

THE NATIONAL ORIGINS OF POLICY IDEAS

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PREFACE

Although we did not realize it at the time, this project began when we decided during a quiet stroll along the Danish sea coast in 2004 to write a short paper about the role of ideas in public policymaking. Since then it has taken us to eleven cities in four countries. During our travels we had the pleasure of talking with many fascinating people and dining in many wonderful restaurants and cafes. We met some of the smartest people in politics as well as a few of the most paranoid. Our interviews with them were so riveting that in one case we lost track of time and missed our train back to Copenhagen, much to the amusement of those we were interviewing at the moment. We survived a restaurant fire and witnessed a street brawl. We watched pick pockets plying their trade in the Paris subway. We raced along the German autobahn one dark and rainy night at 125 miles per hour while the taxi driver flashed his lights and cursed cars in front of us for not going faster! We saw a couple of dozen enormous tractors block traffic outside Christian Democratic Union headquarters in Berlin as farmers protested CDU agricultural policies. We passed through countless security check points in Washington D.C. and sat at the conference table used by Jean Monnet when he planned for the European Coal and Steel Community after the Second World War. We visited the White House. We saw the parade grounds in Nuremberg where Hitler addressed mass rallies during the heydays of the Third Reich and where the Allies later held the Nazi top brass for trial and eventual execution. And along the way we collected and processed 15,000 or more pages of interview transcripts and documents. In the end we tried to write a book that will be of interest to a wide range of readers in the social sciences and beyond who are curious about how ideas are produced and disseminated to policymakers and used to affect public policy.

Many people helped us along the way. They include Magnus Paulsen Hansen, Antje Vetterlin, Magali Gravier and Vivien Schmidt who helped arrange interviews for us as did the German and French embassies in Copenhagen and the Danish embassy in Berlin. Charles Quincy, Jordan Osserman, Jaclyn Wypler, Andreas Birkbak, Noah Glick and John Mei helped to gather, code and organize data from websites, interviews and organization documents. Mike Massagli, Gretchen Wright, Peter Marsden, Kathryn Lively and Kathleen Sherrieb offered sage advice about developing coding schemes. Anne Ivey, Stephanie Morgan and Deborah Edwards were an enormous help when it came to managing the project's funding.

We owe special thanks to everyone who agreed be interviewed for this project and especially those who agreed to read and give us feedback on the chapters for which we interviewed them once they had been written. Because some of them preferred not to be identified, we refrain from reporting their names here. Nevertheless, this project would not have been possible without their generosity and help for which we are extremely grateful.

We thank as well a number of people who commented on various aspects of this project along the way or provided comments on drafts of chapters and in some cases the entire manuscript. These include Denise Anthony, Edward Ashbee, Mark Blyth, Susana Borrás, Robert Boyer, David Brady, Marc Dixon, Marie-Laure Djelic, Marion Fourcade, Patrick Le Galès, Peter Hall, Kathryn Lively, Bruno Palier, Martin Møller Boje Rasmussen, Andrew Rich, Ann Sa'adah, Vivien Schmidt, Len Seabrooke, Kathleen Sherrieb, Kathleen Thelen, Diane

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Finally, we must thank our wives, Kathy Sherrieb and Anne Bøttger Pedersen. They provided more moral support to us than we probably deserved throughout this project. For these and many other reasons we dedicate this book to them with much love and affection.

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CHAPTER 1

KNOWLEDGE REGIMES AND THE NATIONAL ORIGINS OF POLICY IDEAS

Two conservative Congressional staff members in Washington D.C., Ed Feulner and Paul Weyrich, were frustrated in 1971 by the lack of timely policy-relevant research on Capitol Hill. Their frustration peaked when an impressive and potentially influential briefing paper about the supersonic transport prepared by a prominent conservative think tank arrived a day after Congress voted on the issue—too late to influence the vote. Frustration led to action. In 1973 with the help of wealthy benefactors like the beer tycoon Joseph Coors they established the Heritage Foundation, an aggressive policy research organization dedicated to quickly producing and disseminating conservative policy analysis to members of Congress so that conservative ideas would have greater influence on policymaking. It worked. Notably, in 1980 the Heritage Foundation provided Edwin Meese, the head of Ronald Reagan's transition team, a hefty volume called Mandate for Leadership, a conservative blueprint for transforming all aspects of public policy and intended as a guide for the incoming administration. It was a best seller in Washington for weeks and reputedly guided the administration's initial budget cutting efforts at a time when conservatives believed that excessive government spending was causing inflation and economic malaise in America. The Heritage Foundation's reputation soared and marked the beginning of a seismic change in how policy research organizations operated in Washington.¹

Since then and thanks to challenges associated with the rise of globalization and the transformation of advanced capitalism policy research organizations in the United States and Europe have undergone major changes as people have tried to use policy analysis and other ideas to more effectively influence policymaking and solve national economic problems. But they have done so in nationally specific ways. This book explains these changes as they unfolded in the United States, France, Germany and Denmark. In doing so it answers several pressing yet much neglected questions: Where do the ideas come from over which policymakers fight and that affect policymaking and public debates? How has this changed with the onset of globalization? And, most important, how has all of this varied across different types of advanced capitalist countries? In short, this book is about the national origins of policy ideas.

Researchers in the social sciences have long debated whether policy analysis, economic theories and other sorts of ideas as well as self-interests affect policymaking in advanced capitalist countries. Many now agree that ideas matter a lot. Peter Hall, for instance, showed that big intellectual policy paradigms like Keynesianism and then neoliberalism shaped economic policy after the Second World War. Mark Blyth revealed how policy makers used ideas as weapons in their political struggles to reform taxation and government spending. Frank Dobbin argued that deep-seated values regarding the appropriate relationship between the state and economy influenced the development of national transportation policies. And others, particularly Vivien Schmidt, explained that cognitive and discursive structures helped frame policy debates in different ways in different countries.²

¹ Rich 2004, pp. 53-55; Smith 1991, pp. 194-202; Weidenbaum 2009, p. 96.

² Blyth 2002; Dobbin 1992; Hall 1989a, 1993; Schmidt 2002, 2001. The literature on how ideas matter is extensive. Other examples include Babb (2001), Béland and Cox (2011), Berman (1998, 2006), Campbell (2002, 1998), Goldstein and Keohane (1993), Katzenstein (1996), McNamara (1998) and Rueschemeyer and Skocpol (1996).

We accept that ideas matter for politics. Our concern, however, is that those who have shown that ideas are important have paid remarkably little attention to how these ideas are produced and disseminated in the first place and how this varies across countries and over time. So this book is not about how ideas matter or why policymakers choose one idea over another. It is about the organizational and institutional machinery by which these ideas are produced in different ways in different countries. This is especially important because variation in this machinery helps explain how policy ideas themselves differ across time and place. To our knowledge this is the first study of its kind.

The book focuses on how policy research organizations like think tanks, government research units, political party foundations and others that produce and disseminate policy ideas are organized, operate and have changed during the last thirty years or so in our four advanced capitalist countries. In each country these organizations constitute what sociologists call an organizational field—a community of organizations whose participants engage in similar activities and interact more frequently with one another than with organizations outside the field.³ We call fields of policy research organizations and the institutions that govern them knowledge regimes. Knowledge regimes are the organizational and institutional machinery that generates data, research, policy recommendations and other ideas that influence public debate and policymaking.

Policymakers need the information produced by knowledge regimes insofar as the policy problems they confront often involve ambiguity and uncertainty. They need it to make sense of these problems. Sense making is often a contested process involving varying degrees of competition, negotiation and compromise—often involving power struggles—over the interpretation of problems and solutions for them. A knowledge regime, then, is a sense-making apparatus.⁴ Just as sense making occurs in different ways in organizations depending on how they are organized individually, it also occurs in different ways in knowledge regimes depending on how they are organized as a field. Sense making is especially important and difficult for policymaking during periods of crisis when ambiguity and uncertainty are extreme because problems are unfamiliar and conventional policy prescriptions no longer work. During periods of crisis sense making can take a long time and may involve changing the sense-making apparatus itself.⁵ This is just what happened in nationally specific ways in our four knowledge regimes beginning in the late 1970s and early 1980s.

ANALYTIC ARGUMENTS

Our overarching argument is that policy ideas have national origins and the way they are

³ DiMaggio and Powell 1983; Dobbin 1992, 1994; Fligstein 1990; Fligstein and McAdam 2012; Schneiberg 1999, 2002, 2007; Schneiberg and Bartley 2001; Scott 2001.

⁴ The term sense making is from organizational theory and is generally described as a process involving a set of organizations and institutions that help people interpret the problems they face and determine how to tackle them (e.g., March 2010; Weick 1995). Political economists also recognize that policymakers face uncertainty and ambiguity and thus need to interpret—that is, make sense of—their situations and do so often in ways that facilitate change (Blyth 2011; Mahoney and Thelen 2010a; Orren and Skowronek 1994; Streeck and Thelen 2005, chap. 1).

⁵ For examples of lengthy sense-making episodes during times of economic crisis, see, for example, Blyth (2002) and Hay (2001).

produced is largely determined by nationally specific institutions. In substantiating this claim, however, we offer four additional analytic arguments. The first three provide new insights into previous research on globalization and the rise of neoliberal ideas; comparative political economy; and organizational convergence. As we are about to explain, we identify and begin to fill important gaps in these three overlapping research literatures and challenge some of their key claims. The fourth analytic argument constitutes our causal model of the national construction of knowledge regimes. Our interest in these things stems from our long-standing curiosity about institutions and institutional change.⁶

The End of the Golden Age and the Rise of Globalization and Neoliberalism

Sense making and knowledge regimes became especially important in advanced capitalist countries during the era of economic globalization whose onset was marked by the end of the Golden Age of post-war capitalism—a period of strong economic growth, welfare state development and general prosperity enjoyed by many advanced capitalist countries during the first three decades after the Second World War.⁷ The end of the Golden Age was accompanied by the onset of a stagflation crisis where economic stagnation and inflation increased simultaneously during the 1970s and 1980s. We will have more to say about this later in the chapter. But for now what is important is that stagflation discredited conventional Keynesian policy ideas in many advanced capitalist countries and triggered what some have called a “war of ideas” in North America and Europe in which political opponents used theories, data, ideology and rhetoric as weapons in the fight over economic policy.⁸ These ideas varied widely from left to right across the political spectrum and across countries and were all attempts to make sense of this unprecedented situation.⁹ Among them neoliberalism—the call for less public spending, lower taxes, especially on business and the wealthy, and less state intervention into the economy—figured prominently. And once ideas like these were adopted they had far-reaching consequences for how successfully economies performed.

Much attention has been paid to globalization and the end of the Golden Age and how it transformed the advanced capitalist countries after the 1970s thanks to pressures associated with increased international capital mobility, new telecommunications technologies, the emergence of free-trade zones like the European Union, and more. New forms of economic organization resulted, such as the emergence of global outsourcing, international commodity chains and network-like corporate structures.¹⁰ New economic and social policies appeared too including sometimes the scaling back of welfare states and tax burdens.¹¹ What is missing in this literature, however, is attention to the rise of knowledge regimes as a means of searching for new

⁶ See, for example, Campbell (2004), Campbell and Pedersen (2001) and Pedersen (2010, 2011).

⁷ Marglin and Schor 1990. Others have described the Golden Age as a period of “embedded liberalism” (Ruggie 1982) and advanced “Fordism” (Piore and Sabel 1984). This is not to say that the advanced capitalist countries were without problems during the Golden Age or that their experiences were all the same. There was much variation. In particular, two of our European countries, Germany and France, had to rebuild after the devastation of the Second World War whereas Denmark and the United States did not.

⁸ Blyth 2002, pp. 258-59; Fourcade-Gourinchas and Babb 2002; Stiglitz 2009, p. 211; Weidenbaum 2009, p. 29.

⁹ These ideas were derived from a wide variety of perspectives including neo-Marxism, institutional economics, industrial policy, post-Keynesianism, neoliberalism, public choice theory and monetarism among others (Blyth 2002; Fourcade 2009; Fourcade-Gourinchas and Babb 2002; Mudge 2008; Prasad 2006).

¹⁰ DiMaggio 2001; Gereffi 2005.

¹¹ Steinmo 1993; Swank 2002.

ideas about how to make sense of and cope with globalization and its challenges. For instance, David Held and colleagues' well-known Global Transformations offered an impressive analysis of how globalization caused a variety of political, economic and cultural changes around the world. But they provided little discussion—or even recognition—of where the ideas came from with which people tried to make sense of these changes.¹²

Following Max Weber, who argued that ideas are an important starting point for the development of capitalism, we argue that knowledge regimes became more important for advanced capitalist countries as policymakers and others grappled with the challenges of globalization.¹³ Put differently, this is an age where policymakers strive to recognize and improve their country's institutional competitive strengths and rely increasingly on the production of policy relevant knowledge to do so.¹⁴ This is why overlooking the significance and transformation of knowledge regimes is a serious omission in the research on globalization and the end of the Golden Age. By correcting this we illuminate a previously unexplored dimension of the breakdown in consensus on economic management that followed the end of the Bretton Woods system in the 1970s and the demise of the Golden Age.

But the manner in which knowledge regimes help policymakers make sense of and deal with the challenges of globalization varies across countries. This is important for understanding the international diffusion of neoliberalism. Several scholars have argued that neoliberal ideas diffused internationally since the end of the Golden Age as globalization began to occur. In particular, researchers have claimed that this resulted in tendencies toward international convergence on a common set of political and economic outcomes, such as certain forms of market reregulation and welfare retrenchment.¹⁵ As Frank Dobbin and his colleagues remarked with reference to the globalization literature, “The power of global models is increasingly taken for granted even in studies focusing on domestic economic and political conditions.”¹⁶ We offer two arguments in this regard. First, we challenge albeit cautiously that neoliberalism is as taken for granted today as many believe. We show that the adoption of neoliberalism at least by national councils of economic advisors was highly uneven across our four countries and in one case was largely rejected. Second, although some researchers have also noted this sort of unevenness they attributed it to the fact that neoliberal ideas were translated (or not) into local practice by way of political and economic institutions already in place. In other words, national political-economic factors mediated the degree to which neoliberalism was adopted from one country to the next. We argue, however, that the structure and practices of knowledge regimes—not just political and economic institutions—also had important mediating effects. This is because knowledge regimes are where neoliberal ideas were often formulated and debated, and because the nationally specific organization of knowledge regimes affected how these and other ideas were crafted in the first place. This leads to our second argument—one that bears directly on literature in comparative political economy and the issue of national diversity.

¹² Held et al. 1999.

¹³ Weber 1958.

¹⁴ Pedersen (2010), for instance, shows that the academic discussion of national institutions and institutional competitiveness seeped into policymaking discourse and guided policy reform since the 1970s.

¹⁵ Lane 2005; Simmons et al. 2008; Thatcher 2005.

¹⁶ Dobbin et al. 2007, p. 450. See, for example, Crouch (2011), Fourcade-Gourinchas and Babb (2002), Harvey (2005) and Simmons et al. (2008) on the diffusion of neoliberalism.

Comparative Political Economy

Knowledge regimes are just as important for modern political economies as policymaking and production regimes at least insofar as knowledge regimes produce the ideas that inform what political and economic elites do. However, policymaking and production regimes have received the lion's share of attention from comparative political economists. Much of their work dwells on how policymaking and production regimes respond to globalization in nationally specific ways. This work emerged in two waves. The first was about policymaking regimes, which were scrutinized closely in the 1980s and 1990s by social scientists like Peter Evans, Dietrich Rueschemeyer and Theda Skocpol whose volume Bringing the State Back In set the tone for much of this research.¹⁷ Policymaking regimes involve the organization and governance of states, political parties and other political institutions. They vary across countries in many ways. For instance, policymaking is more centralized bureaucratically in some policymaking regimes than others. Elections are based on winner-take-all rules in some policymaking regimes but proportional representation in others. In turn, some policymaking regimes feature considerably more political parties and tend more toward compromise than others. And some policymaking regimes rely more heavily on the career civil service than others. Research shows that all of these factors influence how policy is made and contributes to different national styles of policymaking.¹⁸

The second wave in comparative political economy involved the analysis of production regimes. It emerged in the late 1990s and early 2000s thanks largely to the emergence of the so-called Varieties of Capitalism School, pioneered by Peter Hall and David Soskice, who wanted to bring the analysis of firms back into comparative political economy. Their edited collection Varieties of Capitalism: The Institutional Foundations of Comparative Advantage remains the classic statement of this perspective. They assert that the important roles of firms and other economic actors were overshadowed for years in comparative political economy by studies of policymaking regimes. Production regimes involve the organization of economic activity through markets and other market-related institutions, which govern the inter-relationships among firms, customers, employers, employees and owners of capital. Some production regimes are dominated by large firms while others are dominated by small and medium sized firms. Some firms are owned by families, others by diverse shareholders, and still others in part by the state. Some firms depend on equity and bond markets for finance while others depend on banks or the state. Some production regimes have strong unions, employer associations and corporatist bargaining while others do not.¹⁹ Researchers demonstrated that all of these factors influenced how well national economies adjusted to economic challenges, problems and crises.

One of the most important contributions of the Varieties of Capitalism School was to show that different institutional combinations sometimes create synergies that help improve overall economic performance in ways that would not happen otherwise. Such synergy is typically called institutional complementarity. Generous universal welfare state provisions, for

¹⁷ Evans et al. 1985.

¹⁸ For further important statements of bringing the state back into policy analysis, see, for example, Hicks and Kenworthy (1998), Katzenstein (1978), Schmidt (2002) and Steinmo et al. (1992). In a related vein, some scholars compared national styles of policymaking (e.g., Richardson 1982; Vogel 1986).

¹⁹ Hall and Soskice 2001a; Hancké et al. 2007a; Soskice 1999.

instance, may enhance labor market flexibility such that the political institution helps improve the performance of the economic institution. Not all institutional combinations do this.²⁰ Robert Boyer is one of the few to argue that complementarities sometimes breakdown as circumstances change and institutional combinations become dysfunctional. Nor in his view are institutional complementarities necessarily self-evident; sometimes they must be discovered much as investors spot opportunities for arbitrage—all of which is to say that institutional complementarities are often as much a matter of perception and intentional action as they are of institutional structure per se.²¹

Comparative political economists now often characterize national political economies in terms of combinations of different types of policymaking and production regimes and the institutional complementarities they entail.²² And their work has provided countless insights into how advanced political economies operate. But they err in ignoring the important role that knowledge regimes play in all of this. After all, policymakers use the ideas emanating from knowledge regimes to formulate and implement the public policies that affect how production regimes are organized and operate and, in turn, how successful they are.²³ In other words, knowledge regimes constitute an additional source of institutional complementarity insofar as the analysis and advice they generate helps leaders in the policymaking and production regimes make sense of and resolve problems and thus improve national economic performance. How this happens depends on the nationally specific ways in which knowledge regimes are organized.

It is surprising that such a blind spot for knowledge regimes exists because a rich literature has emerged on how ideas matter for policymaking, and because some prominent representatives of the policymaking and production regime literatures, such as Peter Katzenstein and Peter Hall, respectively, have contributed to it!²⁴ A few researchers have written about independent, non-profit, private think tanks. However, only a few of them discussed these organizations in connection with other types of policy research organizations, such as those associated with either the state or political parties, as an entire national field.²⁵ And with the exception of a few edited volumes, their work lacked cross-national comparisons.²⁶ Other researchers were more attentive to cross-national differences in how policy ideas were produced but only with examples from the early part of the twentieth century when national political economies were vastly different from today. We have in mind here especially Dietrich Rueschemeyer and Theda Skocpol's collection entitled States, Social Knowledge, and the Origins of Modern Social Policies.²⁷ Finally, some studies have shown how the economics profession developed and influenced public policy in different countries. They too pay less attention than we would like to our principal concerns—how policy research organizations operate in the first place, and how policymaking and production regimes influence knowledge

²⁰ Hall and Soskice 2001b; Crouch 2005.

²¹ Boyer 2005a, 2005b. See also, Campbell (2011), Hall (2005), Höpner (2005, p. 343) and Streeck (2005).

²² See, for example, Amable (2003), Campbell (2011), Campbell and Pedersen (2007a); Hancké et al. (2007b), Kenworthy (2004, 2006).

²³ Blyth 2002; Campbell and Lindberg 1990; Fligstein 1990; Hall 1989b.

²⁴ Hall 1992, 1993; Katzenstein 1996. See also Blyth (2002, 1997) and Schmidt (2002, 2001, 2000).

²⁵ Medvetz 2012; Rich 2004.

²⁶ See, for example, Desai (1994), Medvetz (2012), Ricci (1993), Rich (2004) and Smith (1989). For comparative exceptions see Abelson (2002), McGann and Weaver (2000), Stone and Denham (2004) and Stone et al. (1998).

²⁷ Rueschemeyer and Skocpol 1996. See also Furner and Supple (1990) and Hall (1989a).

regimes.²⁸ For instance, Marion Fourcade and Sarah Babb argued that the stagflation period ushered in new ways of thinking about economic policy and showed how economists played important roles in several countries. But they had little to say about the policy research organizations many of these experts inhabited or how these organizations went about their business either individually or collectively. And Fourcade's excellent book Economists and Societies, which analyzed the development of the economics profession in France, Britain and the United States, focused on the relationships between economists and universities but downplayed the role of economists in policy research organizations, particularly outside the state.²⁹ In short, although all these literatures are insightful they shed less light than one might hope on how knowledge regimes are organized, operate and vary across countries today and how they have evolved.

The analysis of knowledge regimes constitutes the third analytic leg of a three-legged stool along with the analysis of policymaking and production regimes upon which comparative political economy should rest. Until now that leg has been largely missing. We correct this problem by showing that knowledge regimes are intimately connected with policymaking and production regimes in nationally specific ways. And in doing so, we offer two sets of insights into comparative political economy.

The first set is about policy paradigms. Paradigms are cognitive frameworks including core assumptions and causal arguments about which policies are effective in different situations—frameworks that constrain the range of policies that policymakers and others are likely to consider and support. Those who have studied the role of ideas in policymaking have discussed how one policymaking paradigm is replaced by another.³⁰ For instance, several researchers have argued that Keynesianism was replaced by neoliberalism in various countries since the 1970s. And they have frequently taken for granted that these paradigms are, as Grace Skogstad points out, “internally coherent ideas that are...largely incommensurable with the paradigms that replace them.”³¹ In light of our evidence we argue against this view on two counts. First, paradigms are not hegemonic. One can exist alongside another in competition for long periods of time. Second, contrary to the implication of much of this literature, the shift from one paradigm to another does not involve an abrupt break but rather is an incremental and evolutionary process where bits and pieces of two or more paradigms may come together in the analysis and policy prescriptions on offer.³²

Our second set of insights for comparative political economy pertains to the Varieties of Capitalism School. As we noted earlier, the Varieties of Capitalism School considers only complementarities involving policymaking and production regimes whereas knowledge regimes are another possible source of institutional complementarity for the rest of the political economy. Our analysis shows that when people perceive that these complementarities breakdown—that is, that their knowledge regime no longer provides the analysis, advice and other ideas deemed useful for making sense of and coping with their country's political-economic problems—they

²⁸ Babb 2001; Dezalay and Garth 2002; Fourcade 2006, 2009.

²⁹ Fourcade 2009; Fourcade-Gourinchas and Babb 2002.

³⁰ Blythe 2002; Campbell 2004, chap. 4; Hall 1992, 1993.

³¹ Skogstad 2011, p. 239.

³² Schneiberg (2007) makes a very similar argument about different organizational models co-existing and sometimes competing with each other. Also see Campbell (2004, chap. 3) on institutional change as bricolage.

try to change them in ways that they hope will rejuvenate such complementarity. And they do so in nationally specific ways that may involve centralized planning or coordination, trial-and-error experimentation and haphazard muddling through. This is just what happened in our four countries as the Golden Age waned, globalization emerged and people struggled to cope with stagflation and other problems. Three important implications follow from this insight. Complementarities are not fixed; they are dynamic. Efforts to create (or recreate) them are not necessarily successful despite their best intentions. And perception matters insofar as efforts to change knowledge regimes depend on people believing that their knowledge regimes have become dysfunctional in the first place. As such there is nothing automatic or mechanistic about this. And there are no functionally pre-ordained outcomes. Ours is not a functionalist argument. Insofar as the Varieties of Capitalism School has been accused of functionalist reasoning our research helps chart a way out of that dilemma.³³ Moreover, we focus our attention on the breakdown of institutional complementarities and unpack how actors seek to make sense of and restore them in different ways in different countries—something that the Varieties of Capitalism School has largely neglected.

Recognizing the dynamic nature of the institutional complementarities associated with knowledge regimes can also help resolve what some consider to have been the Achilles heel of comparative political economy in general and the Varieties of Capitalism School in particular—lack of a satisfactory theory of change. A number of people have argued that researchers in these traditions have excelled in distinguishing between types of political economies and how they perform but that they have not done well in explaining how they change, especially in gradual or incremental ways.³⁴ This is why, for example, Wolfgang Streeck, Kathleen Thelen, James Mahoney and their colleagues have worked hard to identify different patterns and mechanisms of incremental change in advanced capitalist countries.³⁵ We contribute to this effort by showing that when people perceive a breakdown in institutional complementarity their efforts to restore it can lead to significant incremental change. This is counterintuitive insofar as scholars often argue that institutional complementarities are a source of stability whereas we show that they can also be a source of change.³⁶ However, we also show that the way this played out in our four knowledge regimes was nationally specific, which leads to our third argument—one that bears on convergence theory and the issue of national similarity.

Convergence Theory

In contrast to researchers in comparative political economy who emphasize the persistence of nationally specific institutional characteristics, other researchers have argued that these differences may fade under certain circumstances. Notably, many scholars have argued that globalization and the end of the Golden Age precipitated convergence—or isomorphism as it is often called—among countries in the advanced capitalist world. Convergence theory was pioneered in organizational and economic sociology by John Meyer and his colleagues who argued that a “world culture” or “world polity” has emerged by which nation-states have adopted

³³ Hancké (2007b) reviews this functionalist critique.

³⁴ For discussion of this criticism, see Hancké et al. (2007b).

³⁵ Mahoney and Thelen 2010a; Streeck and Thelen 2005.

³⁶ For arguments about how institutional complementarities serve as anchors preventing change, see, for example, Campbell (2010) and Crouch (2005, pp. 30-31).

similar organizational and institutional arrangements, norms and ideas about how to configure political systems, state structures, educational systems and the like. Nation-states did so, they argued, in order to cultivate legitimacy within the international community by doing what other leading nation-states and international organizations defined as being appropriate.³⁷ Others expanded on these insights arguing that this occurred as a result of several causal mechanisms including the coercive power of international actors, such as the International Monetary Fund; the normative learning facilitated by non-governmental organizations and professionals; or the mimicry by one nation-state of other prominent nation-states' practices.³⁸ Typically, normative and mimetic mechanisms hold pride of place in these arguments, particularly when organizations in a field are uncertain about their environments and how to cope with them.³⁹ But in each case the result is the same—a tendency toward convergence.

Similarly, as noted above, some scholars have argued that the rise of globalization and the end of the Golden Age has been accompanied by a tendency toward convergence across nation-states on common neoliberal ideas where national governments, for instance, “race to the bottom” by competing against each other to attract and maintain investment capital by creating the most favorable investment climate possible with low taxes and limited government spending and regulation. Competition is the causal mechanism posited here.⁴⁰ But others have argued that the diffusion of neoliberalism has been driven too by coercive, normative and mimetic mechanisms.⁴¹

To be sure, all of this work has been very fruitful and generated lots of interesting research. But critics have identified two problems with it. First, much of it, especially by Meyer and his colleagues, albeit quite sophisticated methodologically is a bit superficial insofar as it relies on the analysis of large cross-national data sets that do not permit digging deeply into how certain ideas or organizational and institutional structures and practices may take on nationally specific characteristics and maintain them over time. On closer inspection seemingly similar ideas, structures and practices often vary quite a bit across countries—even when they are pushed upon nation-states by international organizations like the United Nations or European Union. Terrence Halliday and Bruce Carruthers, for example, found that even though a set of internationally accepted benchmarks for the development of bankruptcy law was devised in the late 1990s, the degree to which they were adopted by different nation-states varied widely depending on the political and economic institutions and circumstances of each country.⁴²

³⁷ Bartley 2007; Boli and Thomas 1999; DiMaggio and Powell 1983; Dobbin et al. 2007; Meyer et al. 1997a, 1997b; Strang 2010; Thomas et al. 1987. March refers to experiential learning and mimicry as “low-intellect learning” by which he means that making sense of an uncertain situation lacks an analysis of causal processes. This stands in contrast to his “high-intellect explanation” which does involve causal analysis.

³⁸ Dobbin et al. 2007; Simmons et al. 2008.

³⁹ Mizruchi and Fein 1999. But see Dobbin et al. (2007) for a more balanced approach that considers coercive and competitive mechanisms as well, and Garrett et al. (2008) who argue that competition and learning are the most important mechanisms.

⁴⁰ Some argue in particular that various forms of capitalism are converging on a common liberal type (Harvey 2005; Lane 2004; Thatcher 2005). For discussions of the “race to the bottom” thesis especially regarding neoliberal tax policy, see, for example, Crafts (2000), Dehejia and Genschel (1999), Hallerberg (1996), McKenzie and Lee (1991) and Steinmo (1993, p. 29-30).

⁴¹ Babb 2007; Crouch 2011; Fourcade 2006; Fourcade-Gourinchas and Babb 2002; Harvey 2005; Mudge 2008, forthcoming; Simmons et al. 2008.

⁴² Halliday and Carruthers 2010. Francesco Duina (1999) found much the same thing with respect to the adoption of

Second, researchers who establish that convergence has occurred often do not adequately substantiate their claims about which mechanisms have caused it: normative, mimetic, coercive or competitive. Assumptions are often made, particularly that learning and copying are often involved, but little if any empirical evidence is provided to that effect. Thankfully, some recent scholarship has started to address this issue but more work needs to be done.⁴³

Our analysis of knowledge regimes documents that all four convergence mechanisms were at work in our cases. Moreover, they tended to operate in nationally specific combinations. There was much competitive mimicry and partisan coercion in the United States. State coercion and international normative and mimetic learning were especially pronounced in France. Coordinated normative and mimetic learning were evident in Germany. And consensus-based normative learning and state coercion were important in Denmark. More important, the results of those mechanisms differed significantly from what convergence theorists claim—that is, evidence of convergence was uneven and limited. Our cases show that each knowledge regime changed gradually and incrementally since the 1970s but that their evolution occurred in ways that were constrained by already existing political and economic institutions as well as the availability of certain resources. The U.S. knowledge regime remained competitive and bifurcated between clearly distinct public and private policy research organizations; the French knowledge regime remained largely statist; the German knowledge regime remained coordinated and continued to privilege semi-public research organizations; and the Danish knowledge regime continued to exhibit a remarkable orientation to negotiation, consensus-making and reasoned debate. In this regard our argument resembles those operating in the tradition of comparative political economy and sometimes the Varieties of Capitalism School who have shown that institutional change tends to be incremental and path-dependent thanks to a variety of factors that limit the range of options from which people can choose when change is afoot.⁴⁴ Put bluntly, then, insofar as our research is concerned convergence theories are right about the mechanisms of change but misleading about the outcomes.⁴⁵

A Model of the National Construction of Knowledge Regimes

With all of this in mind we can now present our model of the national construction of knowledge regimes—a model based on the comparative historical analysis presented in subsequent chapters. To begin with, knowledge regimes produce the analysis, advice and other ideas that others have shown often influence public policy. But knowledge regimes themselves are shaped largely by the nationally specific policymaking and production regimes with which they are associated. Challenges to and changes in production and policymaking regimes often

European Union directives by member states.

⁴³ The criticism is long standing (e.g., Mizruchi and Fein 1999; Schneiberg and Clemens 2006; Dobbin et al. 2007). Recent work that tries to empirically pin down which mechanisms are at work include, for example, Bartley (2007), Halliday and Carruthers (2007, 2010) and Simmons et al. (2008).

⁴⁴ Campbell 2010, 2004; Campbell and Pedersen 2001; Hall 2007; Halliday and Carruthers 2010; Mahoney and Thelen 2010a; Pierson 2000b; Thelen 1999; Steinmo 2010; Streeck and Thelen 2005.

⁴⁵ The term “convergence mechanisms,” or “mechanisms of institutional isomorphic change” as DiMaggio and Powell (1983) first referred to them, is itself misleading insofar as processes of learning, mimicry, coercion and competition may be operating without necessarily leading to wide-spread convergence on a particular structure of practice, which is what is often implied.

cause changes in knowledge regimes, which is not surprising insofar as institutional change in one area of a political economy can cause change in another particularly when people believe that institutional complementarities have broken down and try to renew them.⁴⁶ Extending Boyer's insights, noted earlier, the breakdown of institutional complementarity is particularly evident when actors (1) perceive that the knowledge regime is no longer useful for policymakers trying to make sense of and solve economic problems, and (2) take steps intentionally to change them in order to make them more useful. Perception and intention are the telltale signs.⁴⁷

However, knowledge regimes and the ideas they produce are not necessarily just simple reflections of material political and economic interests. Knowledge regimes may enjoy a degree of independence from the policymaking and production regimes depending on institutional and other circumstances. And there are no guarantees that even though actors try to change knowledge regimes that they will succeed or that their efforts will lead to more effective public policy. As a result, ours is not an argument about the functional inevitability of certain outcomes but rather an argument about the functional intentions of actors to build institutions and organizations that they hope will be useful. It is an institutional middle-ground argument that extends some of our earlier work on the international diffusion of neoliberalism and on the nature of ideas, policymaking and institutional change.⁴⁸ In short, knowledge regimes are nationally specific constructions whose structure and practices are largely determined by—but not reducible to—the surrounding policymaking and production regimes.

Several very important clarifications are necessary. First, we cannot stress enough that ours is not a functionalist argument. Sometimes elites respond to a perceived breakdown of institutional complementarity through a centrally planned process where, for example, political leaders suspect that the policy research organizations upon which they rely no longer provide analysis and other ideas that are useful to them in coping with the country's current problems and so they take steps to change and improve the situation. This might involve establishing brand new types of policy research organizations or encouraging those that already exist to operate in different ways. In contrast to this top-down process, at other times responses may be much more decentralized and piecemeal. But regardless of how centralized or decentralized the response is it often involves much trial-and-error experimentation and casting about for ways to generate better policy analysis and other ideas. At best such muddling through only allows people to hope that whatever adjustments they make to the knowledge regime will in fact produce better ideas.⁴⁹ Put differently, even the best of intentions do not always produce the results envisioned. This is why there are no guarantees that the adjustments made—regardless of the nationally specific form they take—will necessarily improve the knowledge regime's institutional complementarity

⁴⁶ Amable 2003; Campbell 2010; Crouch 2005; Hall and Soskice 2001b; Streeck 2009. Fligstein and McAdam (2012) make a similar argument about the relationship among organizational fields in general.

⁴⁷ Challenges to and changes in production and policymaking regimes do not necessarily or immediately trigger changes in the structure of knowledge regimes. They may simply stimulate efforts within the existing knowledge regime structure to produce new ideas. Structural change occurs only after people begin to suspect that new ideas adequate for coping with the problems at hand are not forthcoming from the existing knowledge regime and therefore believe that adjustments to it are required. It is this later situation with which we are concerned.

⁴⁸ On the diffusion of neoliberalism, see Campbell (2004), Campbell and Pedersen (2001) and Pedersen (2011). On ideas, see Campbell (1998, 2002) and Pedersen (1991). On institutional change, see Campbell (2004, 2010).

⁴⁹ The importance of muddling through, puzzling and trial-and-error experimentation for policymaking is well known (e.g., Hall 1993; Hecló 1974; Kingdon 1995; Lindblom 1959).

vis-à-vis the rest of the political economy.

Second, we do not mean to suggest that the actors involved actually conceive of and articulate their problems as “breakdowns of institutional complementarity.” This is an analytic concept that we use to describe what happens and is based on our interpretations of the data at hand—particularly what people told us during interviews. Nor do we argue that their intentions are to change knowledge regimes in toto. The reality is that their reform efforts are generally much less encompassing and focus on some but certainly not all of the policy research organizations within their knowledge regimes. Again, this underscores the fact that the reform process is often much about piecemeal trial-and-error experimentation, puzzling and muddling through.

Finally, ours is not a naïve view where all the ideas emanating from knowledge regimes necessarily influence policymakers. Things are messier than that. First, knowledge regimes are not monolithic but rather constellations of policy research organizations sometimes competing and sometimes cooperating with each other. So depending on their nationally specific institutional arrangements knowledge regimes may produce a variety of ideas from which policymakers may pick and choose. Second, these choices often depend not only on the persuasive powers of people in the knowledge regime but also powerful political and economic interests. In other words, there is no guarantee that policymakers will rely on the analyses and ideas that knowledge regimes generate. Third, there are feedbacks in play. If policymakers choose to incorporate some of the ideas produced by knowledge regimes into policy, then these policies may have subsequent effects on the policymaking and production regimes themselves.

The basic causal relationships are illustrated in figure 1.1. Our concern, however, as we have already explained, is not with these feedbacks or the direct impact of ideas on policymaking, which have already been explored by those arguing that ideas matter for public policymaking. Instead, our focus is largely on the initial nationally specific causal effects that policymaking and production regimes have on knowledge regimes and that knowledge regimes have on the ideas they produce. The relationships with which we are concerned are represented by the solid causal arrows in figure 1.1 as opposed to the dotted arrows, which represent the relationships that others have already studied. All of these relationships, of course, constitute some of the most important power dynamics in advanced capitalist countries insofar as actors in all three regimes struggle within various institutional and resource constraints to influence the production and dissemination of policy-relevant ideas. Policymaking and production regimes are in effect dynamic power structures that involve the mobilization of resources and that can change over time. So are knowledge regimes.

Figure 1.1 about here

Our approach does not subscribe to a strictly Marxist, Gramscian or otherwise materialist line of argument in which the ideas produced by knowledge regimes can somehow be reduced to powerful economic interests or otherwise represent the hegemonic interests of a ruling class.⁵⁰ To be sure, these interests are part of the story, although more so in some cases and at some

⁵⁰ Classic statements are from Gramsci (1971) and Marx and Engels (1970) but see also Bourdieu (2001). More recent versions focusing on policy research organizations include Domhoff (2010, chap. 4) and Dye (1995, chap. 9).

times than others. But the influence of policymaking regimes, not to mention experts and analysts themselves, is too important to permit this sort of economic reductionism. Nor, however, do we subscribe to the opposite idealist position, such as that articulated by Karl Mannheim, who argued that sometimes idea producers are free-floating intellectuals immune from the influence of political and economic forces.⁵¹ Adjudicating this debate is not our main concern. Nevertheless, we will address the issue occasionally because our evidence shows that things are more complicated than either of these views suggests and that the sharp distinction between materialist and idealist views is misguided. In other words, knowledge regimes may enjoy a degree of independence from the production and policymaking regimes depending on institutional circumstances.⁵² We will show, for example, that thanks to differences in the institutional configuration of production and policymaking regimes private money holds sway over knowledge regime activities more in the United States than in France. Independence also stems from the fact that knowledge regimes are populated in varying degree by experts and professionals. As others have shown, thanks to their professional norms experts often insist on a modicum of autonomy in their work and tend to resist excessive interference or control by political or economic elites.⁵³ The independence of experts and professionals also depends on institutional circumstances and is perhaps most obvious in our German case where universities often work closely with policy research organizations. We will show as well that because the role of professional economic science became increasingly important in our knowledge regimes the knowledge producing function gradually gained more independence from the policymaking and production regimes, especially in France and Denmark.

Finally, policy research organizations do not operate in isolation from one another. Nor do knowledge regimes. As a result, structures, practices and ideas may diffuse within and across knowledge regimes in ways that involve convergent tendencies. However, the manner in which this occurs is heavily mediated by the nationally specific arrangements of knowledge, policymaking and production regimes. In particular, institutional and resource constraints limited the degree to which convergence occurred within and across our four knowledge regimes. Hence, despite mechanisms that may encourage convergence they do not necessarily result in convergence. Convergence may be blocked and even if it is not it may still be partial and very uneven.

It is worth mentioning that there is also an emergent literature on “social knowledge making” to which our model and research speaks. This is an effort by scholars to understand how knowledge in the social sciences and humanities is produced. They are influenced by the sociology of knowledge literature and research in the production of knowledge in the natural sciences. This is a new field and its proponents have called for research exactly along the lines

⁵¹ In fact, Mannheim (1936) was torn over the issue. He argued that intellectuals can be either free-floating and quite independent or willing to sell their services to powerful political and economic interests. Gouldner (1979) muddies things further by arguing that intellectuals in modern society present themselves as free-floating intellectuals serving the interests of the general public but in fact conspire to turn their intellectual capital into power for themselves.

⁵² For an elegant theoretical adjudication of a similar middle-ground position, see John Hall (1993). Of course, Max Weber (1946, p. 280) staked out middle ground too when he argued famously that ideas are sometimes like independent switchmen occasionally diverting the course of otherwise interest-based action.

⁵³ On the autonomy of professionals and experts, see Abbott (1988), Brint (1994), Collins and Evans (2007), Friedson (1994) and Ziegler (1997).

we develop in this book. In particular, they have urged research into cross-national and historical variations in “knowledge sites” where people engage in a variety of knowledge producing practices that are influenced by other fields of actors in the political and economic environment. They have called as well for research into the interaction and interrelationships among knowledge sites to see whether there has been a diffusion and convergence across countries in knowledge and knowledge producing capacities.⁵⁴ These are issues that lie at the heart of this book and for which we offer many insights.

KNOWLEDGE REGIMES, GLOBALIZATION AND THE END OF THE GOLDEN AGE

We will substantiate our analytic arguments through historical and comparative analyses showing that the knowledge regimes in the United States, France, Germany and Denmark underwent significant changes in their structures and practices as a result of the political-economic crisis that erupted in the 1970s and 1980s. A bit of historical background is in order here followed by a brief summary of each chapter that lies ahead.

As is well known, the 1970s and 1980s was a period when economic globalization was developing rapidly and, as a result, all the advanced capitalist countries experienced problems that brought the Golden Age of post-war twentieth century capitalism to an end. The Golden Age was based on several things. First was a settlement between capital and labor. This took different forms in different countries but the essence everywhere was an agreement to link wage increases to productivity growth. The resulting wage restraint helped bolster retained earnings, which provided investment necessary for growth. Second, welfare states were built up as a protection against unemployment and other social ills and, following Keynesian principles, as a vehicle for stimulating demand and therefore economic growth. Third, the United States was the world’s post-war hegemonic economic power. It pursued macroeconomic policies that stimulated demand in America, which provided a market for foreign imports that helped bolster economic growth overseas. Moreover, U.S. foreign direct investment in Europe also helped spur economic growth there. Fourth, all of this was carried out in an environment of international currency stability thanks to the Bretton Woods system of pegged but adjustable exchange rates, which provided a check against prolonged bouts of inflation. Economies prospered. As table 1.1 shows, the advanced capitalist countries as a whole averaged healthy productivity growth, nearly full employment, low inflation and balanced government budgets for much of the 1960s and early 1970s.

Table 1.1 about here

However, the Golden Age began to teeter in the mid-1970s and the post-war settlement started unraveling. Economic growth had created jobs and reduced unemployment during the Golden Age. But, as a result, the threat of unemployment became less effective in disciplining wage demands. This was compounded by the fact that memories of high unemployment in the 1930s faded as the older generation began to retire. Similarly, the availability of more generous

⁵⁴ The literature on social knowledge making is well represented in an edited volume by Charles Camic, Neil Gross and Michèle Lamont (2011a). It includes chapters representing a number of extensive studies of different types of social knowledge making. Their recommendations are detailed in the concluding chapter (Camic et al. 2011b, pp. 29-32).

welfare benefits weakened the wage moderating effects of unemployment. Workers continued to demand higher wages even though productivity growth rates were beginning to decline now that the initial benefits of post-war investment in the modernization of manufacturing capacity and infrastructure had been realized. Labor conflicts broke out in the late 1960s in many countries. With wages rising faster than productivity, profits and retained earnings were squeezed, capital formation and investment were constricted, and economic growth began to falter. In turn, firms raised prices so inflation heated up. To spur growth governments turned even more toward Keynesian demand stimulus policies but this increased government budget deficits and debt, which contributed further to inflationary pressures. Stagflation began to materialize. Table 1.1 reveals that in the advanced capitalist countries from the mid-1970s through the 1980s productivity growth deteriorated, unemployment and inflation escalated, and governments ran larger budget deficits.

Making matters worse, the Bretton Woods system, which depended on countries being committed to defending their currency pegs, began to wobble. As economic growth slowed and demand stimulus followed, pressure mounted for governments to let their currencies float in an effort to improve exports. This was exacerbated by the deterioration of U.S. economic hegemony. America's trade surplus shrank in the face of stiffer competition from Europe and Japan. The U.S. government began to run into budget deficit problems thanks to Keynesian stimulus policies and the costs of the Vietnam War. And the dollar became overvalued. The Bretton Woods system collapsed in 1971 when the United States abandoned it. Governments turned increasingly to devaluation in order to stimulate growth and resolve balance of payments problems associated with wage escalation and economic stagnation. Inflationary pressures mounted further. And the expectation of greater inflation fueled additional wage demands. A vicious cycle was unleashed that was exacerbated by increased capital mobility thanks to the inability of national governments to maintain adequate capital controls. Finally, OPEC hiked oil prices in 1973 and 1979 compounding all of these problems, amplifying inflation and contributing to two deep recessions in the advanced capitalist world. Since then economic globalization and in Europe the advancement of the single market project made life even more difficult as countries struggled to assert and maintain their competitive economic advantages.⁵⁵

What matters here are not the particulars of how all of this played out in the United States, France, Germany and Denmark, but rather that the end of the Golden Age and the rise of globalization set in motion challenges to and changes in their policymaking and production regimes. These, in turn, caused changes in their knowledge regimes as everyone struggled to make sense of and manage new problems. People began to recognize that their knowledge regimes had become dysfunctional in the sense that they were not providing ideas useful for resolving these problems. They tried to improve them accordingly. Put differently, the institutional complementarities afforded by each knowledge regime for the rest of its political economy broke down and movements to reform them followed. This played out differently in

⁵⁵ This general history is well documented, for example, by Eichengreen (2008), Judt (2006), Marglin and Schor (1990) and Piore and Sabel (1984). For detail on the rise and fall of the Bretton Woods system and problems of escalating international capital mobility, see Kapstein (1994), McNamara (1998) and Pauly (1998). The literature on how states and policymakers have tried to cope with all of this, especially in the context of economic globalization and Europeanization, is vast. For well-cited examples from comparative political economy, see Boyer and Drache (1996), Garrett (1998), Lash and Urry (1987), Swank (2002), Weiss (2003) and several essays in Kitschelt et al. (1999) and Morgan et al. (2010).

each country and stemmed from various crises that people described for us during our interviews for this book.⁵⁶ But in each case new policy research organizations emerged, some of the old ones reformed their structures and practices and the manner in which they interacted often changed. These stories are told in the four chapters that follow in Part I.

In chapter 2 we explain that through the late 1970s the U.S. knowledge regime was dominated by a number of prominent state policy research organizations and several rather scholarly private ones too. But after that as stagflation gripped the country the United States experienced what several people described for us as an increasing crisis of partisanship that was marked by a continuing escalation in ideological rancor, polarization and divisiveness in Washington. This entailed the proliferation of a more competitive and often contentious set of private policy research organizations thanks to numerous sources of tax deductible private funding from corporations and wealthy individuals, and a fragmented and porous political system. This led to a war of ideas that grew increasingly vicious. The presence of a number of private policy research organizations meant that there was an important degree of separation of one part of the knowledge regime, which had important connections to the production regime, from another part that was embedded within the policymaking regime. Paradoxically, as the crisis of partisanship reached an unprecedented level in the late 1990s and early 2000s, cooperation among some of these organizations broke out across the political divide due to the efforts of those who sensed the disastrous consequences of such mean-spirited partisanship for the country and for the credibility of their research organizations. In effect, people sensed twice that their knowledge regime's institutional complementarity vis-à-vis the rest of the political economy had broken down and tried twice to fix it: first by ramping up more aggressive and competitive private policy research organizations and then by engaging in more cooperative activities. Meanwhile, policy research organizations in the state, which had substantial analytic capabilities, did not change much and continued to exhibit a surprising amount of cooperation as they had all along. As a result, the U.S. response to a breakdown in the knowledge regime's institutional complementarity with the rest of the political economy involved lots of muddling through via a mix of decentralized experimentation and a limited amount of coordination.

The French struggled too in the aftermath of the Golden Age. In chapter 3 we show that this involved a knowledge regime that was dominated almost exclusively during the 1970s and 1980s by the state thanks to France's strong statist traditions. However, the political-economic problems of this period persisted and precipitated what some people we interviewed described as a crisis of ideas within the state—the realization that this statist knowledge regime was too insulated and therefore suffered a dearth of fresh thinking. In turn, policymakers began to encourage the development of new policy research organizations outside as well as inside the state in an effort to cultivate new ideas. This externalization strategy was very much a part of France's move away from dirigisme—central state-led economic development—and involved the gradual if partial separation of the knowledge regime from the policymaking regime, which earlier had been virtually indistinguishable from each other. But it took a long time for people to realize that the knowledge regime had become dysfunctional and that it no longer complemented the rest of the political economy, so change was slower than in the United States and orchestrated in a more top-down centralized manner but in the end still with a considerable

⁵⁶ We do not lightly invoke the term “crisis” here or elsewhere. In effect, this is how people described situations to us during the course of our interviews for this project.

amount of experimentation and casting about in hopes of success. There was never such a full-scale war of ideas in France as there was in America although in a sense the state tried to start one, or at least some modest skirmishes, by financing these new organizations. As a result, today the French knowledge regime is more fragmented but many of its policy research organizations are insulated from each other in their own niches and engage in comparatively little competition or cooperation. Insofar as there is any cooperation or coordination among French organizations it is still among those in or closely affiliated with the state.

We show in chapter 4 that the German knowledge regime was coordinated through a number of mechanisms that reflected Germany's long-standing formal corporatist institutions as well as her strong multi-party proportional representation system of government. However, contrary to what one might expect given these institutional legacies, there were also a considerable number of more informal coordinating mechanisms. Both formal and informal mechanisms facilitated compromise in the knowledge regime despite the continued presence of political-ideological divisions in the policymaking regime. The German knowledge regime was also more decentralized than any of the others due to Germany's federalist state, which funded and helped to organize many important semi-public policy research organizations throughout the Länder. Much of this has been in place for a long time. So was its strong emphasis on scientific analysis as an important ingredient in economic policy advice. Yet we were told that a crisis of corporatism, which followed the end of the Golden Age, led eventually to an expansion of private policy research organizations, not to mention lobbyists, which increased competition in the knowledge regime. This was a decentralized effort to reform the knowledge regime through a kind of trial-and-error process based upon various privately organized initiatives but it was blended with somewhat more centralized coordination too, such as deliberate efforts by the state to improve the scientific quality of policy analysis and advice emanating from the semi-public policy research organizations. Doubts and concerns about the knowledge regime's complementarity with the rest of the political economy came into full view as people grew concerned over the crisis of corporatism. In this regard, Germany may be witnessing the initial salvos of an emergent war of ideas although one that is tempered by the persistence of its long-standing coordination mechanisms. Reunification in 1990 also increased the number of policy research organizations and, in turn, competition for resources and analytic credibility.

Finally, and in stark contrast with the escalating war of ideas in the United States, a war of ideas subsided in Denmark after the mid-1980s. As we explain in chapter 5, this was due to the fact that the Danes perceived what was described to us as a crisis of ideology among the political parties as the Golden Age ended. Policymakers and others realized that the old ideological battles between the left and the right were counterproductive and that thinking based on objective empirical analysis should guide policymaking in order to resolve the economic malaise that first beset Denmark in the 1970s. They recognized that their knowledge regime had grown dysfunctional and in effect that its complementarity for the rest of the political economy had atrophied. This led then to a great deal of consensus making in the knowledge regime. But this was amplified as well by three additional factors. First, Danes established a taken-for-granted national consensus about the core socioeconomic principles that should orient policymaking—something we did not find in the other countries and that stemmed from Denmark's particular experience as a small country. Second, the state centralized its control over the knowledge regime. Third, much decision making in Denmark's policymaking and

production regimes was based on systems of corporatist negotiations, which were once tripartite but in important areas became more complex, inclusive and expert oriented over the years—a pluralist turn that reflected the crisis of ideology. Given the state’s presence in the knowledge regime and the extensive system of corporatist negotiations that permeate this society, the interpenetration and lack of separation among knowledge, policymaking and production regimes is extensive although diminishing slowly. As a result, the Danish knowledge regime shares particular features with its French and German counterparts. It is an example of an increasingly centralized and planned response to the breakdown of the knowledge regime’s institutional complementarity but one that involved much negotiation and consensus-making.

Overall, then, transformations in each country’s knowledge regime were driven by challenges to and changes in their policymaking and production regimes that emanated from the end of the Golden Age and the advent of globalization. In each case, the institutional complementarities that knowledge regimes had once afforded countries during the Golden Age deteriorated and as people began to realize that their knowledge regimes no longer provided the analysis and advice necessary to make sense of a new set of political-economic problems they moved to change them. However, this unfolded as comparative political economists would expect in nationally specific ways thanks to the institutional differences involved. The broad story lines are summarized schematically in figure 1.2.

Figure 1.2 about here

We conclude Part I with a brief “Reprise” where we consider the theoretical implications of the evidence presented so far for research in comparative political economy. Here we elaborate on the arguments and criticisms we introduced earlier in this chapter. We also discuss how our evidence sheds light on the issue of the relative independence of policy analysts and their ideas from political and economic forces that might seek to influence them. Finally, we show how our findings suggest the need for researchers interested in policy research organizations in general and think tanks in particular to reevaluate some of the organizational typologies they use in their work. Theoretical considerations for the analyses presented in Part II are included at the end of each chapter there.

In Part II we refocus and in light of the four national cases address the issues of convergence and the influence of knowledge regimes. Two things are at issue here. First is whether the national character of knowledge regimes has diminished, as some would expect, in the face of globalization and other forces by which organizational structures and practices as well as policy ideas diffuse within and across knowledge regimes. Second is whether at the end of the day knowledge regimes and the policy research organizations of which they are made actually influence policymaking.

We take up convergence in chapter 6. To begin with, we show that the quality of policy analysis improved across knowledge regimes and policy analysts tended to agree increasingly on common analytic practices, such as appropriate databases, econometric methodologies and forecasting models. Then we demonstrate that in every country policy research organizations began to converge on similar dissemination practices, such as use of the Internet and new media, by which they channeled their analysis and recommendations to policymakers and others—

practices that tended to resemble those of American advocacy organizations. Both trends were evident within and across knowledge regimes. And in both cases normative, mimetic, coercive and competitive mechanisms were responsible for these changes. But they often worked in nationally specific combinations. Moreover, convergence was extremely uneven and partial because there were significant obstacles to the wholesale diffusion of these practices across countries and organizations. These stemmed from the unique resource and institutional constraints that knowledge regimes and the rest of the political economy posed, such as the availability of private or state funding for policy research organizations, peculiar tax laws, corporatist and statist legacies, deep-seated political traditions, electoral systems and more. As a result, although each knowledge regime underwent significant change national differences persisted in how each one was organized and operated. In short, we found patterns of only limited convergence that were at odds with what many organizational and economic sociologists and others would have expected especially during times of great uncertainty like the end of the Golden Age and the rise of globalization.

In chapter 7 we address the degree to which knowledge regimes influence policymaking. For reasons that we explain in that chapter establishing influence is a devilishly tricky business that we can only begin to address. Two questions are in play. First, do individual policy research organizations influence policymakers' thinking? We find that for methodological reasons it is enormously difficult to determine which policy research organizations are influential on an individual basis.⁵⁷ Notably, the evidence offered to us by people in these organizations by which they try to measure their organization's influence, such as the number of times they are cited in the media or invited to make presentations to policymakers, is by their own admission often circumstantial at best. Second, do knowledge regimes as fields of policy research organizations affect the nature of the ideas that policy research organizations tend to produce in the first place and then disseminate to policymakers and others? Put differently, does the nationally unique character of a knowledge regime tend to produce nationally unique policy analysis and advice? Based on content analysis of reports from national councils of economic advisors in our four countries we find that the arguments, analyses and policy recommendations from these councils reflect the arrangement of the knowledge regimes in which they are located. This field-level approach sheds light on key debates about the nature of ideas and politics. At stake here is an argument in the globalization literature—and similar in some ways to convergence theory—which suggests that the rise of globalization led policymakers across countries to adopt a common set of neoliberal supply-side ideas. We find, however, that insofar as these reports are concerned the rise of supply-side and especially neoliberal thinking since the 1970s was incomplete, gradual and uneven within and across our four countries. These perspectives did not become hegemonic paradigms. Nor did their emergence necessarily constitute a sharp break with the older Keynesian approach. In some countries the end of the Golden Age and the onset of stagflation and globalization brought Keynesianism to its knees.

⁵⁷ For general discussions of the pitfalls of showing how ideas influence policymaking, see, for instance, Berman (1998, chap. 2), Blyth (1997), Parsons (2007, chap. 4) and Campbell (2004, chap. 4). The literature on think tanks argues that demonstrating influence is difficult for several reasons. First, definitions of influence are often vague. For instance, one researcher defined it as, “the success by experts in making their work known among a set of policymakers so that it informs their thinking on or public articulation of policy relevant information” (Rich 2004, p. 153). Second, an organization's influence may vary over time, over different phases of the policymaking process and across policy areas (Weidenbaum 2009, chap. 7). Third, the target of influence may vary and include policymakers, their staff, career civil servants and/or the general public (Abelson 2002).

But in other countries it did not. As a result, these cases provide further evidence about the limits of convergence and diffusion across countries. And they demonstrate that the structure of knowledge regimes affects the content of the ideas that they produce.

Finally, Part III wraps things up. There chapter 8 briefly reviews our main findings and in light of our analysis reflects on a normative question: Which knowledge regime is best? Finally, because we have explored new and largely uncharted territory in our analysis of national knowledge regimes we offer in a Postscript a research agenda for the future, including especially questions and propositions for scholars to consider regarding globalization and neoliberal diffusion, comparative political economy, and convergence theory.

THE NATURE OF IDEAS AND KNOWLEDGE REGIMES

Let us clarify our key terms. When we refer to policy ideas we have in mind arguments that specify causal relationships, such as that between tax or welfare policies and economic performance, over certain periods of time. They are based on paradigmatic theoretical or ideological assumptions. They are often substantiated with data and analyses of various sorts. They are often framed rhetorically in ways designed to appeal to policymakers and their staff, the general public or other audiences, sometimes by invoking widely held values, opinions or attitudes in society. And they are often articulated in explicit opposition to competing ideas.⁵⁸ For example, certain versions of neoliberalism became influential during the 1980s in the United States. Neoliberals often argued that less government involvement in the economy would improve economic performance—an argument that was rooted in the fundamental principles of neoclassical economics as practiced by conservative economists. It was frequently substantiated by the Laffer curve, a formal model intended to show that declining tax rates would be more than offset by rising revenues stemming from increased economic growth. It was framed with Jeffersonian images of a big, centralized and expanding government whose consequences were devastating to the country and that could best be brought under control by limiting politicians' access to revenues. It was typically juxtaposed to Keynesianism, which favored a more active role of government in the economy.⁵⁹ Ideas like this emerge from analysts and others in policy research organizations in knowledge regimes who are trying to make sense of their country's political-economic problems. Ideas like this are often contested. When they become widely accepted and taken for granted—that is, legitimate—they become part of an institutionalized knowledge base for policymakers and others.

The distinction between a regime and a field is subtle but important. As noted earlier, a field is simply a particular set of organizations. Of course, a field often consists of niches—that is, sectors or subfields—of actors who are relatively more similar to one another and more closely associated with one another than they are with others in the broader field. For example,

⁵⁸ For detailed discussions of the multidimensional nature of policy “ideas” see, for example, Berman (1998), Block (1996), Campbell (1998, 2002) and Goldstein and Keohane (1993). Our view on these issues is similar to those who have recently studied the production of “social knowledge” which entails descriptive information and analytical statements about social phenomena, normative recommendations based on such statements and technologies and tools of knowledge making, such as epistemic principles, cognitive schema, theoretical models and the like (Camic et al. 2011b, p. 3).

⁵⁹ Campbell 1998. To be sure, neoliberalism had different meanings for different people. For a discussion of its many facets and interpretations, see Colin Crouch (2011).

private think tanks in Washington tend to interact more with each other than with government research units like the President's Council of Economic Advisors, the Congressional Budget Office and the Government Accountability Office.

Fields in knowledge regimes consist of combinations of different types of policy research organizations. As discussed at length in the literatures on ideas and think tanks there are four basic types.⁶⁰ First are private scholarly research organizations, sometimes referred to as universities without students. These are staffed with scholars, professional researchers and analysts, sometimes with joint university appointments. They produce expert research monographs and journal articles much like those found in academia as well as analytical reports. They also tend to be politically and ideologically non-partisan. Second are private advocacy research organizations. They tend to be more politically and ideologically partisan. And they are less concerned with conducting rigorous policy research than with consuming, packaging, and aggressively disseminating the research and theories of others in brief policy papers and through the media in order to influence the ideological climate, public debate and public policy. Lobbyists are not part of this world because they do not do much if any policy research and because they only push ideas on behalf of individual paying clients. Third are party research organizations. These are formally associated with political parties and provide a source of expert advice and analysis for party members. Fourth are state research organizations. These may be either directly affiliated with specific government departments and ministries or serve the legislative or executive branches more generally. The other three types are located in civil society—by which we mean that they are not part of the state apparatus per se. As we quickly discovered, particular policy research organizations do not always fit neatly into any single type.

Regimes are more than just a field of organizations like these. Regimes also involve mechanisms of governance that constrain and enable the activities of organizations in the field. Put differently, regimes consist of both a field of organizations and the institutions—that is, the rules, monitoring and enforcement mechanisms—that guide their behavior. These institutions can be formal, such as laws and legislative mandates, or informal, such as professional norms.⁶¹

We have distinguished among three types of regimes in national political economies—policymaking, production and knowledge regimes—which in our view should constitute the three legs of comparative political economic analysis. Conceptually these can be viewed as ideal types each having their own discrete set of organizations and institutions governing their behavior. However, in reality things are more complicated. For example, the policymaking regime's tax code prohibits nonprofit think tanks in the U.S. knowledge regime from lobbying politicians. But no such rules apply in the other countries. Furthermore, the presence of corporatist institutions in Germany and Denmark's production regimes and their absence in the United States has significant effects on the types of policy research organizations found in each knowledge regime and the degree to which policy research organizations cooperate with each other or not.

⁶⁰ Blyth 2002; Hall 1993, 1992; Rich 2004; Stone 2004; Weaver and McGann 2000.

⁶¹ Our focus on knowledge regimes as fields of organizations should not be confused with work on either “epistemic cultures,” which focuses on interactions among knowledge producers within individual organizations like scientific laboratories (Knorr Cetina 1999; see also Hage and Mote 2008), or work on “epistemic communities,” which focuses on interactions within networks of individual knowledge producing experts (Haas 1992).

Two implications follow from this that will be documented in subsequent chapters. First, the degree of separation between regimes is sometimes blurry. Put simply, just as three circles in a Venn diagram may overlap, so too may the structures and practices of policymaking, production and knowledge regimes. Second, the degree of separation between each of these three types of regimes may change. Indeed, all three types of regimes are dynamic and that dynamism accounts for shifts in separation. For instance, immediately after the Second World War virtually all French policy research organizations were located within the state. Hence, the separation between the policymaking and knowledge regimes was virtually nil. But later the French Prime Minister funded the development of policy research organizations affiliated with the main political parties and encouraged them to operate independently from the state thus increasing the degree of separation between the knowledge and policymaking regimes.

NOTES ON METHODS

We focus on the United States, France, and Germany because these are typically offered as good examples of liberal, statist, and corporatist types of advanced capitalist countries, respectively.⁶² Hence, their policymaking and production regimes are sufficiently different from one another to facilitate interesting cross-national comparisons about their relationships to national knowledge regimes. In brief, researchers often describe the United States as having a decentralized, open and competitive policymaking process and a liberal production regime in the sense that there is comparatively little state intervention or other forms of economic coordination beyond what the market provides. France is famous for a centralized, closed policymaking process and much state coordination of markets. Germany is known to have compromise-oriented policymaking and corporatist coordination in the production regime. Denmark is a less well-known case. But it is a hybrid that blends elements of the other three, particularly a strong central state and corporatist bargaining. It is also a small country compared to the others, which has important implications for its knowledge regime.⁶³

For each country we drew a sample of each of the four types of policy research organizations described earlier. We contacted them to arrange interviews with top-level administrators, often presidents or executive directors, and occasionally senior researchers or other senior staff members. We talked at length with 101 people in 75 organizations between April 2008 and August 2009.⁶⁴ We also collected policy documents and if they were available

⁶² Crouch and Streeck 1997; Dore et al. 1999; Kenworthy 2004; Katzenstein 1978; Schmidt 2002; Thelen 2004; Hall and Soskice 2001a; Ziegler 1997.

⁶³ Campbell and Hall 2006; Campbell and Pedersen 2007a, 2007b; Kenworthy 2006; Kjaer and Pedersen 2001; Pedersen 2006a, 2006b. Some people advised us as well to examine policy research organizations attached to international organizations, such as the OECD, IMF and European Union. International organizations like these have become an increasingly popular subject for research (e.g., Djelic and Quack 2010; Djelic and Sahlin-Andersson 2006; Marcussen 2000). Studying them would have been worthwhile but the scope of this project was already sufficiently large that adding another set of policy research organizations was simply more than we were prepared to handle given the resources at our disposal. As it turned out, however, little mention was made of these organizations during the course of our interviews except for the fact that they were cited as increasingly important sources of data and occasionally methodological expertise. In other words, to a significant degree the knowledge regimes we studied are nationally oriented and inwardly focused.

⁶⁴ We interviewed 35 people in 19 organizations in the United States (April 2008 and August 2009); 21 people in 19 organizations in Denmark (May and July 2008); 23 people in 19 organizations in France (June 2008); and 22 people

annual reports from each organization for 1987, 1997 and 2007 or years as close to this as possible. We explored each organization's website too. We based the analysis for the book on data gathered from these sources but especially the interviews. And we adopted an inductive approach to these data. So, for example, our descriptions of each knowledge regime as a field and our definitions of the crises that triggered change in them emerged from the interviews; we did not impose them on the data. Readers interested in learning more about our sampling procedures and our methodologies for handling these different data sources, including the reliable coding of interviews, should read the appendix at the end of the book.

Although we have drawn heavily on the comparative political economy literature in formulating this project we depart from some of its conventions. First, we do not describe the world in terms of just two types of capitalism—liberal and coordinated market economies—as the Varieties of Capitalism School does.⁶⁵ Others have argued convincingly that there are important differences across countries within each of these two broad types.⁶⁶ Indeed, we subscribe to a more diverse classification of types: liberal, corporatist and statist.⁶⁷ Second, our methodology is different from most comparative political economy studies, which are based typically on aggregate quantitative data, such as that available from the OECD, case studies utilizing secondary literature and documents, or some combination of both.⁶⁸ In addition to primary organizational documents and secondary literature we rely heavily on in-depth interviews with people who work in, run and have extensive first-hand experience with prominent policy research organizations in our four knowledge regimes.⁶⁹ Few studies in comparative political economy rely heavily on interviews, which we have found to be extremely useful. We urge others to use them in future research.

Similarly, although we have drawn on the sociological literature on convergence that takes the field of organizations as the unit of analysis we depart from some of its common practices too. Instead of using quantitative data from a large population of organizations, we are using interview data from a sample of organizations in our four fields of interest.⁷⁰ And instead of simply trying to establish whether convergence of some sort has occurred in the field, as many sociologists have done with great skill, we have used our interviews to identify the mechanisms that caused convergence and other sorts of change to happen or not. In this regard, we have

in 18 organizations in Germany (April, May, June and August 2009). Some of the people we interviewed have since moved on to other organizations or changed their professional titles. All references to their organizational affiliations and titles are to those they held at the time we interviewed them. Moreover, some people we interviewed asked us not to reveal their identities. So in the chapters that follow we report only the identities of people who gave us written permission to do so at the time of the interview.

⁶⁵ Hall and Soskice 2001b.

⁶⁶ Crouch and Streeck 1997; Hancké et al. 2007b.

⁶⁷ Katzenstein 1978; Schmidt 2002; Zysman 1983. This, of course, does not exhaust all possible types (e.g., Hancké et al. 2007b; Weiss 1998).

⁶⁸ For examples of these conventional methodologies of comparative political economy, see, for instance, Garrett (1998), Hall and Soskice (2001a), Hancké et al. (2007a), Kitschelt et al. (1999) and Swank (2002).

⁶⁹ Because knowledge regimes are organizational fields they are social constructions defined to a significant degree by the, "mutual awareness among participants in a set of organizations that they are involved in a common enterprise" (DiMaggio and Powell 1983, p. 148). Interviewing prominent people with such mutual awareness is an excellent way to determine how these regimes are organized and operate.

⁷⁰ For examples of the conventional quantitative methodologies of organizational field analysis, see Meyer et al. (1977a, 1977b). An exception closer to our approach is Jacoby (2007).

heeded the warnings of those who urge researchers to empirically identify causal mechanisms rather than just assert them in lieu of good evidence.⁷¹ Finally, to the best of our knowledge using content analysis of important policy documents as we have done with reports from the national councils of economic advisers to determine whether convergence in ideas has occurred is a novel approach. It is also rare in the literature on globalization and the rise of neoliberalism, not to mention the literature on how ideas matter for policymaking.⁷²

Overall, then, this book explores the structure and practices of national knowledge regimes and how they changed in each of our four countries as a result of forces set in motion by the demise of the Golden Age of post-war twentieth century capitalism and the rise of globalization. This includes an analysis of the internal dynamics of the knowledge regimes themselves and especially how the relationships among policy research organizations evolved. But it also includes an analysis of the dynamic relationships among knowledge, policymaking and production regimes more broadly. This is a study of experts, intellectuals, political operatives and other elites involved in policy analysis and advising as they work formally and informally in organizations and surrounding institutional environments. As a result, this study offers new insights for and challenges to the received wisdom on globalization and neoliberalism, comparative political economy, and convergence theory. In short, this is a study of the comparative political economy and sociology of policy knowledge during the globalization era. It is the first time such a systematic and extensive cross-national study has been done on this subject. It is also one of the few efforts to blend the insights and theories of these two disciplines. But it also has important differences from each discipline in terms of how we envisioned the project initially, the types of data we collected, and, of course, some of the key conclusions we reached.

To be clear, this is a study that focuses on economic policy. Had we looked at different policy areas, such as defense, foreign or environmental policy, we might have found different things and drawn different conclusions about each country's knowledge regime. Had we examined them for earlier or later time periods things also might have looked different. In particular, we did most of our research just prior to the 2008 international financial crisis in response to which our four knowledge regimes may eventually change a lot.

The next four chapters each examine a knowledge regime in a particular country. For each case we sketch the production and policymaking regimes with which the knowledge regime is associated. We map the structure of the knowledge regime—that is, the various types of organizations that populate its field—as it existed around 2008, the period for which we have the most recent data. We also discuss the interactions among different types of organizations within the field paying particular attention to competitive and cooperative interactions. And we explain how its structure and practices are governed by various formal and informal institutions found in the knowledge regime itself as well as the surrounding policymaking and production regimes. Finally, we examine how and why the knowledge regime came to be as it was in 2008—

⁷¹ Campbell 2004; Dobbin et al. 2007; Hedström and Swedberg 1998; Mizruchi and Fine 1999. In this regard we are following the lead of Halliday and Carruthers (2007, 2010) whose comparative analysis of the international development and diffusion of bankruptcy law guidelines was based on extensive interviewing in order to identify mechanisms promoting and inhibiting cross-national diffusion.

⁷² One important exception is Stephany Mudge's (2008, forthcoming) work on the rightward shift toward neoliberalism in the platforms of European political parties.

especially as it was influenced by challenges to and changes in the policymaking and production regimes that were set in motion by the demise of the Golden Age and the advent of globalization.

We turn now to our first case, the United States. This is the knowledge regime where we encountered the most extreme stories of no-holds-barred competition and conflict, organizational blood-letting and even paranoia.

Table 1.1. Economic Performance in 17 Advanced Capitalist Countries, 1960-1989

	1960-1973	1974-1979	1980-1989
Average annual productivity growth (%)	3.8	1.6	1.5
Average unemployment (%)	2.2	4.1	6.8
Average inflation (%)	4.5	10.0	6.4
Average government budget balance (% of GDP)	-0.1	-2.9	-3.9

Note: The countries include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, Netherlands, New Zealand, Norway, Sweden, Switzerland, United Kingdom and the United States.

Source: Kenworthy 1997, tables 3 and 7.

Figure 1.1. The National Construction of Knowledge Regimes and their Effects

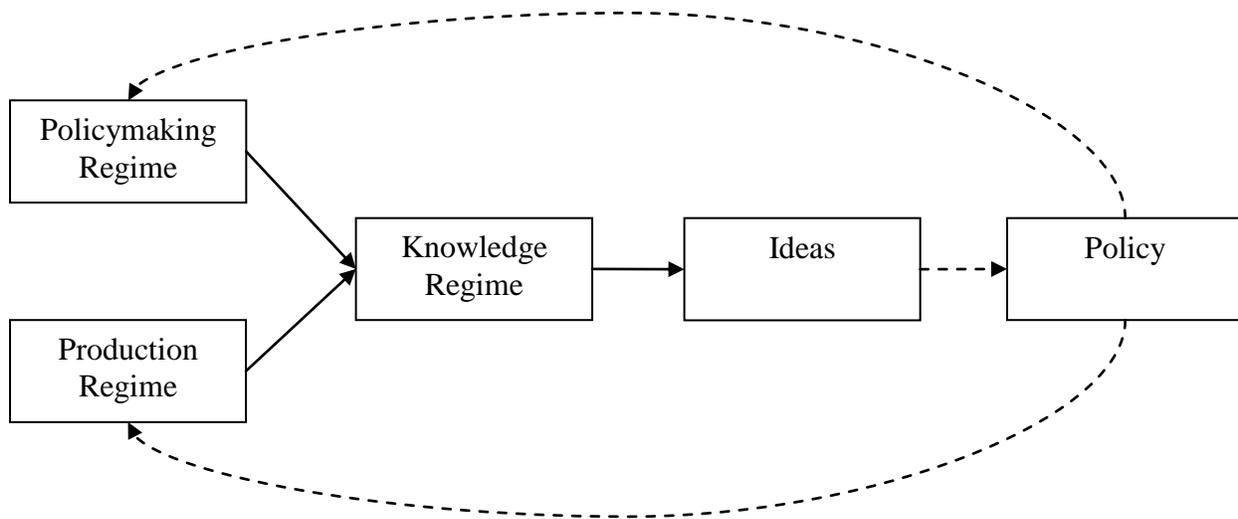


Figure 1.2. Key Changes in Four Knowledge Regimes

