bureaucracy's role. The political executive is ultimately responsible for all policies, an authority it does assert at times. High-profile political issues are also more likely to involve higher levels of executive control. Executive control is also likely to be higher if the bureaucracy consistently opposes a policy option preferred by politicians. Moreover, the bureaucracy itself is not a homogeneous organization but rather a collection of organizations, each with its own interests, perspectives, and standard operating procedures, which can make arriving at a unified position difficult. Even within the same department, there are often divisions along functional, personal, political, and technical lines. Thus, it is not uncommon for the executive to have to intervene to resolve intra- and inter-bureaucratic conflicts, and bureaucrats in democratic countries require the support of elected officials if they are to exercise their influence in any meaningful way (Sutherland, 1993).

### *Political Parties*

Political parties can connect people and their government in ways that affect policy. Parties operate along the boundary between state and societal actors, sometimes acting as gatekeepers on which actors will gain access to political power. They tend to influence public policy indirectly, primarily through their role in staffing the executive and, to a lesser degree, the legislature. Indeed, once in office, it is not uncommon for party members in government to ignore their official party platform while designing policies (Thomson, 2001).

Political parties' impact on policy outcomes has been the subject of empirical research and commentary (Blais et al., 1996; Castles, 1982; Imbeau and Lachapelle, 1993; McAllister, 1989). Findings concerning the role of parties in public policymaking, for example, have included evidence that, historically, European governments led by Christian democratic and social democratic parties have been related positively to the development of welfare state programs (Wilensky, 1975; Korpi, 1983), and that 'left-wing' and 'right-wing' governments have had different fiscal policy orientations towards, respectively, unemployment and inflation reduction (Hibbs, 1977). Partisan differences have also been linked to different characteristic preferences for certain types of policy tools, such as public enterprises or market-based instruments (Chandler and Chandler, 1979; Chandler, 1982, 1983). However, the contemporary significance of parties has also been challenged by those who argue that government has become too complex for influence by partisan generalists, with day-to-day influence stemming more from policy specialists in government and those in the employ of interest groups and specialized policy research institutes (King and Laver, 1993; Pross, 1992). Similarly, other studies focusing on the extent of policy learning and emulation occurring between states or sub-national units (Lutz, 1989; Poel, 1976; Erikson et al., 1989) and those examining

the impact of international influences on domestic policy-making have argued the case for the reduced importance of parties in contemporary policy processes (Johnson and Stritch, 1997; Doern et al., 1996a).

The idea that political parties play a major role in public policy processes, of course, stems from their undeniable influence on elections and electoral outcomes in democratic states. While vote-seeking political parties and candidates attempt to offer packages of policies they hope will appeal to voters, the electoral system is not structured to allow voters a choice on specific policies. Likewise, as discussed above, the representational system also limits the public's ability to ensure that electorally salient policy issues actually move onto official government agendas (King, 1981; Butler et al., 1981). The official agenda of governments is, in fact, usually dominated by routine or institutionalized agenda-setting opportunities rather than by partisan political activity (Kingdon, 1984; Walker, 1977; Howlett, 1997a).

Even when parties do manage to raise an issue and move it from the public to the official agenda, they cannot control its evolution past that point. As Richard Rose (1980: 153) has put it:

A party can create movement on a given issue, but it cannot ensure the direction it will lead. Just as defenders of the status quo may find it difficult to defend their position without adapting it, so too proponents of change face the need to modify their demands. Modifications are necessary to secure the agreement of diverse interests within a party. They will also be important in securing support, or at least grudging acceptance, by affected pressure groups. Finally, a governing party will also need to make changes to meet the weaknesses spotted by civil service advisors and parliamentary draftsmen responsible for turning a statement of intent into a bill to present to Parliament.

While political parties' direct influence on policy may be muted, however, their indirect influence is not. The role played by political parties in staffing political executives and legislatures, of course, allows them considerable influence on the content of policy decisions taken by those individuals, including those related to the staffing of the senior public service. However, this power should not be overestimated. In modern governments, as we have seen, the degree of freedom enjoyed by each decision-maker is circumscribed by a host of factors that limit the conduct of each office and constrain the actions of each office-holder. These range from limitations imposed by the country's constitution to the specific mandate conferred on individual decision-makers by various laws and regulations (Pal, 1988; Axworthy, 1988). Various rules set out not only which decisions can be made by which government agency or official, but also the procedures they must follow in doing so.

Political parties tend to have only a diffuse, indirect effect on policy-making through their role in determining who actually staffs legislative, executive, and judicial institutions. Their role in agenda-setting is very weak, while they play a stronger, but still indirect, role in policy formulation and decision-making due to the strong role played in these two stages of the policy cycle by members of the

political executive. Their role in policy implementation is virtually nil, while they can have a more direct effect on policy evaluation undertaken by legislators and legislative committees (Minkenberg, 2001).

The fact that the influence of parties on particular stages of the policy process may be muted, or that any such influence may be waning, does not necessarily lead to the conclusion that 'parties don't matter'. Richard Rose's perspective on the influence of twentieth-century political parties in governing Britain remains valid today:

Parties do make a difference in the way [a country] is governed—but the differences are not as expected. The differences in office between one party and another are less likely to arise from contrasting intentions than from the exigencies of government. Much of a party's record in office will be stamped upon it from forces outside its control . . . (Rose, 1980: 141; also see Hockin, 1977)

#### *Interest or Pressure Groups*

Another policy actor that has received a great deal of attention, thanks in part to the significant role attributed to it by pluralist and neo-pluralist theorists, is the interest group. While policy decisions are taken by government and implemented by the executive and bureaucracy, organized groups that advocate the economic interests or social values of their members can exert considerable influence on policy (Walker, 1991).

One valuable resource that such interest groups deploy is knowledge, specifically information that may be unavailable or less available to others. The members of specialized groups often have unique knowledge about the policy issue that concerns them. Since policy-making is an information-intensive process, those who possess information hold something of value. Politicians and bureaucrats often find the information provided by interest groups indispensable. Government and opposition politicians are thus inclined to assist such groups to obtain information that can improve policy-making or undermine their opponents. Bureaucrats will also solicit groups' help in developing and implementing many policies (Hayes, 1978; Baumgartner and Leech, 1998).

Interest groups also possess other important organizational and political resources besides information. These groups often make financial contributions to political campaigns. They also campaign for and deliver votes to sympathetic candidates who would support their cause in the government. However, interest groups' political impacts on the formulation and implementation of public policies vary considerably according to their differing levels of organizational resources and whether they represent business interests or any of various 'altruistic' civil society causes (Pross, 1992; Baumgartner and Leech, 2001).<sup>4</sup> First, interest groups come in all sizes. All other things being equal, larger groups can be expected to be taken more seriously by the government. Second, some groups may form a 'peak association' working in concert with business or labour groups that share similar interests (Coleman, 1988). A coherent peak association may

exert greater influence on policy than even a large interest group operating on its own. Third, some groups are well funded, which enables them to hire more staff, including those with expertise in the 'black arts' of political campaigning and elections (Nownes, 2004; Nownes and Cigler, 1995).

While the policy impact of interest group campaign expenditures and political engagement on behalf of (or against) political parties and candidates is contentious, there is no doubt that differences in financial resources matter (Nownes and Neeley, 1996; Nownes, 1995, 2000; Nownes and Cigler, 1995). In democratic political systems, these information and power resources make interest groups key members of policy subsystems. While this does not guarantee that their interests will be accommodated, they are unlikely to be ignored except in rare circumstances when government leaders deliberately decide to approve a policy despite opposition from concerned groups (Thatcher and Rein, 2004).

Among interest groups, the role of business is particularly salient, as was mentioned earlier. The structural strength of business has the potential to both promote and erode social welfare. Erosion is more likely when business lacks organizational coherence. If 'successful', the ability of individual firms and capitalists to pressure governments to serve their particular interests can lead to incoherent and short-sighted policies. Endemic conflicts among competing business groups only aggravate such situations. The problem may be offset if business has a central cohesive organization—or *peak association*—able to resolve internal differences and come up with coherent policy proposals.

The strength or weakness of business and the varying patterns of government–industry relations found in a country are usually shaped by historical factors (Wilson, 1990a). Although the example of Japan cited above is somewhat atypical, one political legacy that can yield powerful business organizations is a period of strong, persistent challenges from trade unions or socialist parties. The stronger the unions, the more cohesive will be the private sector's organized advocacy. The threat does not necessarily have to be continuing, so long as workers and socialist parties exerted power in the past. Another political characteristic that encourages strong business organizations is the presence of a strong (e.g., autonomous) state. Business must be well organized to have policy influence in countries with strong states. A strong state may also nurture a strong business association in order to avoid the problems arising from too many groups making conflicting demands on the same issue. Strong business associations can simplify the management of policy-making by presenting government with an aggregation of private-sector demands in place of a cacophony of disparate pleas.

Another factor affecting the organizational strength of business is a nation's economic structure. In national economies characterized by low industrial concentration or high levels of foreign ownership, it is difficult for the disparate business firms to organize and devise a common position. Political culture also has an important bearing on the extent and nature of business involvement in politics. Where cultures are highly supportive of 'free enterprise', such as in the US and Canada, corporations have seen fewer reasons to invest in costly political organizations. Moreover, the degree to which social norms approve of functional represen-

tation affects the strength of business. Americans, and to a lesser extent citizens of Britain, Canada, Australia, and other Anglo-American democracies, are distrustful of business representing their interests on a regular basis behind closed doors. In the corporatist countries, on the other hand, functional representation is accepted and, indeed, is seen as an appropriate behaviour of responsible groups (Siaroff, 1999).

Labour, too, occupies a somewhat unique position among interest groups in that it is stronger than most, though considerably weaker than business. Unlike business, which enjoys considerable weight with policy-makers even at the level of the firm, labour needs a collective organization, a trade union, to have much influence on policy-making. In addition to their primary function of bargaining with employers regarding members' wages and working conditions, trade unions engage in political activities to shape government policies (Taylor, 1989: 1). The origin of trade unions' efforts to influence public policy is rooted in late nineteenth-century democratization, which enabled workers, who form a majority in every industrial society, to have some say in the functioning of the government. Given the clout that their members' votes could produce in democratic elections, it was sometimes easier for unions to pressure government to meet their needs than to bargain with their employers. The organization of labour or social democratic parties, which eventually formed governments in many countries, further reinforced labour's political power (Qualter, 1985).

The nature and effectiveness of trade unions' participation in the policy process depend on a variety of institutional and contextual factors. As with business, the structure of the state itself is an important determinant of union participation in policy-making. A weak and fragmented state will not be able to secure effective participation by unions, because the latter would see little certainty that the government would be able to keep its side of any bargain. Weak businesses can also inhibit the organization of a powerful trade union movement because the need appears less immediate.

However, the most important determinant of labour's capacity to influence policy-making is its own internal organization. The level of union membership affects the extent to which states seek or even accept union participation in the policy process. The same is true for the structure of bargaining units: decentralized collective bargaining promotes a fragmented articulation of labour demands. Britain, Canada, and the United States, for example, have decentralized bargaining structures, whereas in Australia, Austria, and the Scandinavian countries bargaining takes place at the industry or even country-wide level (Esping-Andersen and Korpi, 1984; Hibbs, 1987). A union movement that is fragmented along regional, linguistic, ethnic, or religious lines, or by industrial versus craft unions, foreign versus domestic unions, or import-competing versus export-oriented labour organizations will also experience difficulties in influencing policy. Fragmentation within the ranks of labour tends to promote local and sporadic industrial strife and yields an incoherent articulation of labour interests in the policy process (Hibbs, 1978; Lacroix, 1986).

To realize its policy potential, labour needs a central organization even more than does business. Such peak labour associations include the Australian or

British Trade Union Congress (TUC), the Canadian Labour Congress (CLC), and the American Federation of Labor–Congress of Industrial Organizations (AFL–CIO). Collective action is the principal tool that labour has to influence the employers' or the government's behaviour, so the extent to which labour is able to present a united front determines to a great extent its success in the policy arena. To be effective, the trade union central needs to enjoy comprehensive membership and have the organizational capacity to maintain unity by dealing with conflicts among its members. Trade unions' role in policy-making ranges from most influential in corporatist political systems, such as in the Scandinavian countries, Austria, and the Netherlands, where the state encourages the formation and maintenance of strong trade union centrals, to least influential in pluralist political systems such as the United States and Canada, where there is no encouragement of strong central unions.

#### *Think-Tanks and Research Organizations*

Another set of societal actors who influence the policy process are the researchers working at universities, institutes, and think-tanks on particular policy issues and issue areas. University researchers often have theoretical and philosophical interests in public problems that can be translated directly into policy analysis. To the extent academics contribute their research to policy debates, they function in the same manner as research experts employed by think-tanks. Indeed, in many instances academics undertaking relevant policy research are sponsored by think-tanks (Ricci, 1993; Stone et al., 1998). The following discussion will therefore concentrate on the role of these private organizations and the way that they interpret policy options through particular ideological and interest-based perspectives.

A think-tank can be defined as 'an independent organization engaged in multidisciplinary research intended to influence public policy' (James, 1993: 492). Such organizations maintain an interest in a broad range of policy problems and employ, either full-time or on a contract basis, experts on various issue areas in order to present thorough recommendations on their areas of concern. Their research tends to be directed at proposing practical solutions to public problems or, in the case of some think-tanks, justifying their ideological or interest-driven positions. This sets them apart somewhat from academic researchers at universities, whose interests are more specialized, who do not necessarily seek practical solutions to policy problems, and who often are not so ideologically motivated. Explicitly partisan research is also generally eschewed in academia.

However, while think-tanks are generally more partisan than their academic counterparts, they, too, must maintain an image of intellectual autonomy from governments, private corporations, or any political party if policy-makers are to take them seriously. Large prominent think-tanks in the United States include the Brookings Institution, the American Enterprise Institute, and the Urban Institute. Similar organizations in Canada include the C.D. Howe Institute, the Fraser Institute, the Canadian Centre for Policy Alternatives, and the Institute for Research on Public Policy. Major think-tanks in Britain include the Policy Studies Institute and the National Institute for Economic and Social Research (McGann,

2008). Literally hundreds of such institutes are active in the Western, developed countries, some with broad policy mandates, others that are more limited in their purview, such as the Canadian Environmental Law Association (Lindquist, 1993; Abelson, 1996). In the developing world, think-tanks tend to be financed by and linked to governments, which raises questions about their autonomy.

Think-tanks target their research and recommendations to those politicians who may be favourably disposed to the ideas being espoused (Abelson, 2002). They also seek originality in their ideas and, unlike government and university-based researchers, they spend a great deal of effort publicizing their findings (Dobuzinskis, 2000; Stone, 1996; Weaver, 1989). The need for a quick response to policy 'crises' has led many think-tanks to develop new 'product lines'. Short, pithy reports and policy briefs that can be quickly read and digested have replaced lengthy studies as the primary output of many think-tanks. A premium now exists on writing articles and op-ed pieces for newspapers and making appearances on radio and television programs. This new brand of research and analysis is dependent on 'the public policy food chain', which includes a range of knowledge- and policy-oriented institutions. Over the last few decades, much of the work of think-tanks has been devoted to promoting economic efficiency, since this has been an important preoccupation of the governments across the industrialized world.

A number of policy trends have influenced the way that think-tanks function in recent years. Some of these dynamics and their effects include think-tanks devoted to actors or issue areas affecting women, families (e.g., in Canada, the Vanier Institute of the Family), and indigenous groups, and non-governmental organizations are now playing a central role in developing and implementing foreign and domestic policies and programs. These new entrants to the policy debates have created many new specialized think-tanks and public policy research organizations, which in turn has fostered enhanced competition among them (see Rich, 2004; Abelson, 2007; Stone, 2007; McGann et al., 2005). Globalization and the associated growth of transnational problems such as pandemics, hunger, and climate change require a global response, and this has affected the activities of think-tanks. Some think-tanks have responded by developing transnational linkages and partnerships, or by becoming multinational organizations themselves, in the effort to bridge the chasm between North/South and East/West. In addition, the emergence of regional or continental economic alliances such as the European Union and NAFTA has created new networks of regionally oriented policy institutions (Stone, 2008).

The proliferation of think-tanks, however, has been accompanied by cutbacks in public funds available for research, which in turn has led to increasing competition among think-tanks for funding (t'Hart and Vromen, 2008). In many countries, the cutback in government funding for policy research happened at the same time as policy units in governments were downsized or eliminated in budget-cutting exercises in the 1990s. At the same time, events occurring elsewhere, such as the end of the Cold War, had a profound impact on the funding of research organizations focused on areas such as international and security affairs since donors and governments no longer saw the need for such research.

As a result, think-tanks have had to devote considerable resources to raising funds at the expense of research and dissemination of findings (McGann and Weaver, 1999). This has led to 'over-specialization' and to destructive competition in this aspect of the political marketplace of ideas (Stone, 2007).

#### *Mass Media*

The media constitute another set of policy actors with an important indirect influence on public policy-making. Some suggest that the mass media play a pivotal role in the policy process (Herman and Chomsky, 1988; Parenti, 1986), while others describe it as marginal (Kingdon, 1984). There is no denying that the mass media are crucial links between the state and society, a position that allows for significant influence on public and private preferences regarding the identification of public problems and their solutions. Yet, like political parties, the media's direct role in the various stages of the policy process is often sporadic and often quite marginal.

The role of the media in the policy process originates from the function of reporting on problems, which often leads to analyzing what went wrong and sometimes extends into advocating particular solutions. Journalists frequently go beyond identifying obvious problems to defining their nature and scope, and suggesting or implying solutions. The media's role in agenda-setting is thus particularly significant (Spitzer, 1993; Pritchard, 1992). Media portrayal of public problems and proposed solutions often conditions how they are understood by the public and many members of government, thereby shutting out some alternatives and making the choice of others more likely. Questions in parliamentary question periods or at presidential press conferences are often based on stories in the day's television news or newspapers.

This is particularly significant considering that news reporting is not an objective mirror of reality, undistorted by bias or inaccuracy. News organizations are gatekeepers in the sense that they define what is worthy of reporting and the aspects of a situation that should be highlighted. Thus, policy issues that can be translated into an interesting story tend to be viewed by the public as more important than those that do not lend themselves so easily to narrative structures, first-person accounts, and sound bites. This partially explains why, for example, crime stories receive so much prominence in television news and, as a corollary, the public puts pressure on governments to appear to act tough on crime. Similarly, groups and individuals able to present problems to the media in a packaged form are more likely than their less succinct counterparts to have their views projected (Callaghan and Schnell, 2001; Lutz and Goldenberg, 1980; Herman and Chomsky, 1988; Parenti, 1986).

We must not, however, exaggerate the mass media's role in the policy process. Other policy actors have resources enabling them to counteract media influence, and policy-makers are for the most part intelligent and resourceful individuals who understand their own interests and have their own ideas about appropriate or feasible policy options. As a rule, they are not easily swayed by media portrayals of issues and preferred policy solutions or by the mere fact of media attention. Indeed, they often use the media to their own advantage. It is not uncommon for

public officials and successful interest groups to provide selective information to the media to bolster their case (Lee, 2001). Indeed, very often the media are led by government officials' opinion rather than vice versa (Howlett, 1997a, 1997b).

#### *Academic Policy Experts and Consultants*

Analysts working in universities or government tend to research policy problems determined by the public's or the government's interest, or by their own personal curiosity about a particular subject. Although academic policy findings tend to receive far less attention than the output from think-tanks, the scholar's opportunity for sustained analysis and critique can make up for the lack of an immediate 'buzz' (Cohn, 2004, 2006; Whitley et al., 2007). Carol Weiss has termed this dynamic of scholarly impact on public policy the 'enlightenment function' to highlight the long-term ability to inform policy actors' understanding (Weiss, 1977a, 1977b; Bryman, 1988).

This role of introducing new findings about policy issues can also be undertaken by consultants, who can carry the ideas and results of policy research directly to governments (Lapsley and Oldfield, 2001). There has been an explosion in the growth and use of consultants for policy analysis and implementation in governments in recent years, a development whose impact and implications are yet to be fully recognized (Speers, 2007; Perl and White, 2002).

### **The International System and Public Policy**

Policy-making is very much a domestic concern involving national governments and their citizens: in liberal-democratic countries with a capitalist economy organized along the lines set out above. However, the international system also is increasingly vital in shaping domestic public policy choices and policy developments. Its effects are manifested through individuals working as advisers or consultants to national governments or as members of international organizations with the authority under international agreements to regulate their members' behaviour.

Assessing the effects of international institutions is more difficult than assessing those in the domestic arena. For one thing, states are sovereign entities with, in theory, the legal authority to close their borders to any and all foreign influences as and when they choose. In reality, however, it is nearly impossible for states to stop foreign influences at the border because of constraints rooted in the international system (Held and McGrew, 1993; Walsh, 1994). The extent to which a state is able to assert its sovereignty depends on the severity of international pressures and the nature of the issue in question, as well as features innate to the state itself (Knill and Lehmkuhl, 2002; March and Olsen, 1998b).

The international system not only influences policy sectors that are obviously international—trade and defence, for example—but also sectors with no immediately apparent international connection, such as health care and old-age pensions (Brooks, 2007, 2005). The sources of influence lie in the overall structure of the international system, and a nation's place in it, and the specific 'regimes' that exist in many policy areas.

## International Actors and Regimes

International actors vary considerably in their ability to influence domestic policies, and this, to a significant extent, is the result of differences in their resource endowments. One of the strongest resources determining their influence is whether an *international regime* facilitates their involvement (Krasner, 1982; Haggard and Simmons, 1987). International regimes have been defined by Robert Keohane and Joseph Nye (1989: 19) as 'sets of governing arrangements' or 'networks of rules, norms, and procedures that regularize behaviour and control its effects'. Such regimes vary considerably in form, scope of coverage, level of adherence, and the instruments through which they are put into practice (Haggard and Simmons, 1987). Some are based on explicit treaties whereas others are based simply on conventions that develop as a result of repeated international behaviour. Some cover a variety of related issues while others are quite narrow in coverage. Some are closely adhered to and others often are flouted. Some are enforced through formal or informal penalties whereas others make no such provision. Some regimes are administered by formal organizations with large budgets and staffs, while some are more akin to moral codes (see Rittberger and Mayer, 1993).

Like other more formal institutions, international regimes affect public policy by promoting certain options and constraining others. More than that, they shape actors' preferences and the ease with which they can be realized (Doern et al., 1996b). Thus, a government willing to assist domestic producers by offering export subsidies, for example, may not be able to do so because of formal or informal international constraints. Regimes of varying scope and depth can be found in most, though not all, prominent policy areas.

International actors find it easier to intervene in policy sectors in which an international regime sanctioning their intervention already exists (Risse-Kappen, 1995: 6; Coleman and Perl, 1999). The central place occupied by the International Monetary Fund (IMF) in the international monetary regime, for example, enables its officers to intervene in the intimate details of public policy-making in many nations facing serious financial or fiscal problems.

An even more significant resource at the international level is the actor's theoretical and practical expertise in a policy sector (Barnett and Finnemore, 1999). Many international organizations—for example, the World Bank, IMF, Organization for Economic Co-operation and Development (OECD), and World Health Organization (WHO)—are vast repositories of established expertise in policy issues, and governments often rely on this expertise when making policies, thus giving such international actors significant influence in the policy process. The financial resources that international organizations can dispense to governments are another source of influence. The different levels of expertise and finance that international organizations can deploy often turn out to be crucial determinants of the impact that international actors can have on domestic policies (Finnemore and Sikkink, 1998).

However, the nature of the national policy subsystems also affects the international actors' role in the policy process. International actors can be expected to

be influential in sectors with fragmented subsystems, because such fragmentation allows them greater opportunity for intervention. For example, the International Civil Aviation Organization—a UN agency responsible for the air transport sector—develops common design standards for airports that are widely adopted around the world. Since many of the world's airports are locally owned or operated, they would be hard-pressed to develop compatible design among themselves.

Conversely, international actors find it difficult to influence policies where the associated subsystem is coherent and united in opposition to external intervention (Risse-Kappen, 1995: 25; Sabatier and Jenkins-Smith, 1993b). The oil industry's resistance to the Kyoto Protocol's plan for reducing greenhouse gas emissions has undermined United Nations efforts to limit climate change by scaling back greenhouse gas emissions among many affluent nations, including Australia, Canada, and the United States. The most conducive situation for international actors is, of course, when the subsystem is coherent and in favour of external involvement, as occurs, for example, in many free trade negotiations where strong business communities support international trade regimes—in such instances the international actors can be expected to be an integral part of the domestic policy process (Pappi and Henning, 1999).

Not all international actors work for public entities or private agencies, of course. An influential niche has been carved out by international non-governmental organizations (NGOs) that advocate policy issues and options. At one end of the spectrum, advocacy NGOs such as Greenpeace and Amnesty International draw attention to environmental and human rights concerns in particular national contexts. These NGOs can capture public attention, both within and beyond national borders, and exert leverage on policy options through calling for boycotts or other sanctions. At the other extreme, NGOs like the World Business Council on Sustainable Development can support international corporations trying to pre-empt the kinds of criticism launched by advocacy NGOs (Sell and Prakesh, 2004; Woodward, 2004; Mathiason, 2007).

Recognition of the international system's influence on domestic public policy is one of the more exciting recent developments in the discipline. While the international system has probably always affected public policy to some extent, its scope and intensity have increased greatly in recent times. This is the result of what is described as *globalization* or, more precisely, *internationalization* (Hirst and Thompson, 1996). Although initially conceived in somewhat simplistic terms, the recent literature recognizes the highly complex character of internationalization, the different forms it takes across space and time, and the varying effects it has on different policy sectors and states (Bernstein and Cashore, 2000; Bennett, 1997; Brenner, 1999; Hobson and Ramesh, 2002; Weiss, 1999). This recognition has led researchers to investigate more carefully the means, manner, and mechanisms through which domestic policy processes are linked to the international system (Coleman and Perl, 1999; Risse-Kappen, 1995; Finnemore and Sikkink, 1998; Keck and Sikkink, 1998).

Such studies are still at an early stage, and the challenge before scholars is to incorporate changes induced by internationalization into existing conceptions of

domestic policy processes and their outcomes (Hollingsworth, 1998; Lee and McBride, 2007; Cohen and McBride, 2003). However, several key trends can still be identified.

First, the internationalization of the world economy has accelerated the speed with which the effects of events elsewhere (natural calamities, wars, terrorist actions, financial crises, stock market gyrations, etc.) spread via the telecommunications media (Rosenau, 1969). This has expanded the scope for *policy spillovers* as previously isolated sectors converge, overlap, and collide.

What were in the past seen as discrete sectors—such as telecommunications and computers, or agriculture and trade—are now increasingly viewed as elements of a single sector. Any international effort to reduce agricultural subsidies, for instance, has an effect on rural development, social welfare, and environment policies and, ultimately, overall government fiscal policy. Traditional social policy areas such as social security and health care have thus become a part of economic and trade policy-making as a result (Unger and van Waarden, 1995; Coleman and Grant, 1998).

Second, internationalization also creates new opportunities for learning from the policy experiences of others. This is the theme of much recent work on policy transfers, which especially highlights the role of transnational epistemic (knowledge-based) communities and non-governmental organizations in promoting learning activities (Haas, 1992; Evans and Davies, 1999; King, 2005; Levi-Faur and Vigoda-Gadot, 2006). The lessons of privatizing telecommunications in Britain and deregulating airlines in the United States in the 1980s rapidly spread around the world and across policy sectors because of the active role played by the associated policy communities (Ikenberry, 1990; Ramesh and Howlett, 2005; Eisner, 1994b). Although these ideas are often reinterpreted in the transfer process and are then adapted to fit into particular policy-making processes (Dobbin et al., 2007), there is no doubt that opportunities for drawing on ideas that originated beyond a nation's boundary have increased in recent years as internationalization has proceeded apace (Coleman and Perl, 1999; de Jong and Edelenbos, 2007; Pedersen, 2007).

Moreover, internationalization promotes new patterns of policy-making (Rittberger and Mayer, 1993). When a domestic policy actor loses out in a domestic setting, it now may seek to have the policy transferred to the arena of international organizations if it expects its position to receive a more favourable reception in that venue. Powerful new international organizations and regimes such as the European Union (EU), the WTO, and the North American Free Trade Agreement (NAFTA) have opened up new action channels for domestic policy actors pursuing their interests (Howlett and Ramesh, 2002; Richardson, 1999; Cortell and Davis, 1996; Demaret, 1997).

#### *Examples of International Regimes in Trade and Finance*

Mapping the myriad effects of all international regimes is clearly beyond the scope of this book. Here we will only outline the regimes prominent in the areas of trade, finance, and production to illustrate how they affect domestic public policy-making.

The edifice on which the contemporary international trade regime is based is the General Agreement on Tariffs and Trade (GATT), signed in 1947 and succeeded by the World Trade Organization (WTO) in 1995. Its membership includes almost all states in the world and the vast majority of world exports are governed by its provisions.

The WTO requires members to work towards lowering trade barriers by according 'national treatment'<sup>3</sup> to imports and not subsidizing exports. These requirements are intended to assist internationally competitive producers, at the expense of producers who are not competitive. The agreement restricts governments' ability to support domestic industries, either through protection against imports or subsidy for exports, although tenacious governments do find ways of getting around the restrictions. The difficulties involved in protecting against imports create opportunities and wealth for successful exporters, and by implication the whole economy, but at the same time impose costs on uncompetitive industries and firms. These costs, again, are often borne by the whole society in the form of higher unemployment and greater public expenditure on social welfare (see Hoekman and Kostecki, 1995).

The international monetary regime has an even greater impact on public policy, especially after the adoption of a flexible exchange rate system in 1976. The fact that exchange rates of currencies are determined by financial markets according to the demand and supply of a country's currency—instead of being fixed by international agreement, as was the case under the Bretton Woods agreement of 1944—exposes governments to international financial pressures. Since the financial markets depend on dealers' interpretation of a country's present economic conditions and their expectations for the future, this system often results in unpredictable fluctuations in the value of national currencies. Governments are therefore under constant pressure not to do anything that may, rightly or wrongly, displease the foreign exchange market.

Even more important than the flexible exchange rate system are the effects of financial deregulation and technological improvements that enable the transfer of money around the globe at high speed. By the late 1990s, foreign exchange trading around the world amounted to more than \$2 trillion per day. With such huge volumes at stake, international money markets have the ability to cause havoc for a country whose policies are viewed unfavourably by international capital. States must now be extremely careful about the effects of their policies, as these affect exchange rates, which in turn affect interest rates and export competitiveness, the repercussions of which are felt by the entire economy. A government's decision to increase expenditure on social welfare, for instance, may be viewed unfavourably by money traders, who may sell off the currency, thereby depreciating it, which may in turn necessitate an increase in interest rates by the government, the result of which will be a slow-down in the economy and higher unemployment. The net result of all these actions and reactions would be negation of the original decision to increase spending. The expected adverse market reaction to budget deficits also limits the scope for using this vital fiscal policy instrument to boost economic activity and lower unemployment (Huber and Stephens, 1998). The rapid fall in

the US dollar in 2008 following years of budget and current accounts deficits suggests that even a superpower is not entirely immune to global forces.

Similarly, the liberalization of rules restricting foreign investment, particularly since the 1980s, has led to a massive expansion of foreign direct investment and proliferation of transnational corporations (TNCs), which in turn have affected states' policy options. In 2006, there were 73,000 parent TNCs with more than 780,000 foreign affiliates, whose assets amounted to US\$51 trillion and that had 73 million employees and annual sales exceeding US\$25 trillion (UNCTAD, 2007). TNCs not only control large pools of capital, but they are also major players in international trade—they account for over two-thirds of world trade—and control much of the world's leading technology and management skills. Since their primary interest is profits, the TNCs have a motive to locate production where they see the greatest opportunity for maximizing profits.

Given their size and strength, TNCs are major players in the world economy and, by implication, in politics and public policy. They can cause serious damage to a country's economy by withholding investment or deciding to take their investment elsewhere, possibilities that policy-makers can ignore only at great economic peril. There is also now a competition among countries to attract TNCs by offering conditions the latter would find appealing. This often takes the form of a state commitment to control labour costs, maintain tax levels comparable to those in other similar nations, and set minimal restrictions on international trade and investment. Such pledges can also be elicited by transnational financial companies such as banks and bond rating agencies, which can downgrade public debt, increasing the costs governments must pay to borrow money abroad. All these pressures create severe restrictions on states' policy options, not just in economic matters but in non-economic matters as well.

However, international regimes do not affect all nations equally. The more powerful nations enjoy greater policy autonomy within the international system than their less powerful counterparts. This is not only because the powerful states have the capacity to force other nations to change their behaviour, but also because others often voluntarily alter their behaviour to match the expectations of the dominant powers (Hobson and Ramesh, 2002). Thus, for example, at the present time any international trade or investment agreement opposed by a predominant trade and investment nation such as the United States is unlikely to be reached, and if it is achieved it is unlikely to be of much significance. The Chinese government is similarly able, for example, to negotiate terms with TNCs desiring access to its gigantic domestic market that are unlikely to be available to most other nations. Depending on their economic and military power, in the international arena some countries are *policy-makers* while others are *policy-takers*. The more powerful countries and actors—for instance, China, the European Union, and the United States—exercise leverage on other nations to conform to their preferred policy options. Policy-takers—which includes most countries in the world—are nations that give up their capacity to pursue preferred policy options in exchange for preferred access to financial and product markets and/or security alliances.

## Policy Subsystems and Policy Regimes: Integrating Institutions, Ideas, and Actors

The actors we have identified above originate in the political economic structure and institutions of contemporary society and exercise their role in policy-making through their interactions. These interactions are imbued with meaning from the ideas that actors invoke in supporting or opposing particular policy options. Given this mutually defining relationship among actors, institutions, and ideas, it is useful to have analytical concepts that can encompass these fundamental elements of policy relationships. We have already discussed the concept of a *policy paradigm*, or a set of high-level ideas that structure policy debates. Identifying the key actors in a policy process, what brings them together, how they interact, and what effect their interaction has on policy-making and policy outcomes has attracted the attention of many students of public policy-making and policy formulation (Timmermans and Bleiklie, 1999). The concept of a *policy subsystem* has emerged from these studies as a concept that helps to capture the interplay of actors, institutions, and ideas in policy-making (McCool, 1998).

### Policy Subsystems

The policy universe can be thought of as an encompassing aggregation of all possible international, state, and social actors and institutions that directly or indirectly affect a specific policy area. The actors and institutions found in each sector or issue area can be said to constitute a *policy subsystem* (Freeman, 1955; Cater, 1964; Freeman and Stevens, 1987; McCool, 1998) within the larger political economic system (Knoke, 1993; Laumann and Knoke, 1987; Sabatier and Jenkins-Smith, 1993b).

Over the years scholars have developed a variety of models to try to capture the manner in which ideas, actors, and institutions interact in the policy process. The oldest conception of a policy subsystem was developed in the United States by early critics of pluralism who developed the notion of the '*sub-government*', understood as groupings of societal and state actors in routinized patterns of interaction, and as a key player in policy development (deHaven-Smith and Van Horn, 1984). This concept was based on the observation that interest groups, congressional committees, and government agencies in the United States developed systems of mutual support in the course of constant mutual interaction over legislative and regulatory matters. The three-sided relationships found in areas such as agriculture, transportation, and education were often dubbed *iron triangles* to capture the essence of their structure as well as their iron-clad control over many aspects of the policy process (Cater, 1964).

Such groupings were usually condemned for having 'captured' the policy process, thus subverting the principles of popular democracy by ensuring that their own self-interests prevailed over those of the general public (Bernstein, 1955; Huntington, 1952; Lowi, 1969). However, in the 1960s and 1970s, further research into the American case revealed that many sub-governments were not

all-powerful, and that in fact their influence on policy-making varied across issues and over time (Hayes, 1978; Ripley and Franklin, 1980). Soon a more flexible and less rigid notion of a policy subsystem evolved, called the '*issue network*' by Hugh Heclo (1978). He argued that while some areas of American political life were organized in an institutionalized system of interest representation, others were not (Heclo, 1974). The membership and functioning of 'iron triangles', he suggested, were often not as closed or rigid as they were depicted to be. Heclo conceived of policy subsystems as existing on a spectrum, with iron triangles at one end and issue networks at the other. Issue networks were thus larger, much less stable, had a constant turnover of participants, and were much less institutionalized than iron triangles.

Subsequent studies led to the identification of a large variety of subsystems, which in turn necessitated the development of alternate taxonomies to Heclo's simple spectrum of issue networks and iron triangles. Thus, R.A.W. Rhodes (1984) argued that interactions within and among government agencies and social organizations constituted policy networks that were instrumental in formulating and developing policy. He argued that networks varied according to their level of 'integration', which was a function of their stability of membership, restrictiveness of membership, degree of insulation from other networks and the public, and the nature of the resources they controlled. In the US, similar attributes were specified by Hamm (1983), who argued that sub-governments could be differentiated according to their internal complexity, functional autonomy, and levels of internal and external co-operation.

In a major study of European industrial policy-making, Wilks and Wright (1987) endorsed Rhodes's typology, arguing that networks varied along five key dimensions: 'the interests of the members of the network, the membership, the extent of members' interdependence, the extent to which the network is isolated from other networks, and the variations in the distribution of resources between the members'. Refining the iron triangle-issue network spectrum developed by Heclo, they argued that this conception allowed a 'high-low' scale to be developed in which highly integrated networks would be characterized by stability of memberships and inter-membership relations, interdependence within the network, and insulation from other networks. At the other extreme, weakly integrated networks would be large and loosely structured, with multiple and often inchoate links with other groups and actors.

In the US, empirical efforts to clarify and reformulate the concept of policy networks were also undertaken. Salisbury, Heinz, Laumann, and Nelson (1987; see also Heinz et al., 1990), for example, argued that networks tended to have 'hollow cores' in that even the most institutionalized networks appeared to have no clear leadership. Others argued that networks could be classified according to whether or not state and societal members shared the same goals and agreed on the same means to achieve those goals. Still others argued that the number of discernible interests participating in the network was the crucial variable defining different types of networks (McFarland, 1987).

The insight that a policy subsystem might consist of a number of sub-components was developed at length in the 1980s in the works of Paul Sabatier and his colleagues. In their work, an *advocacy coalition* refers to a subset of actors in the policy subsystem (Sabatier and Jenkins-Smith, 1993b).

An advocacy coalition consists of actors from a variety of public and private institutions at all levels of government who share a set of basic beliefs (policy goals plus causal and other perceptions) and who seek to manipulate the rules, budgets and personnel of governmental institutions in order to achieve these goals over time. (*Ibid.*, 215)

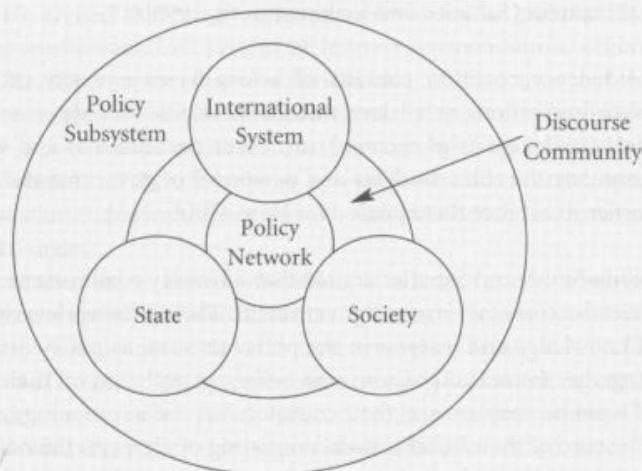
Jenkins-Smith and Sabatier argued that advocacy coalitions include both state and societal actors at all levels of government. Their scheme cleverly combined the role of knowledge and interest in the policy process, as policy actors are seen to come together for reasons of common beliefs, often based on their shared knowledge of a public problem and their common interest in pursuing certain solutions to it. The core of their belief system, consisting of views on the nature of humankind and the ultimate desired state of affairs, is quite stable and holds the coalition together. All those in an advocacy coalition participate in the policy process in order to use the government machinery to pursue their (self-serving) goals.

While belief systems and interests determine the policies an advocacy coalition will seek to have adopted, their chances of success are affected by a host of factors. These include the coalition's resources, such as money, expertise, number of supporters, and legal authority (Sabatier, 1987). External factors also affect what the coalition can achieve by making some objectives easier to accomplish than others (Jenkins-Smith and Sabatier, 1993). Some of these external factors—such as the nature of the problem, natural resource endowments, cultural values, and constitutional provisions—are relatively stable over long periods of time, and are therefore quite predictable. Others are subject to a greater degree of change, including public opinion, technology, level of inflation or unemployment, and change of political party in government (Kim and Roh, 2008).

By the end of the 1980s, it was clear from these works and others in many different countries that a variety of different types of subsystems existed, depending on the structural interrelationships among their component parts. Efforts then turned to developing a more consistent method of classifying these components so that the different types of subsystems could be better understood (Atkinson and Coleman, 1989; McCool, 1989; Ouimet and Lemieux, 2000).

This is not to say that all actors and institutions play the same role in every subsystem. Some actors are engaged mainly in the struggle over ideas, as members of knowledge- or idea-based discourse or 'epistemic' communities (Hajer, 1993; Fischer, 1993; Kisby 2007), while only a subset of that group—a policy network—is engaged in the active and ongoing formulation and consideration of policy options and alternatives (Marier, 2008). In the banking sector, for example, numerous academics, think-tanks, journalists, consultants, and others specialize

**Figure 3.2 The Policy Universe and Policy Subsystems**



in monitoring the sector and recommending policy alternatives. This subset of the entire possible universe of policy actors constitutes an epistemic or discourse community. The group of government regulators, decision-makers, and bankers who actually make government policy, constitute the policy network (see Figure 3.2).

A useful distinction can be drawn between communities in which there is a dominant knowledge base and those in which there is not. A second critical dimension of policy community structure is the number of relatively distinct 'idea sets' (Schulman, 1988; MacRaw, 1993; Smith, 1993) in the community and if, and to what extent, a consensus exists on any particular set. Using these two dimensions allows us to construct a simple matrix of common discourse community types (see Figure 3.3).

In a situation where one idea set is dominant and unchallenged—such as is presently the case in the area of fiscal policy, where there is virtually no opposition

**Figure 3.3 A Taxonomy of Discourse Communities**

		Number of Idea Sets	
		Few	Many
<i>Dominant Idea Set</i>	Yes	Hegemonic Community	Fractious Community
	No	Contested Community	Chaotic Community

Source: Adapted from Michael Howlett and M. Ramesh, 'Policy Subsystem Configurations and Policy Change: Operationalizing the Postpositivist Analysis of the Politics of the Policy Process', *Policy Studies Journal* 26, 3 (1998): 466–82.

to balanced budget orthodoxy—a form of monopolistic or 'hegemonic' community may develop. On the other hand, where multiple sets of ideas circulate, with no single idea in a dominant position, a more chaotic community will exist. A good example of this at present is biogenetics policy, where ideas ranging from the 'pure science' of genome research to ethical, religious, and conspiratorial theories coexist in the subsystem. When several major idea sets contest dominance, as Sabatier and Jenkins-Smith noted, a third type of contested community may form; as is the case in many countries' debates over environmental protection where ideas such as biodiversity and sustainable development contest equally well-entrenched concepts of resource exploitation and utilitarianism. Finally, where one idea set is dominant but faces challenges from less popular ideas, a fractious community is likely to be found. This is a type of community found at present in trade and development policy subsystems, for example, where a dominant free-trade globalism faces a challenge from less popular but still compelling sets of ideas promoting more autarkic local or national forms of economic exchange and development.

With respect to policy networks, or more structured forms of subsystem interactions, many observers have highlighted the significance of two key variables in shaping the structure and behaviour of policy networks: the number and type of their membership and the question of whether state or societal members dominate their activities and interactions (Smith, 1993; Coleman and Perl, 1999). With these variables, a reasonable classification of issue networks can be developed (see Figure 3.4) (Coleman and Skogstad, 1990).

In this model, small (state corporatist) networks dominated by government actors, as are commonly found in highly technical issue areas such as nuclear, chemical, or toxic substance regulation, can be distinguished from those (state pluralist) in which many societal actors are included, as might be the case with education or other areas of state-led social policy-making. Other distinct network types exist where a few societal actors dominate a small (social corporatist) network—as in many areas of industrial policy—or where they dominate large networks (social pluralist), as is the case in many countries in areas such as transportation or health-care delivery.

**Figure 3.4 A Taxonomy of Policy Networks**

		Number of Members	
		Few	Many
<i>Dominant Actor</i>	State	State Corporatist Networks	State Pluralist Networks
	Societal	Social Corporatist Networks	Social Pluralist Networks

Source: Adapted from Michael Howlett and M. Ramesh, 'Policy Subsystem Configurations and Policy Change: Operationalizing the Postpositivist Analysis of the Politics of the Policy Process', *Policy Studies Journal* 26, 3 (1998): 466–82.

These types of classification schemes help to clarify the possible structure of discourse communities and interest networks in policy subsystems and give us a general mechanism through which to organize the complex reality of multiple actors and institutions found in the policy-making process. Combining policy paradigms and policy subsystems, as discussed below, helps to further clarify policy-making complexity by linking those two components together into specific, relatively long-lasting policy frameworks or *policy regimes* (Richardson, 1995).

### Policy Regimes

Whether they start at the domestic or international level, relatively few policy initiatives revisit the first principles of capitalism and democracy each time they consider what government can or cannot do to address a policy problem. These 'big questions' of governance and market organization are inherited through the policy paradigms and policy subsystems that affect how to approach policy-making and what policy options to consider in specific circumstances (see Leman, 1977; Lowi, 1998; Gormley and Peters, 1992). The concept of a *policy regime* has been developed to describe this phenomenon of the persistence of fundamental policy components over fairly long periods of time.

Although the term is sometimes confused with similar, but distinct, concepts such as 'political regime', 'international regime' (Preston and Windsor, 1992; Krasner, 1983; Young, 1980), 'implementation regime' (Stoker, 1989), 'regulatory regime' (Lowi, 1966, 1972; Kelman, 1981), and 'accumulation regime' (Lipietz, 1982; Aglietta, 1979), the idea of a 'policy regime' is a unique and specialized concept that helps to capture the enduring nature of many policy processes and contents found at the sectoral level of policy-making (Doern, 1998; Doern et al., 1999). The term 'policy regime' attempts to capture how policy institutions, actors, and ideas tend to congeal into relatively long-term, institutionalized patterns of interaction that combine to keep public policy contents and processes more or less constant over time.

In his work on social policy, for example, Gosta Esping-Andersen found 'specific institutional arrangements adopted by societies in the pursuit of work and welfare. A given organization of state–economy relations is associated with a particular social policy logic' (Rein et al., 1987). Initially, Esping-Andersen argued that such regimes were linked to larger national patterns of state–economy relations or the organization of state and market-based institutions. Similarly, in their work on US policy-making, Harris and Milkis (1989: 25) defined such regimes as a 'constellation' of (1) ideas justifying governmental activity, (2) institutions that structure policy-making, and (3) a set of policies. Eisner defined a regime as a 'historically specific configuration of policies and institutions which establishes certain broad goals that transcend the problems' specific to particular sectors (Eisner, 1993: xv; see also Eisner, 1994a). However, Esping-Andersen and others argued that different regimes could be found in different policy sectors, including labour market, pension, distribution, and employment regimes (see Esping-Andersen, 1990; Kolberg and Esping-Andersen, 1992; Kasza, 2002).

A policy regime, hence, can be seen to embody each of the salient characteristics of a policy context at a given point in time. It can be thought of as combining a common set of policy ideas (a policy paradigm) and a common or typical set of policy actors and institutions organized around those ideas (a policy subsystem).

As such, the 'policy regime' is a useful term for identifying what lies behind the long-standing patterns found in both the substance and process of public policy-making in specific sectors and issue areas. The general idea is that sectoral policy-making will develop in such a way that the same actors, institutions, and governing ideas tend to prescribe what happens over extended periods of time, infusing a policy sector with both a consistent content and a set of typical procedures through which policies are developed. Understanding how subsystems, paradigms, and regimes form, how they are maintained, and how they change, therefore, is a crucial aspect of the study of public policy.

### Conclusion

Policy context forms the setting in which the drama of responding to public problems unfolds. While this stage for policy-making can extend to cover issues ranging from local to global, it is not a uniform backdrop. The policy universe is filled with distinctive constellations of actors, ideas, and institutions that constitute the space where actual problems are engaged and responses get crafted.

Policy processes tend to draw upon actors from a subset of the policy universe, increasingly at both the domestic and international levels. Policy subsystems involve both state and societal actors in complex systems of mutual interaction. Political-economic, constitutional, and legal provisions are important determinants of subsystem participation, while the power and knowledge resources of subsystem actors critically affect the nature of their activities and interactions. The ideas invoked to justify some actions and to disparage others are both introduced by these actors, as well as embedded in the institutions that structure subsystem creation.

In most subsystems in liberal-democratic capitalist societies, given their central location and access to abundant organizational resources, the minister(s) and bureaucrats in charge of a policy sector are usually the key governmental actors in a policy process, with the legislators (particularly in parliamentary systems) playing a secondary role. Their societal counterparts are drawn mainly from among interest groups, research organizations, and business and labour. These non-state participants bring expertise, information, and interest in the issues under consideration, and seek influence over the policy outcomes through their subsystem membership and participation in the policy process. The media often play an intermediating role in publicizing issues connected to the subsystem and identifying possible solutions to those issues.

The policy regime concept introduced in this chapter represents one cornerstone of the analytical framework on which Lasswell's promised insight for the policy sciences can be realized. The rest of that framework comprises the distinctive problem-solving dynamics that will be elaborated in subsequent chapters focusing on the *policy cycle*. When policy subsystems and paradigms are connected to

appropriate stages of the policy cycle, it is possible to uncover how policy issues get on the agenda; how choices for addressing those issues are selected; how decisions on pursuing courses of action are taken; how efforts to implement the policy are organized and managed; and how assessments of what is working and what is not are produced and fed back into subsequent rounds or cycles of policy-making.

Studying regime interactions within different stages of the policy cycle thus enables researchers to reveal not only a static 'snapshot' of the policy-making process in particular areas of government activity, but also the *dynamics* of policy stability and policy change. This analytical framework offers much greater depth than the intuition, hearsay, and educated guessing of many of the 'informed sources' and media pundits that bolster many generally held beliefs about policy-making processes in liberal-democratic and other states. Mastering the configuration and application of policy subsystems and policy paradigms within different stages of the policy cycle is what this book intends to teach its readers.

### Study Questions

1. How are key policy actors empowered (or not) in a liberal-democratic capitalist system?
2. Is the policy universe expanding or contracting with the advent of internationalization? What difference would this make for policy-makers?
3. Identify examples of 'strong', well-organized policy subsystems and 'weak', disorganized ones.
4. In the context of a particular policy sector, identify the range of policy actors that comprise the policy universe and the policy subsystem. Why are some actors found in one group and not the other?
5. What are the salient features of policy regimes? How can these be identified in practice?

### Further Readings

- Haggard, Stephen, and Beth A. Simmons. 1987. 'Theories of International Regimes', *International Organization* 41, 3: 491–517.
- Held, David. 1991. 'Democracy, the Nation-State and the Global System', in Held, ed., *Political Theory Today*. Oxford: Polity Press, 197–235.
- James, Simon. 1993. 'The Idea Brokers: The Impact of Think Tanks on British Government', *Public Administration* 71: 471–90.
- Kaufman, Herbert. 2001. 'Major Players: Bureaucracies in American Government', *Public Administration Review* 61, 1: 18–42.
- King, Anthony. 1981. 'What Do Elections Decide?', in D. Butler, H.R. Penniman, and A. Ranney, eds, *Democracy at the Polls: A Comparative Study of Competitive National Elections*. Washington: American Enterprise Institute for Public Policy Research.

Olson, David M., and Michael L. Mezey, eds. 1991. *Legislatures in the Policy Process: The Dilemmas of Economic Policy*. Cambridge: Cambridge University Press.

Spitzer, Robert J., ed. 1993. *Media and Public Policy*. Westport, Conn.: Praeger.

Weaver, R. Kent, and Bert A. Rockman. 1993. 'Assessing the Effects of Institutions', in Weaver and Rockman, eds, *Do Institutions Matter? Government Capabilities in the United States and Abroad*. Washington: Brookings Institution, 1–41.