FIGURE 1: Forward-looking hypotheses (X = Independent variable; I₁, I₂, I₃ = Intervening variable; E₁, E₂, E₃ = Effects)

Source: Scharpf (1997).

FIGURE 2: Backward-looking hypotheses (E = Effect to be explained. All other dots represent independent and intervening variables)

Source: Scharpf (1997).
FIGURE 3
The Framework

(features of) PUBLIC POLICIES
Y

(game of) POLITICAL TRANSACTIONS
(3)

FUNCTIONING OF POLITICAL INSTITUTIONS
(rules of policymaking game)
X

BASIC INSTITUTIONS & HISTORY
(7)

features of specific policy issues
Z
Figure 4a. Income per capita

Income per capita - year 2000

Argentina 10733
Figure 4b. Volatility of Economic Policy

Figure 2: Volatility of Economic Policies
Variation in the 'economic freedom index' in 105 selected countries, 1970-1997

Figure 4c. Costs of Policy Change
Legal or political changes over the past five years have (1=severely undermined your firm's planning capacity, 7=had no effect)
Figure 4d. Expected Exchange Rate Volatility

Over the next two years, your country’s exchange rate will be (1=very volatile, 7=very stable)  [Question asked in February-April 2001]
Figure 4e. Minimum Wage Enforcement

The minimum wage set by law in your country is (1=never enforced, 7=strongly enforced)
Figure 4f. Tax Evasion

Tax evasion in your country is (1=rampant, 7=minimal)

Figure 4g. Usefulness of Public Spending
The composition of government spending in your country (1=is wasteful, 7=provides necessary goods and services not provided by the market)

**Figure 4h. Quality of Infrastructure**
General infrastructure in your country is (1=poorly developed and inefficient, 7=among the best in the world)

Figure 4i. Quality of Public Schools
Public (free) schools in your country are (1=of poor quality, 7=equal to the best in the world)
The competence of personnel in the public sector is (1=lower than the private sector, 7=higher than the private sector).