Knowledge and Policy Change

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INTRODUCTION

KNOWLEDGE AND POLICY CHANGE

HENRIK LINDBERG[1]

The title of this book presents an idea that recurs in all of the included chapters: knowledge plays an important role in policy change and, more emphatically, political processes and policy change cannot be understood if you exclude the concepts of knowledge and learning as explanations.

As many of the authors in this anthology declare, we have witnessed an increased interest over the last decades in the interaction between knowledge, learning and policy change. The reasons behind this interest are most likely multiple. First, there are fundamental problems in the European and US economies and welfare states that cry out for policy reforms, with a desire to learn from good examples across countries. Second, something of a consensus appears to have been established around the proposition that ideas and knowledge matter with regard to understanding how policy and politics change (see Blyth 2002, Béland 2005, Hall 1989, 1993.)

The mechanisms behind this phenomenon, however, are not that easy to discern. The concept of learning, for example, is most likely one of the most widely acknowledged factors that shape policy and policy processes. However, both theoretically and methodically, this concept is underdeveloped in the policy process literature. To some extent, this underdevelopment can be explained by the fact that the definitions of learning and learning processes inside disciplines such as economics, business economics and political science are diverse. It almost appears that all of those authors who wish to make a name in their respective fields have created their own concepts and definitions (Heclo 1974, Sabatier 1987, 1999, Hall, 1993, Etheredge 1981, 1983).

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To understand how policy learning takes place, we need a clearer picture of the role that ideas play in the policy process. Changes in ideas appear to be central to policy learning. Hall (1993) mentions that policymakers customarily work within a framework of ideas and standards that specifies the goals of the policy, the instruments that can be used to attain such goals and, furthermore, the very nature of the problems that the policymakers are meant to address. These *paradigms* become the prism through which the policymakers view the issues and the policymakers' own role in relation to these issues.

This anthology consists of eleven chapters by authors from different backgrounds, countries and academic institutions. The collaborating authors are young scholars in economics, political science, and economic history, all of whom participated in the conference "Knowledge and Policy Change," arranged by the Ratio Institute in 2011, where the distinguished political scientists Daniel Béland and Michael Howlett participated as honorary speakers. The diversity of this group of authors indicates that this field of study is shared among many disciplines in the social sciences. As always, each author is fully responsible for his or her own article.

Three major themes structure the content: the first part, *Theories of the policy process and the role of knowledge*, addresses some diverging and sometimes contrasting theories regarding the policy process. Here, the role of knowledge and those institutions that have the purpose of delivering knowledge to policymakers is scrutinised.

In the first chapter, "Pragmatism versus Ideology in Institutional Change," Nils Karlson addresses the issue of pragmatism as a means to achieve institutional and political change. He recognises that ideology no longer plays the role that it once played in the policy process. Currently, politicians assume a pragmatic approach, which has certain benefits. Contrary to ideology, the pragmatic approach has neither firm beliefs on how the world works nor strong values concerning the ideals that should be achieved. The benefits of pragmatism are that it provides politics with a foundation of knowledge and avoids poorly conceived radical reforms and populist policies. The foundation of knowledge is essential for the pragmatic approach because, given the weakness of normative ideals and beliefs, the policies that are pursued need to be evaluated from a base of knowledge and experience.

However, there are certain limits to pragmatism. First, both the acquisition and the processing of information are difficult to achieve because of limitations in human cognition. These constraints lead to a status quo bias that is based on particular values and beliefs, and it is difficult to change the cognitive frameworks that are fundamental to

achieving a more profound institutional change. Thereby, the space for policy reform will be quite narrow, according to Karlson, and reform will entail merely adjusting policy instruments and settings. Because ideology also has its own limitations, the solution for reformers who wish to achieve more fundamental change is to apply principled pragmatism, which combines the strengths of both perspectives.

The second chapter, "A theoretical inquiry of the use of knowledge in the policy process," is written by Monica Persson and addresses the issue of scientific knowledge playing a central role in the policy process. Just as in the subsequent chapter, the author questions the belief that the relationship between knowledge and policy is linear and cumulative. This chapter contributes to the understanding of how knowledge is used in policymaking and what mechanisms determine the type of knowledge that will be chosen from the immense amount of information available. Empirically, this chapter argues that knowledge does have a formative impact on policy and should be studied when a policy is in its formative phase.

Chapter 3, "Bridging Neo-Institutionalism, Concepts of Knowledge and Theories of Political Learning", by Thurid Hustedt, examines policy advice and how to organise advisory arrangements. Policy advice serves to give the policymaker access to knowledge and to address the relationship between science and politics. This chapter questions the traditional view that policy advisors are simply providers of knowledge to policymakers. The extent to which the organisational setting of an advisory arrangement affects the form of knowledge that it provides to policymakers is fascinating. Another point made in this chapter is that policy advisors are not exclusively sources of knowledge; they also fulfil other functions, such as consensus-building, and they promote particular value positions and policies in both government and society.

The second part is *Reform and restructuring of the welfare states*. The chapters related to this theme aim to explain how politicians in the welfare state pursue substantial reforms in the economic policy field. These contributions primarily address the Swedish economic model, perhaps the most ambitious and publicised effort by a capitalist market economy to develop a large and encompassing welfare state. For a long time, researchers and policymakers viewed the Swedish model as a more civilised and successful form of capitalism and thus as a model for other nations. However, the welfare state underwent a severe crisis, and since the late 1980s, it has heavily retrenched. At least some portion of the reforms may have been made possible by knowledge and learning. What are the obstacles when making these risky political decisions, and what is

the role of economists and expertise? These are two of the questions that are posed in these chapters.

Chapter 4, "Policy Learning and Political Pragmatism – The Social Democratic Party and the Question of Public Ownership", by Henrik Lindberg, studies policy change in managing public enterprises from the policy learning perspective in the 1980s in Sweden. The puzzle in the chapter concerns the Social Democratic Party that held power during the period 1982-1991, which had a history of promoting state enterprises. However, the government gradually changed its policy concerning public enterprises. The transformation in the management and control of public enterprises entailed a shift from a socio-political approach to a more business-like approach. Gradually, the public enterprise sector became more autonomous and changed the business goals from achieving broader societal goals to achieving business efficiency.

In terms of policy learning, there was not a notably striking event or paradigmatic shift that took place. Rather, there was a gradual adaptation from earlier experiences such as the economic crisis and the perceived mismanagement of state enterprises. If learning occurred, it was gradual and incremental rather than sudden and swift. It is also noteworthy that the Social Democrats were pragmatic and de-ideologised the issues, which returns us to the results from chapter one in this anthology.

Chapter 5, "Tax reform in a Social Democratic state", by Peter Santesson, addresses the Swedish Income Tax reform in the period 1990-91. This was one of the most far-reaching reforms undertaken in any industrialised country. The income tax reform involved a palette of strategies that included persuasion, negotiation and even coercion. The long-lasting initial stage was a period of persuasion but also a learning process regarding the views on taxation among the policymakers.

Chapter 6, "The 1992-93 Swedish Crisis Debate: How Economic Consensus Overturns Tradition", by Keith Jakee, addresses the strong degree of consensus that dominated the public debate among economists in Sweden during the crisis years in the early 1990s. The movement from one paradigm to another (the Keynesian to a more liberal market approach) appears to have proceeded far more quickly in Sweden than in other countries. Jakee notes that the dominance of just one opinion among the top economists has been consistent with Sweden's past public debate on economic issues. One explanation for this lack of diversity is the small size of the country and the limited number of prominent economists. This observation returns us to the point addressed earlier: policy paradigms are stable over time but can be challenged by other paradigms with a coherent and highly articulated doctrine.

The third and last part of the anthology, *Policy transfer, diffusion and the implementation process*, addresses the concepts of diffusion and policy transfer in the policy process. These chapters are similar, with one exception, in that they address transition economies that are on the brink of adjusting or implementing some of the rules and regulations that are necessary to become a modern market economy or a part of the European Union.

Chapter 7, "Advocacy Coalitions and Strategic Interests: The Policy Process of Swedish Self Regulation of Advertising 1950-1971", by Michael Funke, addresses the question of regulation and the self-regulation of Swedish advertising in the 1950s and 1960s. From the perspective of advocacy coalitions, Funke examines the two main coalitions that were active in the subsystem. One coalition that consisted primarily of producers and their organisations controlled the system of self-regulation for many decades. This coalition was, in turn, challenged by a consumer-oriented coalition that grew stronger during the period and promoted state regulation in this policy field. This case appears to shows two conflicting coalitions that were both active in the policy process as members of official commissions, from which the coalitions influenced both problem definitions and agenda setting. These advocacy coalitions had different strengths in the three different arenas that determined regulations, but the consumer-oriented coalition prevailed over time thanks to the support of the government in the state policy arena.

Within the policy coalitions fighting for influence, the core policy beliefs were largely unaffected, but interestingly, there was a type of learning taking place in the producer's coalition to better address the needs and arguments from the consumer side, develop self-regulation and ultimately initialise regulatory reform in the policy field.

Chapter 8, "Local market, global rules: The case of Standardization of the Czech Capital Market," by Olga Markiewicz, addresses the issue of policy or rule transfer. What domestic and internal factors influence the dynamics of the rule transfer process? In this chapter, the author scrutinises the Czech trajectory of capital market standardisation, i.e., internationally recognised standards of capital market governance. The relationship between the level of domestic vulnerability and the type of external intervention is the focus of the chapter. One conclusion is that a regulatory transfer leads to changes in the domestic rules and practice if the level of domestic vulnerability is high.

Chapter 9, "You cannot sell it" Initiation and implementation of Latvian development co-operation policy (2000-2010)," by Peteris Timofejevs Henriksson, addresses the creation of the foreign aid policy in

Latvia in the early 2000s. Why did Latvia initiate the program in the early 2000s, and why did it discontinue the program in 2008? This policy field was almost completely new, and an institutional basis, including policy statements, implementation structures and funding, had to be created.

Based on a Sociological Institutionalist and Rational Choice Institutionalist framework, Peteris identifies policy resonance and high perceived adjustment costs as the factors that constrained policy learning and made it ineffective. Because the policy had weak resonance among the public, the administrative and political veto players had few incentives to implement the policy according to EU expectations. The politicians perceived the foreign aid policy as potentially threatening to their re-election prospects and chose to ignore the adaptation pressures from the EU. Thus, the chapter stresses the importance of not only engaging the public administration in policy learning exercises but also overcoming the resistance of the political elite and informing the public about the merits of the policy.

Chapter 10 also addresses the transition process in Eastern Europe, which illustrates the challenges for social scientists trying to grasp the fundamental institutional changes that have taken place since 1989. This chapter by Todor Arpad, "Diffusion of neoliberal tax policies in the ten Post-communist new EU-member states," addresses policy evolution in the politically sensitive area of direct taxation. Just as in chapter 11, policy diffusion is the central theme. The aim is to explore the mechanism and trace the causal streams that led to the diffusion of tax policies such as "the flat tax revolution" and the significant CIT cuts. The results indicate that there were significantly different causal mechanisms that made the reforms appear similar, although they had different implications. Among the possible characteristics that did *not* appear, it is worth highlighting that there was a lack of direct participation from external experts. Furthermore, these tax reforms did not appear to be evidence-based in the sense that the policymakers were not interested in finding data on the effects of the tax reforms in neighbouring countries.

Finally, chapter 11, "Intergovernmental cooperation and policy transfer: The impact of institutionalization on socialization among sub-national entities", by Felix Strebel, concludes the anthology. This chapter addresses the mechanisms behind diffusion and how the different forms of cooperation affect policymaking. The results from the study illustrate that sub-national policymaking in this field is influenced by the shadow of intergovernmental cooperation. It appears that institutions tend to shape the behaviour of actors differently: the higher the degree of

institutionalisation, the more likely it is that the institution will affect the behaviour of the involved actors.

The question raised is how cantonal policymaking is affected by intercantonal cooperation in Switzerland. The main contribution of this chapter is the finding that the higher the degree of institutionalised cooperation, the more likely that it will impact the behaviour of the actors involved. Furthermore, the author inductively elaborates on why cantons are differently affected by the institutions of interest. This approach contributes to a more comprehensive picture of diffusion in federal states such as Switzerland.

To conclude this introduction, it should be noted that there was no intention to provide unanimous answers to the questions posed about knowledge, learning and policy diffusion or policy transfer processes. However, we hope that this anthology has clarified some issues and provided more food for thought both theoretically and via multiple case studies.

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PART I:

THEORIES OF THE POLICY PROCESS AND THE ROLE OF KNOWLEDGE

CHAPTER ONE

THE LIMITS OF PRAGMATISM IN INSTITUTIONAL CHANGE

NILS KARLSON

1. Introduction

Ideologies seem to no longer play the role they did in the 20th century. Western democratic politics in the 21st century is characterised to a large extent by pragmatism, a position wherein feasible, incremental and more or less technocratic improvements to the status quo are advocated. From Angela Merkel in Germany to Fredrik Reinfeldt in Sweden, practical politics has become more about trying to get things done, doing things a step at a time, not being beholden to unattainable principles and yielding on some issues to make progress on others. This is a largely positive development, at least when compared to the practices of the most ideological and often non-democratic political leaders of the last century. Pragmatism, of course, is also superior to the populism that plagues many of the crisis-ridden countries of today's Europe.

However, what are the limits of pragmatism? What is the relationship between pragmatism and ideology? Is it really possible to avoid ideologies in politics? Should there be a role for ideologies in politics? If so, when? These are the questions to be discussed in this chapter.

My conclusion is that ideology will be part of political life whether we like it or not. Most politicians and voters will be guided by strong values and firm cognitive frameworks. Sometimes, these ideologies will be explicit, and sometimes, they will be tacit. Nevertheless, these ideologies will be decisive in political communication and decision-making. Pragmatism, therefore, has clear limits.

This is especially so in situations when there is a need for welfare-enhancing institutional change.[1] The main reason is that the status quo may be highly inefficient and still cannot be improved by marginal adjustments to because of outdated or false mental frameworks, special interests and institutional lock-ins. In these circumstances, an ideological shift may be a prerequisite for higher efficiency and welfare.

As we shall see, however, pragmatism also has its advantages. In particular, pragmatism may function as a second-best position, safeguarding against false ideologies, bad radical reforms and populist policies.

2. Pragmatism Versus Ideology

The philosophy of pragmatism, as advanced by Charles Sanders Peirce, William James, John Dewey and others, is essentially a theory of meaning (Ormerod 2006). Beliefs and belief systems, pragmatists would hold, are guides to actions and should be judged against outcomes rather than abstract principles. Belief systems that work and have practical consequences should be accepted and unpractical ideas rejected.

Political pragmatism is a different story, though there are similarities. In short, I shall define political pragmatism as politics without ideology – that is, politics without guiding abstract principles. Abstract principles in this context mean everything from normative ideals and doctrines to postulates, assumptions or laws about how the world works.

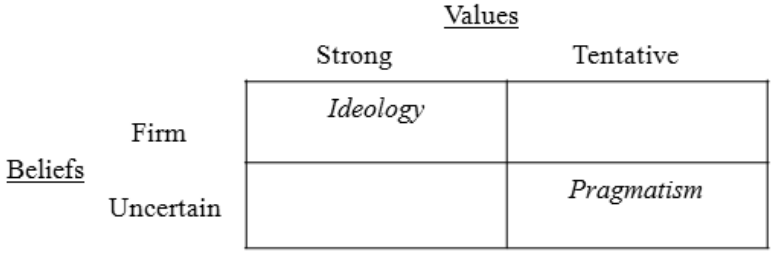
Hence, political pragmatism is firstly, politics without strong normative ideals. Additionally, political pragmatism is, secondly, politics without firm beliefs about how the world works. To a political pragmatist, normative ideals and beliefs are always tentative and uncertain (in contrast to being *strong* and *firm).* Political pragmatists do not subscribe to abstract principles or ideals, such as individual liberty, freedom, justice, equality or even the rule of law. Political pragmatists hold no firm beliefs about the importance of the working class or the market economy for the development of society. All such principles, ideals and cognitive frameworks are considered uncertain to political pragmatists, who believe that all such ideas should be empirically tested and evaluated to see whether they "work" before they are accepted. I shall leave open for the

[1] By "welfare-enhancing institutional change", I simply mean reforms that satisfy the Pareto or Kaldor-Hicks criteria (Bergh 2009), i.e., reforms that make everyone better off or could at least make everyone better off if the losers were compensated by the winners. Often, such changes are equivalent to liberal reforms.

time being what a pragmatist may mean by empirically "tested" and "evaluated".

Ideological politics, in contrast, is politics and political action by abstract principles, strong normative ideals and firm beliefs about the functioning of the world. To simplify, in the matrix[2] below in figure 1, I distinguish between strong and tentative values and between firm and uncertain beliefs:

Figure 1: Pragmatism versus ideology in politics



Pragmatism and ideology are thus polar opposites from this perspective. Pragmatism is characterised by tentative values and uncertain beliefs, whereas ideology is characterised by strong values and firm beliefs.

These are of course ideal types, variation in the strength of values and firmness of belief systems may be a matter of degree; that is, there may be pragmatic ideologues and ideological pragmatists. For example, it seems clear that classical Marxism is closer to an ideal-typical ideology than modern liberalism. Idealists are different than moderates. Moreover, the two empty cells in the NE and SW corners may also be of interest. The case of strong values and uncertain beliefs may be of special interest in situations of institutional change, as we will see below.

3. Pragmatism, Conservatism and Status Quo Bias

A position somewhat akin to what I have termed political pragmatism is labelled "analytic conservatism" in an influential paper by Brennan and

[2] Inspired by Sartori (1969). Sartori distinguishes between strong and weak "affect" and closed and open "cognition". Compare Knight (2006).

Hamlin (2004a). As Brennan and Hamlin note, their view of conservatism "is most obviously linked with pragmatism and contrasted with radicalism and idealism." They argue that a "conservative posture" follows from seriously considering feasibility requirements in a world characterised by uncertainty and ignorance. Rational actors ought to, Brennan and Hamlin believe, be risk-averse in relation to public policy because of social complexity, informational scarcity and the prevalence of unintended consequences in human action. Would-be reformers often pretend to know more than they possibly could.

In their argument for the importance of feasibility requirements, Brennan and Hamlin's analysis explicitly parallels the normative analysis of contemporary economics, wherein a sharp distinction between positive or "feasibility" analysis and the analysis of the "ethical" or "desirability" is usually drawn. Moreover, this pragmatic focus on feasibility would, Brennan and Hamlin argue, limit the need for abstract discussions of the desirable and instead lead to a normative "status-quo bias", primarily due to the above-mentioned informational limitations. To quote Brennan and Hamlin, "the primary reason for treating the status quo as if it had intrinsic normative authority is rooted in the way the world is, in a proper sense of the feasible" (2004b:681). They also note that this normative claim concerning the status quo may have to be weighed against other normative claims.

It should be noted that this notion of conservatism is slightly different from pragmatism in the strict sense, as Brennan and Hamlin give normative status to the status quo, albeit for pragmatic reasons. An ideal-typical pragmatist would, I presume, be neutral between the status quo and other social states, even though status quo bias would apply to him or her as well. Apart from this note, it is quite clear that Brennan and Hamlin's view combines tentative values and uncertain cognitive frameworks and is thus well in line with political pragmatism. Brennan and Hamlin's conservatism, in other words, does not qualify as ideology in my terminology.

4. The Strength of Pragmatism in Institutional Change

As Brennan and Hamlin argue, there is a strong case for pragmatism if we want to promote welfare-enhancing institutional change. Indeed, this can be viewed as the heart of Brennan and Hamlin's argument for analytic conservatism, and the same point is made in a later paper by Brennan (2009). The strength of pragmatism is undoubtedly its empirical orientation and its focus on feasibility. Empirically testing and evaluating

different policies to see whether they "work" using available research and scientific results seem to be a positive strategy through which to promote reforms. Moreover, such an approach is well in line with Popperian "piecemeal social engineering" (Popper 1945).

In particular, political pragmatism seems to be a way to avoid *bad* radical reforms, wherein misinformed, false or outdated beliefs, rather than accurate and well-founded beliefs, guide action. In a world with informational scarcity and social complexity, risk aversion is wise, even if better alternatives may exist.

There is empirical support for the pragmatic approach. Most reforms consist of marginal adjustments to existing policies (Lindblom 1959, Wildavsky 1988, Jones et al 1997). In a recent study by the OECD (2009), in which reforms of pensions, product markets and labour markets in ten different countries are compared, one of the major results is that policy design needs to be underpinned by solid research and analysis, both to improve the quality of policy and to enhance the prospects of policy adoption.

The question to be discussed, however, is whether pragmatism is sufficient to achieve welfare-enhancing institutional change. If belief systems of this sort dominate politics in modern Western democracies, where feasible, incremental, and more or less technocratic improvements to the status quo are advocated, one may wonder if such a view is sufficient to achieve reforms or if there is a role in modern politics, at least in certain situations, for ideology.

5. The Weakness of Pragmatism in Institutional Change

The weakness of pragmatism in institutional change is, I will argue, two-fold. First, there is a well-documented status quo bias inherent in the politics of Western democracies, especially in those with developed welfare states. This bias tends to conserve undesirable, normatively inferior, social states. There are many well-known reasons why such a bias exists, including the following:

- welfare benefits have created their own constituencies;
- many reforms involve tangible losses to concentrated groups, while gains are diffuse and uncertain;
- voters react disproportionately negatively to losses in welfare (compared to increases).

In other words, the status quo is often characterised by institutional lock-in, wherein welfare-enhancing reforms are blocked, despite strong

rational arguments in favour of them (Olson 1982, Weaver 1986, Pierson 1994, Rodrik 1996, Kahneman and Tversky 2000, Pierson 2001).

This does not resonate well with the claim that the status quo should have some kind of intrinsic normative authority. On the contrary, the status quo seems to be normatively inferior. Neither does it accord with the view that "feasibility", rather than firm cognitive frameworks and strong values, should be the sole evaluation criteria for institutional change. Weak values and uncertain cognitive frameworks would be a poor guide to action in such situations.

Let me give two brief examples. In most Western European countries, there are various kinds of employment protection legislation (EPL), sometimes called "security on the job" legislation. This type of legislation has a well-documented number of negative consequences. Marginal groups, such as immigrants and younger people, have a harder time entering the labour market with these policies in place (Skedinger 2008, Lindbeck and Snower 1994, 2002). Moreover, these policies reduce economic dynamism, economic transformation and entrepreneurship, which lead to fewer start-ups and lower productivity (Dexter 1981, Scarpetta et al 2002, Skedinger 2008). The corresponding effects on employment and long-term growth are obvious. Still, reform often seems politically impossible. Reforms are blocked by insiders and labour unions through the mechanisms described above.

A second example is the difficulty in reforming pay-as-you-go pension systems. Here, as well, there is widespread rational agreement among economists and other experts that these systems hold negative long-rung consequences for public spending and economic growth (Breyer and Craig 1997, Kruse and Palmer 2007, OECD 2009). Still, reform is stymied by the special interests of those who benefit from the established system. Again, we have a case where pragmatic changes to an inferior status quo are blocked. What is economically or scientifically feasible is not politically feasible. This leads us to the second weakness of pragmatism in institutional change.

The fundamental weakness of political pragmatism in institutional change is that, while the status quo may be highly inefficient, the status quo still cannot be improved by marginal adjustments because of outdated, or even false, mental or cognitive frameworks shared among various experts, voters and politicians. Political pragmatism underestimates the role of cognitive frameworks in human action, particularly political action.

There has been an upsurge in research over the last few decades showing how paradigms, frames, worldviews, principled beliefs and so on affect policy making (Campbell 2002). At the most general level, human

cognition concerns how people make sense of other people, themselves and the world. There are clear limits to human cognition in acquiring and processing information. Moreover, how people think largely determines how they act (Fiske and Taylor 1991).

There is also increasing research among economists that identifies the important role of mental (or cognitive) interpretative frameworks, sometimes called cognitive paradigms, in understanding institutional change (Denzau and North 1994, Knight and North 1997). What politicians and voters believe is most likely just as important as what they want and what experts may think is feasible (Vanberg and Buchanan 1989, Thelen and Steinmo 1992). In other words, and in the terminology of this chapter, a growing body of literature agrees that ideologies do indeed matter.

Let us assume that we have a status quo, perhaps similar to the examples described above, in which inefficiency is upheld by belief systems with strong normative ideals and firm cognitive frameworks, not special interests and myopia. The actors involved are convinced that the situation is just, fair and in harmony with how society works. No doubt welfare enhancing reforms would be very difficult to bring about. In such situations, an ideological shift may be a prerequisite to higher efficiency and welfare.

One can even imagine situations where, in what may be called, false ideologies is embraced by society or at least the political elites in the society in question. These false ideologies are highly inefficient and self-destructive in the long run. The Soviet system and Maoist China are two fairly recent examples, though contemporary societies dominated by populist politics are also sufficient.

6. A Role for Ideology

It is clear, therefore, that ideology and ideological change plays an important role in modern politics, at least in certain situations. Such changes, wherein normative ideals, doctrines, assumptions or laws about how the world works are transformed, are – and perhaps also should be – rare. To use the terminology of Hall (1993), such changes are "third order changes", in contrast to changes that occur within a given cognitive paradigm.[3] In such situations, according to Hall, not only do policy

[3] Peter Hall's analysis concerns what he calls "policy paradigms", ''a framework of ideas and standards that specifies not only the goals of policy and kind of instruments that can be used to attain them, but also the very nature of the

instruments and their settings change, but so too do the overarching goals of a policy area.

Pragmatism may serve us well within a given, fairly accurate cognitive framework. As long as this is the case, ideology should have a limited role. However, pragmatism cannot address situations wherein an entire interpretative framework must be changed to achieve welfare-enhancing institutional change.

A question still remains: how might such as change come about? If the status quo is characterised by outdated mental frameworks, special interests and institutional lock-in, how can change be brought about? Here, the state of knowledge is still insufficient.

Still, it seems necessary that the old ideology must first be de-legitimised and perceived to fail. Then, ideological entrepreneurs can enter the scene and propose viable alternatives, which in turn have to be tested, implemented, formalised and institutionalised. Hence, technological and economical "feasibility" is not sufficient; administrative and political feasibility is also necessary (Kingdon 1984, Hall 1989, Goldstein 1993, Béland 2005). These conditions undoubtedly require advanced skills in communication, rhetoric and leadership, areas in which ideologies may be of help.

Let me once more give a couple of well-known examples. Both Margaret Thatcher and Ronald Reagan fit the description sketched above; both can be regarded as ideological entrepreneurs who entered their scenes when existing ideology had been de-legitimised and were perceived to have failed. By offering new strong values and firm cognitive frameworks, Thatcher and Reagan communicated the need for institutional change and, thus, made such change politically feasible.

However, ideology, just like pragmatism, may have its own shortcomings. An ideology with really strong values and a firm cognitive framework may create an ideological lock-in itself. Historical examples abound. Even today a few examples of societies unable to extract themselves from utterly inefficient institutional arrangements may exist. Moreover, many ideologies have nothing to offer with respect to welfare-enhancing reforms. Their policy proposals are simply economically infeasible. But even if they have truly good alternatives, convincing others that these offers are good is another thing entirely. This brings us back to pragmatism.

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problems they are meant to be addressing'' (Hall 1993:279), but it should be equally applicable to ideologies.

7. Conclusion: "Principled Pragmatism"

If there are clear limits to human cognition, concerning both the acquisition and processing of information, ideology will remain a part of political life whether we like it or not. Most politicians and voters will be guided in their actions by strong values and firm cognitive frameworks. These ideologies will sometimes be explicit and sometimes tacit. Moreover, these ideologies will be decisive in political communication and decision-making.

The challenge to those who want to promote welfare-enhancing institutional change concerns how to handle such situations. As I have argued above, pragmatism cannot be the only solution. It is simply not enough with weak values and uncertain cognitive frameworks favouring feasible, incremental and more or less technocratic improvements of the status quo. Nor is a "conservative posture" and "status-quo bias", founded on social complexity, informational scarcity and risk-averse actors, as Brennan and Hamlin explain, sufficient to escape institutional and ideological lock-ins.

"Pragmatic reformers" face the risk of becoming perplexed prisoners of tacit ideologies when they try to communicate with an electorate that bases its interpretations of proposals on cognitive frameworks that support an inefficient status quo. These circumstances, however, are equally problematic for "ideological reformers" unlikely to convince anyone other than themselves, no matter how strong their values or how firm, and even true, their cognitive frameworks.

The only way to escape this dilemma, it seems to me, is to combine the strengths of each perspective and move the political discussion to the centre of the matrix in figure 1. In other words, ideologues and ideologies must become more pragmatic, and pragmatists and pragmatism must become more ideological.

Interestingly, changes in perspectives or cognitive frameworks may come about quite rapidly, while values or preferences seem to be more stable. This phenomenon resembles the situation identified by the SW corner of our matrix above, with strong values and uncertain beliefs. This has led policy makers to try to "frame" new policies in order to make them more politically acceptable (Snow et al 1986). Such ideological reframing is essential to institutional change (Skocpol 1996).

Hence, emphasis should most likely be placed on reframing outdated cognitive frameworks rather than attempting to change values. Such as position may perhaps be called "principled pragmatism" (Heclo and Madsen 1987, Siemers 2004).

It is important to emphasize that, in contrast to my earlier definition, principles here refer to values and normative ideals, not postulates, assumptions, beliefs or laws about how the world works. This distinction is unfortunately not made clearly enough by Heclo and Madsen (1987), who analyse the success of the Swedish social democratic party up until the 1980s. Heclo and Madsen define pragmatism more along the lines of "pragmatic and feasible" political compromises made to implement the policies and beliefs already favoured.

Worldviews must be continuously empirically tested and evaluated to see whether they "work", i.e., whether they actually promote the values and ideals that are embraced. Policy instruments and policy paradigms should be changed when situations and the world change. There should not be any kind of "conservative posture" and "status-quo bias". Rather, principled pragmatism calls for a genuine "reform posture" to attempt to avoid cognitive and institutional lock-ins. Such a posture may be the only hope when an entire interpretative framework needs to be changed in order to achieve welfare-enhancing institutional change.

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CHAPTER TWO

A THEORETICAL INQUIRY OF THE USE OF KNOWLEDGE IN THE POLICY PROCESS

MONIKA PERSSON

1. Introduction

A growing literature aiming to explain and understand policy change has questioned the understanding of the knowledge-policy relationship as rational, linear and cumulative (Parsons 2002; Fischer 2003). The research fields of *policy studies on knowledge utilization* and *science and technology studies* have pointed to a scientification of politics and policy and a politicization of science (Weingart 1999; Hoppe 2005). They have done so by punctuating the myths of 'the objective scientist' with institutional autonomy that produces authoritative knowledge claims and 'the rational public servant' who is well informed and uses the best available knowledge as a foundation for policy development. Scientists are shown to be as influenced by self-interest as others, and the use of their research outputs in the policy process to be limited. However, research output, if influencing policy at all, can have an indirect impact by shaping new views and problem definitions; what Hoppe (2005) calls conceptual use of 'research as ideas'.

A strictly rationalistic perspective on the policy-knowledge relationship is furthermore contradicted by the fact that knowledge and evidence are being neglected by policy actors (Taylor 2006). It has been shown that knowledge is tactically used by powerful interest groups in order to frame the question in their favor and gain legitimacy for their standpoint, while contradicting evidence is ignored (Weiss 1977, 1991; Parsons 2002; McKeen 2006; Stevens 2007b). All in all, this contests the objective use of knowledge, and indicates a power knowledge relationship.

An alternative view of the influence of knowledge on policy is as a more random process, which is rationalized in hindsight. The amount of information and knowledge available for policy actors engaging in the

problem-solving process is immense. It could be seen as a 'smorgasbord' of theories and research results from which the policy actors can pick and choose (Beck 1992, ch 12). By making these choices, the policy actors become actively involved in the process of defining knowledge (Beck 1992, 262). The assignment for civil servants at authorities (as well as other policy actors) is therefore challenging, not only due to time restrictions. As they strive to make sense of the problem, develop an overview of available knowledge and propose knowledge-informed solutions, their strategy is bound to be more random than thorough.

The challenging task of developing an overview and applying available knowledge within a specific field is central to authorities, not least in new policy fields where a configurative use of knowledge constitutes a central steering mechanism (Montin 2007). New policy fields are often organized around the idea of mutual learning between institutions, and new ways of cooperating and organizing existing resourses are often based on networks and partnerships where academics are included (Montin 2007). The networks that emerge are organized around what are seen as critical societal issues. The networks and the problems they are set up to resolve often transcend traditional policy fields (e.g. police, social work, school, housing) and institutional levels (e.g. local authorities, nation states, EU, global networks). The responsible authorities of new policy fields (e.g. community safety, public health, sustainable development) are mainly tasked with ideational steering (spreading information, counseling, arranging and participating in networks), as opposed to traditional authoritative steering (Rothstein 2005). They steer through information and knowledge, by which they directly or indirectly support, contest or disassociate problem descriptions and proposed remedies. With this development comes a demand for policy relevant research and knowledge-based policy.

In sum, the use of knowledge in policymaking is acquiring a new function and should not be understood as a rational, objective process. The capacity of actors and institutions to gain an overview of and a deep insight into social issues, and theories and knowledge thereof, is strained by the immense amount of related knowledge. Could this process, then, be under the influence of other mechanisms than rationality or interest? What determines the 'choice' of the knowledge that gets to influence policy? What kind of knowledge is included in and excluded from the policy discourse, and by what mechanisms?

The purpose of this chapter is to address these questions theoretically, and thereby develop directions for the analysis of the use of knowledge within the policy formation process. The theoretical inquiry is a discourse

theoretical elaboration and a development of the framework of institutional change presented by Paul D. Bush (1987)[1]. Bush's framework of institutional change explains the past- and future-binding process of the incorporation of knowledge in the policy process. Particularly beneficial for this purpose is his distinction between instrumental and ceremonial patterns of behavior within the societal problem-solving process. However, the framework is general in character and does not give directions on how to address these questions empirically, nor account for how we should understand the position of the actors in empirical inquiry of policy formation and change. Discourse theory offers a way of conceptualizing central concepts, which provide us with tools for empirical analyses. Another important contribution is the identification of power within this process. Thus, the merging of these two theories enables a better understanding of the use of knowledge in the policy process. Constructivist and poststructuralist theory has progressed considerably since Bush's work in this field. Discourse theory, as it has been developed by Laclau and Mouffe, is a more recent contribution. The merging, achieved through a discourse theoretical reading of Bush, gives preference to a discourse theoretical interpretation, when confined compatibility is noted.

There has been a growing acknowledgement of discourse in studies of policy change (e.g. Schmidt 2003, Béland 2005). However, discourse theory's theoretical grounds tend to be disregarded. Discourse is often used as an umbrella concept for aspects such as values, norms, national identities, or rhetoric. It is used as an independent variable side by side with cultural heritage, policy legacy, interests, etc (see e.g Schmidt & Radaelli 2006). The emphasis on discourse in those cases is not a theoretical account but an acknowledgement of the need to account for ideas. However, a fruitful and just application of discourse *theory* needs to presuppose central theoretical positions. A discursive approach gives ideas and discourse a more fundamental role as structuring social understanding and action (Fischer 2003, 41). Therefore, the next section briefly accounts for a discourse theoretical view on knowledge and policy before going further and applying discourse theory to Bush's institutional theory of change.

[1] 'The theory of institutional change', originally developed by Thorstein Veblen, and further developed by Paul D. Bush among others.