Policy-making is an essential part of every government. Each government must enact policies based on their own philosophies, backgrounds, and situations. Many governments develop very similar tendencies in policy-making while other governments have quite different tendencies about policy-making. Through looking at the different trends of policy-making in multiple countries, there are multiple theories that have been laid out which group certain countries together. By choosing a specific policy that is addressed by all countries, I will be able to test different theories that form different groups of countries that are all based certain specific similarities in countries. Through testing these theories we will be able know which theory has the best explanation for why different countries have tendencies toward certain policies.

There are multiple theories of policy-making as well as multiple ways at looking at policy-making. These various ways at looking at policy-making are what attempts to explain why governments choose, create, change, or even cease certain policies. The different theories that explain this can be grouped into categories such as the cultural school, the economic school, the political school, and the institutional school. All of these categories have received attention from scholars and have been used to explain policy-making in countries (Adolino and Blake, 31). In this paper, I am going to test two of these categories to receive insight on which category best explains policy-making. The two that I will test and compare are the cultural school and the institutional school.

The cultural school reasons that a country’s policy decisions can be explained by its societal differences from other countries. The cultural school would maintain that certain individuals of certain cultural backgrounds, values, and traditions would essentially feel different about government than other individuals with different cultural backgrounds, values, and traditions. Some cultures would promote having more government while other cultures would have a tendency to be skeptical about government. This skepticism leads to policies that emphasize less government. Because of a country’s cultural background, it
will make certain approaches to each policy decision, and thus policy can be explained through culture (Adolino and Blake, 31).

Francis Castles is a researcher who has produced a theory called “families of nations” which groups countries with similar cultures together. A particular family of nations would be a group of nations that would share many cultural similarities, and that ultimately share the same policy-making dynamics or policy decision tendencies among themselves. Through his research, Castles identified four different cultural families among the industrialized world. These families are known as the Anglo-American family, the German family, the Latin family, and the Scandinavian family. The Anglo-American family consists of Australia, Canada, Ireland, New Zealand, United Kingdom, and the United States. The German family is identified as Austria, Germany, and Switzerland, while the Latin family is known as France, Greece, Italy, Portugal, and Spain. Finally, the Scandinavian family countries are Denmark, Finland, the Netherlands, Norway, and Sweden (Castles).

One reason that these countries are divided culturally like this is because of the characteristics that are revealed in their policy choices. For example, the Anglo-American family has a greater emphasis on the individual, and so many people would assert that this puts restrictions on the government through individual rights. The Scandinavian family is the opposite of that by placing the emphasis on collectivism, and thus supporting an expansive government. The German family and the Latin family are different from the earlier ones as they are somewhat in between the Anglo-American and Scandinavian families in regards to individualism and collectivism. Castles shows that the German family has some collective tendencies which create larger governments while the Latin family has some distrust in government, which leads to less government. It is pointed out that both of these families have governments that are generally controlled centrally (Castles).

A theory that offers a different explanation other than the cultural school is the theory of the institutional school. Scholars acclaiming to the institutional school would argue that the institutional framework of a country is largely responsible for the policy decision-making that occurs within a country. Within certain governmental institutions, there are rules that make it easier for particular decisions to be made about certain policies. The set up of a government can cause a shift for there to be more policy toward a bigger government while another governmental framework can cause a shift for policies that rein-
force less government (Adolino and Blake, 40-41).

One approach in observing how governmental institutions affect policy-making is to examine the relationship between a federal system of government versus a unitary system of government. A federal government would have tendencies to take a longer period of time for any kind of government reform. This is because it takes longer for policies to be enacted in a federal system of government. In a federal system, power is shared among local authorities as well as the national authorities. This allows there to be more people who are able to rise up and challenge any forthcoming policy changes. This challenging is a result from the increase in opportunity for protest with there being multiple governmental officials who are involved on multiple levels. This also allows for more citizens to speak their mind about an issue because the citizens feel as if they can actually reach a local level policy-maker. Another characteristic of federal governments is that they have the tendency to have less government than a unitary system usually has (Adolino and Blake, 41-42).

In a unitary system, the national government has the ultimate authority which makes it the supreme policy-maker. The only time that the national government would not make decisions is if it decides to delegates the decision down to the lower levels of the government. When a unitary government remains fairly centralized without giving much power to the lower forms of government, it is able to make policy very quickly and effectively. This allows for reform to happen quite efficiently and much faster than a federal system. Because of these factors, unitary systems tend to have larger governments than federal systems (Adolino and Blake, 41-42). David Cameron points out that the expansion of the public economy can be explained through the institutional structure of a government. Cameron then explains that there are two structures that can explain this. The first one is a government which has a formal relationship between multiple levels of government, where as they have multiple centers of public authority. The second structure of government is one that has one main central fiscal authority. Cameron is basically pointing out the two structures of government which explain policy-making: the unitary system, and the federal system (Cameron 1248-1249).

Now that we understand that the explanation of policy-making through the cultural school is done by explaining the idea of the families of nations, and that we understand that the explanation of policy-making through the institutional school uses a federal systems versus unitary systems approach, we are now...
able to test this to find which provides the best explanation. In order to do this, we must test a specific policy in a handful of industrialized countries. In one test, we will group the countries based on their cultural tendencies, and then in another test, we will group the same countries based on whether they have a more federal system or a unitary system. Then, we will compare the results of the two tests to find which results have more significance. If both tests find no significance, than the test results will have found that these two explanations are not very good explanations. If this is the case then future studies will be able to look at other aspects to find out what exactly explains different policy-making tendencies of various countries. If one test is more significant than the other test, then we will have found that one theory provides a better explanation over the other. If we find that both tests are significant, then we will know that both theories provide good explanations for why countries have certain policy-making tendencies. If this is the case, then we will look further to find which theory is more significant than the other. This will allow us to show which theory explains policy-making a little better.

In order to test this, we must decide which countries to use. I have chosen six countries which are the United States, Japan, Germany, France, United Kingdom, and also Italy. These six countries must first be grouped according to the cultural school and then according to the institutional school. In deciding how to group these countries in the cultural school, I will borrow from the families of nations theory but include a minor alteration. Instead of having four families, I will break the countries I have chosen into three families. The first family is the Anglo-American family which includes the United States along with the United Kingdom. Then the second family is not mentioned in the families of nations. It is a separate family that includes Japan. This family is a family of industrialized countries that have Asian culture embedded in their systems of government. The third family is a combination of two of the families from Castles’ family of nations theory. These two families are the German family and the Latin family. This family is called the continental Europe family. It combines two families that have many similarities and common historical backgrounds. The countries in the test that are included in this family are France, Italy, and Germany. So now the six countries are divided according to the cultural school.

I must now decide how the countries will be divided based on the institutional school. I will divide the countries based on where the policy-making
Testing Theories of Policy-Making: Educational Funding

authority comes from. Is the policy-making solely controlled by the national
government or is it just mostly controlled by the national government, or is it
controlled mostly by states and local government which are tied together
through a national government? Is the system of government a federal system or
a unitary system? The United States is a country that shares its policy-making
powers across the local, state, and national levels. This causes the United States
to be considered a federal system without argument. Compared to the United
States, Japan’s government is much more centralized. Japan is an example of a
unitary government. A government similar to the United States in the way of
its’ sharing policy-making with multiple tiers of government is Germany. Thus,
Germany’s government is classified as a federal system. For the most part, the
government of France is centralized and will be categorized as a unitary govern-
ment. The United Kingdom seems to be more decentralized as the national gov-
ernment shares its decision-making with some of the local government, and so it
is categorized as a federal system of government. The last country being includ-
ed in the study is Italy. Italy is being placed with the unitary systems of govern-
ment as it is heavily centralized. To recap this, the federal systems are the United
States, United Kingdom, and Germany, while the unitary systems are Japan,
France, and Italy (Adolino and Blake, 285-310).

Now that we have categorized the countries and have decided where to
place them among the two theories, we must now look at which policy we
observe in the test. In this paper, I will be observing government funding in
education. More specifically I will be looking at the amount of money spent on
each student in three different levels of education. I will look at how much each
country has spent on a student in the primary level, then the secondary level,
and also the tertiary level. We will then be able to tell if there is any significance
between the explanation of policy-making and how countries spend on each of
the three stages of education. Do some countries have policies tend to spend
more than expected in certain stages of education while spending less than
expected in other stages? With the results we will be able to know.

The statistical work that I am using for this test comes from the Center
for Educational Research and Innovation and is published by the Organization for
Economic Co-operation and Development (“Education at a Glance: OECD
Indicators 1998”). The stats show how much spending each of the six countries
spend on each level of educational development. These particular stats that I will
be testing were published in 1998 and are the statistics of the spending from each
country in 1995. Now in order to test these statistics, I will have to find the average of each of the cultural families and then the average of the federal institutions and then the unitary institutions. Then I will use a chi-square to test the two schools of thought and find which one best explains policy-making decisions in countries. So after I find the averages, then I must find the expected values for each amount of spending for each group of nations. Then I will compute the chi-square and figure out how many degrees of freedom there are. After these tests, I will be able to tell which theory is more significant and thus which theory explains policy-making better.

The first set of results that I will examine is the results of the chi-square done for the three cultural families in this test. The table below (table 1.1) shows the expected values for each of section. The figures that are shown are in U.S. dollars and represent the amount of spending per student in each level of education.

(Table 1.1) Average Spending Per Student

<table>
<thead>
<tr>
<th>Cultural Families</th>
<th>Primary Ed</th>
<th>Secondary Ed.</th>
<th>Tertiary Ed.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continental Europe family</td>
<td>3,804</td>
<td>5,928</td>
<td>6,826</td>
<td>16,558</td>
</tr>
<tr>
<td>(Italy, France, Germany)</td>
<td>3,647</td>
<td>4,752</td>
<td>8,159</td>
<td></td>
</tr>
<tr>
<td>Asian family (Japan)</td>
<td>4,065</td>
<td>4,465</td>
<td>8,768</td>
<td>17,298</td>
</tr>
<tr>
<td></td>
<td>3,810</td>
<td>4,964</td>
<td>8,524</td>
<td></td>
</tr>
<tr>
<td>Anglo-American family (U.S &amp; U.K.)</td>
<td>4,350</td>
<td>5,529</td>
<td>11,744</td>
<td>21,623</td>
</tr>
<tr>
<td></td>
<td>4,762</td>
<td>6,206</td>
<td>10,655</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>12,219</td>
<td>15,922</td>
<td>27,338</td>
<td>55,479</td>
</tr>
</tbody>
</table>

Figures in U.S. dollars
Degrees of Freedom = 4
Chi-Square = 810.7

As you can see the degrees of freedom along with the chi-square total is listed at the bottom below the table. The degrees of freedom in this test is four. This means to be significant at the .01 level, the chi-square would have to be greater than 13.3, and to be significant at the .001 level the chi-square will have to be greater than 18.5. The chi-square for this test is 810.7, which is incredibly higher than the 18.5 needed to be significant at the .001 level. This means that
these two variables are incredibly significant to each other. Other things that must be pointed out are how each of the cultural families act according to their expected values. The continental Europe family spends more than expected for their primary and secondary education while spending much less than expected in their tertiary education. The Asian family spends more on its primary and tertiary education while spending less than the expected on their secondary education. Finally, the Anglo-American family spends less than expected in their primary and secondary educations, but spends well above their expected value in tertiary education. This shows how each of these families place different emphasis on different levels of education. This test definitely demonstrates that the cultural explanation of policy-making provides a viable explanation for how much funding a country gives to certain parts of its educational system.

The next set of results that I will observe is the results of the chi-square for the unitary and federal systems. Again, the next table (table 1.2) shows the expected values for each section. The figures here are still shown in U.S. dollars, and they still represent the amount of spending per student in the different educational stages. The only difference is that the countries are divided into federal systems and unitary system instead of the cultural families. After examining these results, I will be able to tell if the cultural school or the institutional school explains different policy-making in different countries.

**Table 1.2** Average Spending Per Student

<table>
<thead>
<tr>
<th>Institutional Systems</th>
<th>Primary</th>
<th>Secondary</th>
<th>Tertiary</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unitary Systems (Japan, France, Italy)</td>
<td>4,039</td>
<td>5,332</td>
<td>8,078</td>
<td>17,449</td>
</tr>
<tr>
<td>Federal Systems (U.S., U.K., Germany)</td>
<td>3,697</td>
<td>5,094</td>
<td>8,658</td>
<td>20,586</td>
</tr>
<tr>
<td>Total</td>
<td>8,036</td>
<td>11,026</td>
<td>16,733</td>
<td>38,035</td>
</tr>
</tbody>
</table>

Figures in U.S. dollars

Degrees of Freedom = 2

Chi-Square = 150.8

As you can see in this table the degrees of freedom are equal to two. This means to be significant at the .01 level the chi-square must be greater than
9.21 and to be significant at the .001, the chi-square needs to be greater than 13.8. In this case the chi-square is equal to 150.8 which exceeds 13.8 by an incredibly large amount. This means that this relationship is also tremendously significant. There are also items that needed to be pointed out about the expected figures in this relationship. The amount in which the unitary systems spend on primary and secondary education exceeds that of the expected amount. This means that there is more of a focus in unitary systems on the primary and secondary education levels. The federal systems is the opposite in regards to spending on the primary and secondary levels of education. The federal systems spend less than their expected amount on spending on the primary and secondary levels. In the tertiary level of education, the unitary systems spend less than expected while the federal systems greatly exceed their expected value. It could be said through this analysis that unitary systems’ policies tend to give more attention fiscally to primary and secondary education, while federal systems tend to focus on tertiary education. This test, like the first test shows how significant institutional systems play in affecting policy-making in a country.

Now we must decide which test is more significant in order to find if cultural systems or institutional systems explain policy-making better. In order to do this, I must note that you can not directly compare the two chi-squares to see which one is more statistically significant. This is because they both have different degrees of freedom. This makes them significant on different levels. The table 1.1 test has four degrees of freedom which requires a higher chi-square than the table 1.2 test which has two degrees of freedom. What we can do to solve this is to observe both of them as compared to the amount required to be significant. For the chi-square in table 1.1 to be significant to .001, it has to be 18.5 or higher. In order for the chi-square in table 1.2 to be significant it has to be higher than 13.8. Now we roughly know the differences between the significance of each chi-square. The chi-square result for table 1.1 was 810.7, while the result for table 1.2 was 150.8. You can now see that it is really not even close to being equal in significance. Table 1.1 has a chi-square that is so high that it can be established that it is more significant than table 1.2 even when considering the degrees of freedom. This means that this comparison supports the idea that the cultural school explains policy-making better than the institutional school.

Through this testing, we have concluded that both the institutional and the cultural schools explain policy-making in a country very well. This test has
shown that the cultural school within the families of nations theory provides a superior explanation as to why countries choose certain policies. From this test we are also able to show that there can be multiple reasons for why countries make their decisions and that both institutional reasons and cultural reasons are two of them. It is very likely that other explanations could also have high significance as well. Future tests in this area should look at other explanations including the political and economic factors which surround different groups of countries. Future tests should also incorporate larger pool of countries along with a large range of policies in order to get very accurate results. The particular tests done in this paper may possibly only represent what happens in policy that deals with educational funding. Maybe cultural institutions only have a better explanation dealing with the particular policy that was tested in this paper. In other words there may be certain cultural tendencies that only affect the particular policy that was tested. Future tests and analysis of this subject should observe and include these ideas into their testing. If this is done then we will be able to get more accurate results as well as more detailed results. Then once this is done we could then look even further to find out the exact circumstances of these findings and conclude with why exactly the test results show what they show.

Works Cited


