

## THE NATIONAL ORIGINS OF POLICY IDEAS

Rapid change in the international political economy has created unprecedented problems for governments everywhere. To cope with them policymakers need fresh thinking and new ideas. As we explain in *The National Origins of Policy Ideas* (Princeton University Press, 2014), to get it they often turn to private think tanks, government research departments, political party analysts, and other policy research organizations, which together make up a *knowledge regime*. The way knowledge regimes are organized and operate varies widely across countries and has significant influence on national politics.

In the United States, private think tanks like the Brookings Institution often took center stage publicly. But with the onset of stagflation and then economic globalization more aggressive advocacy oriented operations like the Heritage Foundation and the Cato Institute on the right and the Center for American Progress (CAP) on the left assumed leading roles too. With their entrance the tenor of public debate became far more acrimonious and shrill. Some of the more aggressive think tanks employed political “bomb throwers” who relished the opportunity to foment controversy and ideological battle—especially in the media. Within the last few years Heritage and CAP have taken the fight to a new level by founding sister organizations that engage in even more aggressive tactics like lobbying. This evolution in the American knowledge regime has helped fuel the rising partisanship and political gridlock that has made politics and policymaking in Washington the blood sport it is today.

Backstage, of course, have been a number of respected government research departments like the Congressional Budget Office and the Government Accountability Office (GAO) that quietly perform rigorous policy analysis of all sorts in a nonpartisan fashion. But the war of ideas became so extreme and destructive of sound policymaking that in the early 2000s a few prominent members of this knowledge regime launched efforts to build bridges across the partisan gulf. Unfortunately, their efforts seem to have fallen on deaf ears as Washington continues to fall prey to political gridlock.

Things are much different in Europe where knowledge regimes are set up in ways that often promote consensus-making more than partisan combat. Consider Germany where, for example, the government hires a handful of prominent economic policy research institutes to

produce a Joint Economic Report (JEP) twice a year that includes economic forecasts and policy recommendations. The JEP is supposed to represent a consensus among the institutes involved. Enhancing consensus making further, the government then uses these reports to help guide the preparation of its own forecasts, recommendations and policies. The system isn't perfect. Nor does it always lead to full agreement. But to the extent that policymaking is informed by these and other sorts of deliberations among policy research organizations German politics avoids the sort of cut-throat hyper-partisanship and gridlock that has become commonplace in the United States.

The tendency toward consensus among policy analysts in Germany has been encouraged in others ways too. One is a process by which an esteemed scientific professional organization, the Leibniz Association, reviews each economic policy research institute every seven years. Institutes that score very high are admitted to the Leibniz Association, which brings both monetary reward and a significant boost in status. This process triggered a race to the top where institutes strive constantly to adopt state-of-the-art research techniques, which leads to a degree of consensus in how they conduct their analyses and in turn the findings they tend to come up with. It makes reaching consensus just that much easier for politicians too when the experts are judged to be top-notch and more or less in agreement.

Denmark is even more consensus oriented than Germany. For example, the Danish Economic Council includes representatives from the major labor and employer associations, the central bank, key ministries and other important economic organizations. It is run by four economists commonly known as the Wise Men whose job is to conduct forecasts, make policy recommendations and try to facilitate consensus within the rest of the Council. The Danes also rely heavily on a number of ad hoc commissions staffed primarily with experts in the relevant policy area, such as welfare reform or labor market policy, that conduct analyses and formulate policy recommendations for the government. These recommendations often constitute the basis for legislation. The idea is for each commission to arrive at consensus after extensive consultation with labor unions, employer associations and other interested organizations.

Since the 1970s most political parties began to set aside much of their ideological posturing in favor of more reasoned, data-based arguments. And the government has insisted increasingly that ministries, labor organizations, employer associations and anyone else seeking to influence policymaking come with sound empirical analysis rather than ideology to support

their arguments. This has helped generate a degree of consensus in technical policy analysis and, as a result, in policy recommendations. Indeed, it is not uncommon now for the major labor and employer associations to share data, work on joint policy analysis projects and even lobby Parliament together whenever they are in agreement on policy issues. Not only has this elevated the importance of expert-oriented decision making but it has infused Danish politics with an additional shot of moderation in the policymaking process.

The French have tried to encourage cooperative if not always consensus-oriented policy analysis. In particular, the Prime Minister's office directs the government's Council of Economic Analysis to conduct studies and make policy recommendations of all sorts. Once the Council has been given a task, such as recommending changes in pension reform, it gathers a variety of experts, often from universities and from a wide range of perspectives spanning the intellectual and political spectrum, to work on the report. Analyses are performed, opinions are expressed and a final report is issued that covers the debate that has ensued. The Council does not always agree on everything. But the process encourages civil debate. Similarly, the Prime Minister's Center for Strategic Analysis helps coordinate the activities of several policy research organizations inside and outside the state in order to craft joint forecasts, policy analyses and recommendations with an eye toward consensus.

The creation of these organizations as well as a few others operating privately but still funded by the state were created in the first place by the Prime Minister's office when it became clear that fresh thinking was necessary in order for policymakers to cope effectively with the problems of globalization. The state's in-house technocratic expertise was no longer viewed as being up to the task. So the idea was to create independent research units to which the state could outsource some policy analysis functions in order to get second opinions. A few small advocacy organizations, occasionally modeled on the Heritage Foundation, have cropped up as well in recent years but their influence on policymakers has been limited although they do command some attention in the media. So although French policymaking remains comparatively insulated within the state these sorts of changes have opened things up bit more to new ideas and voices from civil society.

Which knowledge regime is best? The United States suffers from excessive partisanship and gridlock but also benefits from a diversity of viewpoints often missing in these other countries. French policymakers still rely to a considerable extent on in-house policy analysis and

so do not seem to have fully overcome their concerns about the state technocracy's stale thinking. Germany benefits from a comparatively high level of expertise across most policy research organizations but runs the risk of a modicum of groupthink insofar as consensus making tends to silence opposing views—a concern expressed publicly by those who criticized German economists for failing to see the 2008 financial crisis coming. The same might be said of Denmark except for the fact that they are more deliberate in making sure that a wide range of voices including those from organized labor, business, state researchers, and a wide variety of independent experts are included in the conversation. At minimum each country can learn from the experiences of the others in ways that can achieve an effective balance. Failing to do so will make it just that much tougher for policymakers to cope effectively with the problems of today's international political-economic environment.

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