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Knowledge Regimes and the Varieties of Capitalism

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Researchers have shown great interest over the years in the institutional foundations by which nations gain comparative economic advantage. The varieties of capitalism literature is the most recent contribution (Hall and Soskice 2001a, 2001b). It compares the institutional arrangements of national political economies to determine how institutional differences affect economic performance and social well-being. In contrast to an earlier wave of research in comparative political economy that examined how strong and weak states, corporatism, and pluralism affected macroeconomic performance and national economic competitiveness (e.g., Katzenstein 1979, 1985), the varieties of capitalism literature focuses on the firm and how firms are embedded in their institutional environments in ways that influence competitiveness. In sum, while the earlier work in comparative political economy was concerned with institutional variation in policy-making regimes (how states coordinate the economy), the varieties of capitalism literature is concerned with institutional variation in production regimes (how firms coordinate production).

Absent from these two literatures is much discussion about knowledge regimes. By knowledge regime we mean how organizations and institutions coordinate the creation and dissemination of policy ideas that affect how production regimes and the economy are organized and operate in the first place. Knowledge regimes are important because they contribute data, research, theories, policy recommendations, and other ideas that influence public policy and, in turn, national economic competitiveness. And they are an important source of change in capitalist economies (e.g., Blyth 2002; Campbell 1998). For example, the rise of neoliberal ideas during the 1970s and 1980s contributed to the institutional transformation of many capitalist economies by suggesting that deregulation, privatization, trade liberalization, and cuts in taxes and government spending would stimulate growth without inflation (Babb 2001; Campbell and Pedersen 2001). As is true for policy-making and production regimes, it appears that the organization, functioning, and impact of knowledge regimes vary across countries (Fourcade-Gourinchas and Babb 2002).

This paper develops the concept of knowledge regime and shows how knowledge regimes vary across the two most basic varieties of capitalism: liberal and coordinated market economies. The key questions motivating this paper are whether there are different types of knowledge regimes associated with different varieties of capitalism during the late twentieth and early twenty-first centuries; how they generate policy ideas; and how they disseminate these ideas to policy makers. Hence, this paper begins to fill an important blind spot in the comparative political economy and varieties of capitalism literatures.

It is surprising that such a blind spot exists because since the early 1990s a rich literature has emerged on how ideas affect policymaking (Campbell 2002). On the one hand, some of the scholarship on ideas has examined how different types of ideas vary across countries and, therefore, produce different policy-making outcomes (e.g., Blyth 2002; Rueschemeyer and Skocpol 1996; Ziegler 1997). On the other hand, some proponents of the varieties of capitalism approach have been major contributors to the literature on ideas (e.g., Hall 1989, 1993, 1992; Locke and Thelen 1995). It is ironic, then, that they have not more deliberately connected their work on ideas with their work on national competitiveness.

This paper proceeds as follows...

RESEARCH ON IDEAS AND KNOWLEDGE REGIMES

Two literatures point to the importance of knowledge regimes. First is the literature on how “ideas” affect the policy making process (Campbell 2002). This work focuses on how policy programs provide focal points and weapons in policy debate (Blyth 1997; 2002; Goldstein 1993; Goldstein and Keohane 1993); how the intellectual paradigms that underlie policy programs, such as neoclassical economics, affect the taken-for-granted assumptions of policy makers and thus constrain policy options (Hall 1993, 1992, 1989; Jacobsen 1995; McNamara 1998); how public sentiments, norms, values, and identities limit the range of policy options available to policy makers (Katzenstein 1996; Locke and Thelen 1995; Weir 1992); and how actors frame their policy proposals in ways that resonate with the paradigms that guide policy makers and the public sentiments that concern citizens (Gamson 1992; Reich 1988; Schmidt 2001). However, much of this literature focuses on how the structure of different types of ideas constrains policy making. Missing is much discussion of the actors, organizations, and institutions that affect the creation, framing, and transmission of these ideas. That is, the literature privileges structure over agency and, thus, does not clearly specify some of the most important mechanisms whereby knowledge affects states and economies (Campbell 2004, chap. 4; Yee 1996). Furthermore, although some of the scholarship on ideas examines how different types of policy ideas vary across countries and, therefore, produce different policy outcomes in different places (e.g., Berman 1998; Blyth 2002; Ziegler 1997), few researchers have examined how the operation and impact of the knowledge regimes that produce these ideas in the first place may also vary cross-nationally.

A second much smaller literature does a better job of investigating how knowledge regimes are organized, how they create policy ideas, what the mechanisms are by which these ideas are disseminated to policy makers, and, importantly, how all of this varies among countries. Four studies stand out.

The first and most systematic is that done by Peter Hall and his colleagues who examined the diffusion of Keynesian policy ideas across several advanced capitalist countries to determine how Keynesianism influenced macroeconomic policy during the mid-twentieth century (Hall 1989). However, the primary focus of their work was on the diffusion of policy relevant knowledge, and on the economic, political, and administrative conditions that facilitated or inhibited the adoption of these ideas by policy makers in different countries. They were much less interested in the initial creation of policy ideas per se.

Mary Furner and Barry Supple (1990) organized another group of researchers to study how the U.S. and British states contributed to the development of economic knowledge during the first half of the twentieth century and how policy makers in these countries used this knowledge to guide economic policy. The principle concern was to investigate the relationship between the development and use of economic knowledge and the rise of the modern state during an unprecedented period of state building in both countries. However, this research compared two countries that most comparative political economists argue

are quite similar insofar as both are liberal or uncoordinated market economies as opposed to the more corporatist or statist economies of continental Europe (e.g., Kitschelt et al. 1999). Hence, this project did not represent the full range of the varieties of capitalism.

A third study, organized by Dietrich Rueschemeyer and Theda Skocpol (1996), examined the origins and dissemination of a variety of policy ideas regarding social policy and welfare state formation during the late nineteenth and early twentieth centuries. Their selection of cases was much less systematic than that of either the Hall or Furner and Supple studies insofar as different contributors focused on different time periods, different countries, and different aspects of social policy. For instance, one chapter focused on Scandinavian social security ideas during the 1890s. Another discussed unemployment policies in Britain and the United States at the turn of the twentieth century. And yet another examined welfare policy in the United States and Canada during the early twentieth century.

Finally, Mark Blyth's (2002) analysis of the Keynesian and neoliberal revolutions in Sweden and the United States is the most systematic analysis of knowledge regimes. It shows how normative and scientific ideas emanating from the economics profession and elsewhere influenced policy making and institutional change in both countries during the mid- and late-twentieth centuries. Sweden and the United States represent, respectively, coordinated and liberal market economies as discussed in the varieties of capitalism literature. And the effects of neoliberalism is a story that is more current in terms of the development of capitalism. Yet Blyth's attention is primarily on how these ideas were used politically to shape policy making. He paid relatively little attention to how knowledge regimes produced these ideas in the first place. Nonetheless, his work is closest to what we have in mind here.

In sum, all four of these projects produced important insights about how knowledge regimes are organized and operate, but were limited in one way or another. Some focused on an earlier era during which states, economies, and presumably knowledge regimes were organized differently. Think tanks, for example, have become increasingly important sources of policy ideas since the 1970s (Stone 1996). Some paid relatively little attention to how policy ideas were produced rather than disseminated or used as weapons in policy-making conflicts. And some utilized cross-national comparisons that were either arbitrary or that focused on only one type of capitalism.

Over all, both of these literatures point toward, but in most cases do not systematically develop, an analysis of knowledge regimes. Nonetheless, we will draw on this work where appropriate as well as other literatures to develop our arguments. But first we need to be clear about what a knowledge regime is.

WHAT IS A KNOWLEDGE REGIME?

Knowledge regimes are sets of organizations and institutions that produce and disseminate policy ideas that affect how production regimes and the economy are organized and operate.¹ Knowledge

¹Although of less concern in this paper, knowledge regimes may also occasionally contribute ideas that affect policy-making regimes. The rise of neoliberalism, for instance, included calls for more streamlined and efficiency-oriented policymaking and public administration, the use of cost-benefit analysis, and the like.

regimes should not be confused with policy-making regimes. Whereas policy-making regimes formulate and implement policies that affect national economic competitiveness, knowledge regimes produce the intellectual foundations, analytic paradigms, and programmatic ideas that policy makers often use to formulate policy in the policy-making process. They provide policy ideas, inspiration, and advice to policy makers. As a result, the work of knowledge regimes tends to occur before the work of policy-making regimes. A knowledge regime can be characterized in terms of the content of the knowledge it produces, how knowledge production is organized, and how it functions. There is considerable variation in the arrangement of knowledge regimes across countries.

Content

Policy ideas can affect three spheres of activity that influence national economic competitiveness. First are policy ideas that affect macroeconomic management. We are thinking particularly about knowledge that informs macroeconomic, monetary, regulatory, labor market, and industrial policymaking. This includes refined economic theories and prescriptions that are used for adjusting and fine tuning policies already in place as well as big paradigmatic ideas that can result in fundamental shifts in policy approaches, such as the shift from Keynesian to neoliberal policy models.

Second, are policy ideas that affect the ability of firms to manage a variety of more local coordination problems that must be resolved in order for firms to achieve competitiveness. According to the varieties of capitalism literature, firms must bargain over wages and working conditions; secure a workforce with suitable skills; obtain financing and balance the interests of shareholders and stakeholders; manage their relationships with suppliers, customers, and other firms; and ensure that their employees work well with each other and with management (Hall and Soskice 2001b, pp. 6-7). As table 1 suggests, the manner in which firms handle these five coordination problems depends in part on a variety of public policies. In turn, knowledge regimes generate ideas that policymakers use in formulating these policies. For example, during the late 1970s conservative academics, think tanks, and pundits argued that U.S. labor productivity was declining because generous welfare programs reduced the fear of unemployment and thus contributed to worker laziness. Furthermore, they believed that strong unions undermined the ability of firms to hire and fire, keep wages and benefits under control, and do other things that might improve their competitiveness. Ideas like these eventually contributed to shifts in both welfare and labor policy (e.g., Edsall 1984; Goldfield 1987; Palmer and Sawhill 1984).

Table 1 about here

Third, policy ideas affect the availability of technology and science that firms use to achieve competitiveness. This, of course, is especially important in today's globalizing economy where competitiveness depends increasingly on technical and scientific knowledge (Thurow 2000). For instance, after the Second World War, French leaders believed that the state should coordinate technology-promotion policies and that scientific elites should guide these efforts. Hence, French science policy focused on major technological or scientific breakthroughs and, in turn, firms tended to compete on the basis of altogether new products and services. In post-war Germany, however, leaders held that the public and private sectors

should cooperate more fully in these endeavors and that scientific elites should not dominate matters. As a result, policy was geared more toward incremental technological innovation and the adaptation of already existing technologies developed elsewhere. Thus, German firms came to compete on the basis of continuously improving products and production processes rather than developing fundamentally new products (Ziegler 1997).

Organizational Structure

Policy relevant knowledge is produced within organizations. Our primary concern is with how this is done within countries. These organizations include, for instance, universities, public or private research institutes (sometimes known as think tanks), and research units attached to political parties, government ministries, labor unions, or business associations. Furthermore, these organizations may either cooperate or compete with each other, be organized in centralized or decentralized fashion, and be funded by and receive their mandates from either public or private sources.

For example, as is well known, knowledge production in French universities is organized in a very hierarchical fashion with a small group of elite universities. The state long sought to preserve a monopoly on higher education and created the elite system of grandes écoles toward that end. Each one specializes in a certain type of knowledge production (e.g., engineering, mathematics and science, public administration, etc.) Hence, knowledge production in France is highly centralized, financed and coordinated by the central state, and closely linked to the state elites, many of whom graduated from these schools (Ziegler 1997, pp. 28-31). In contrast, the United States has a much more decentralized university system where the top schools may be funded either publicly or privately, are much less specialized in terms of a planned division of intellectual labor, and are much less tightly connected to the nation-state. Indeed, with the exception of federal grants and contracts, which flow to both public and private universities, all the public universities are financed primarily by state-level, not national-level, government (Rubery and Grimshaw 2003, chap. 5).

Think tanks are another source of policy ideas that has grown in importance. In some countries, such as the United States, there are dozens, if not hundreds, of these funded by various private foundations or other organizations, and competing with each other to generate knowledge and disseminate it to policy makers. Elsewhere, think tanks are fewer in number, sometimes funded by public sources or political parties, and operating in a much less competitive environment.

Of course, these organizations operate increasingly in a world populated by transnational organizations that may also develop and disseminate knowledge that policy makers use. Here we are thinking about nonprofit organizations, such as the World Bank, International Monetary Fund, and OECD, that collect and analyze data, formulate policy recommendations, and then distribute these to member nations. The OECD, for example, contributed to the generation of policy ideas advocating sound monetary

and fiscal policies, which eventually were adopted by many advanced capitalist countries during the 1980s and 1990s (Marcussen 2004).

Additionally, there are so-called transnational epistemic communities, which consist of academics or other professionals who promulgate theories and other ideas that inform domestic policymaking (Haas 1992; Haas and Haas 1995). A good example is the emergence of a network of central bankers from different countries who have contributed to the formulation and dissemination of ideas favoring neoliberal monetary policy (Marcussen 2000). They have also developed new ideas about regulating international banking as transnational capital flows have increased since the 1970s (Kapstein 1994).

Functioning and Process

The manner in which knowledge is produced and disseminated to policy makers is also variable. To begin with, knowledge producing organizations may be partisan or non-partisan. In the United States, for example, research institutes may be guided by either relatively objective scientific canons or deliberately push partisan agendas. Some, like the Rand Corporation, that often work under government contract, or others, such as the Brookings Institution, Russell Sage Foundation, American Enterprise Institute, and Hoover Institution, at least during their earlier days, have been dedicated to bringing scientific knowledge to bear on public policy issues. They employ researchers of university type and caliber whose work contributes typically to ongoing scientific debates and is published in professional journals and books. Other organizations, such as the Cato Institute, Heritage Foundation, and the Institute for Policy Studies are more like political advocacy organizations with ideologically derived policy agendas. These spend less attention on scientific inquiry and advancing scholarly research per se and more on packaging research produced elsewhere for consumption by policymakers. The latter have much less interest in erecting barriers between policy research and political advocacy work (Abelson and Carberry 1998; Gelner 1995; Ricci 1993; Smith 1991). In other words, some organizations function primarily as scientific research shops while others are more interested in influencing the ideological tone of public policy per se.

Knowledge producing organizations may influence policymaking either directly or indirectly. On the one hand, organizations can disseminate knowledge directly to policymakers through position papers and reports written explicitly for them, through testimony provided by organizational representatives to government ministries, committees, and commissions, and by moving personnel from these organizations into government positions. They may also participate in various policy discussion groups or other less formal professional or social venues where politicians, academics, and others gather to discuss policy issues (e.g., Domhoff 2006, chap 4). On the other hand, they may also pursue more indirect channels of influence. One is by publishing their research in professional journals and similar outlets. Another is by pursuing the media in efforts to get their work published or cited on the op-ed or editorial pages of newspapers, on television and radio, and so on (Abelson 1992; Rich and Weaver 2000).

But what determines how knowledge regimes are organized and operate? We submit that this is heavily influenced by the institutional environments within which they exist. That is, this is influenced by the policy-making and production regimes with which a knowledge regime is associated. What follows is a series of propositions that specify the nature of the relationship, on the one hand, between knowledge regimes and policy-making regimes and, on the other hand, between knowledge regimes and production regimes.

THE RELATIONSHIP BETWEEN KNOWLEDGE REGIMES AND POLICY-MAKING REGIMES

All of this is likely contingent on the institutional surroundings within which knowledge production occurs. Systematic research has not yet been done on a large number of countries, but we can glean from some of the literatures reviewed above a series of propositions about the relationship between knowledge regimes and policy-making regimes.

For instance, where ministries do not have their own in-house research capacity and where political parties are weak and do not have resident policy expertise, independent, private research institutes may be prevalent, and those that exist may be less ideologically motivated. Where the division of powers between executive and legislative branches is great, as is true of the United States, independent research institutes may have more points of access to policymakers and, therefore, proliferate. Where political parties are weak and divided, and have few resources with which to finance internal policy research, there is likely to be more demand for independent knowledge production and, in turn, more independent research institutes. And where a strong, professionalized, career-based civil service is absent policymakers may be more likely to turn to external sources of knowledge (Abelson and Carberry 1998; Gaffney 1991; James 1993; Stone 1996, chap. 3). Finally, where coalition governments are common, rather than governments run by a single party, think tanks and expert advisory organizations may be established by the government and operate in relatively non-partisan, ideologically neutral fashion (Mentzel 1999).

This suggests that there may be systematic differences in knowledge regimes associated with two basic types of policy-making regimes. Anglo-Saxon type policy-making regimes tend to have decentralized and fragmented state structures, winner-take-all electoral systems that tend to reduce the number of viable political parties around, and pluralist or otherwise fragmented systems of interest group representation. It follows, then, that this type of policy-making regime will have

NOTE: Need to flesh out the above paragraph in a series of causal propositions for the two basic types of policy-making regimes.

1. Anglo-Saxon type

decentralized state structure

winner-take-all electoral system

pluralist/fragmented interest representation (no peak associations)

2. Continental European type

centralized state structure
proportional representation electoral system
corporatist/unified interest representation (peak associations)

These are ideal types. There are exceptions on some dimensions. Germany is decentralized/federalist. Britain is centralized so that the winner controls both executive and legislative branches usually. France has less corporatism than many other European countries, but is very centralized.

THE RELATIONSHIP BETWEEN KNOWLEDGE REGIMES AND PRODUCTION REGIMES

Although the literature on knowledge regimes is thin, there is even less on the relationship between knowledge regimes and production regimes, let alone comparisons across different varieties of capitalism. We now offer a preliminary sketch of these relationships for the two most basic varieties of capitalism. The argument is summarized in Table 2

Table 2 about here

NOTE: This section also should develop a series of propositions as did the last section for the two basic types of production regimes

1. LME

no corporatist peak associations (hence many research institutes)
market solves everything/small welfare state. Hence, many philanthropic foundations and many research institutes.

2. CME

corporatist peak associations (hence a few research institutes, one for business, one for labor)
state solves everything/big welfare state. Hence, few philanthropic foundations and few research institutes.

LME and CME Production Regimes

As is well known, the varieties of capitalism literature distinguishes between two basic types of capitalism (Hall and Soskice 2001b; Soskice 1999). Liberal market economies (LME), such as the United States and Britain, structure economic activity primarily through markets and corporate hierarchies where corporate managers respond primarily to price signals and make strategic decisions without much consultation with other organizations in their environment. Coordinated market economies (CME) structure economic activity more through non-market relationships, such as informal networks, formal corporatist bargaining, and other governance mechanisms, whereby corporate managers consult regularly with other organizational actors and tend to coordinate their decision making with them. Hence, the process of

economic decision-making in LMEs is driven by market-based competition whereas in CMEs it is also driven by institutionally-based cooperation.

As a result, the content of economic decision making in LMEs reflects a shareholder model of capitalism where the interests of corporate shareholders are put first and firms compete to serve these interests. In contrast, the content of economic decision making in CMEs reflects a stakeholder model of capitalism where the interests of corporate stakeholders are treated more equally. A stakeholder is anyone with a vested interest in the corporation, including employees, customers, suppliers, and others as well as shareholders.

For instance, Japanese corporations often make decisions in classic CME fashion by consulting with a wide variety of stakeholders whereas corporations in the United States and Britain do not. A case in point is how layoffs are handled in these countries. In Japan, managers consult with the company union before laying off workers and often negotiate with trading partners or subsidiaries to find new jobs for their redundant workers. As such, Japanese employers try to abide by their commitment to a life time employment model and treat their workers, as well as their suppliers, subsidiaries, and customers, as part of a community which tries to put the common good above the interests of any individual member. In line with the LME model, U.S. and British managers put the good of the firm above that of other stakeholders and simply terminate redundant workers, perhaps offering a severance package and a promise to rehire if the economic climate changes (Dore 2000; Jacoby 2005).

In sum, in CMEs economic decision making is coordinated through a variety of formal and informal means to serve the common good whereas in LMEs economic decision making is left more or less to individual actors, notably firms, who pursue the individual good. Different institutional arrangements lead to different yet relatively stable systems of industrial relations, labor markets, vocational training, technology innovation, investment, inter-firm relations, and customer relations. In turn, LMEs and CMEs gain competitive advantages in different ways.

Critics have argued that the distinction between LME and CME ignores important differences within each type of capitalism and ignores commonalities between apparently different types of capitalism (Campbell and Hall 2006; Kenworthy 2006). For our purposes, however, the distinction is useful insofar as it enables us to begin to differentiate between two broad types of knowledge regimes that correspond with the LME and CME production regimes just described.

LME and CME Knowledge Regimes

The organizational structure of knowledge regimes in LMEs involves a variety of universities, research institutes, and policy planning groups that operate in a decentralized, relatively uncoordinated fashion. These are not typically affiliated in a formal sense with any political party or government ministry.

This results in a knowledge creation process that can best be described as a market for ideas in which all of the knowledge producing units compete independently for the attention of public opinion makers, policy makers, or others who can influence the policymaking process. This process involves what amounts to ideational lobbying, that is, a process whereby intellectuals and other ideational entrepreneurs seek to influence the policymaking process either directly or indirectly. Such ideational lobbying is not necessarily ideological in the sense that it has a politically partisan axe to grind, although that may be true in some cases. The process also occasionally involves the movement of intellectuals and others from knowledge producing organizations into official policy advisory roles, if not into policymaking positions per se, and vice versa.

This process is particularly well documented for the United States where the knowledge production regime consists of several organizational parts linked together in a network of ideas, personnel, and, ultimately, ideational influence.² To begin with, elite public and private universities conduct policy relevant research that results in papers, books, and occasionally research reports that may find their way into the hands of policy makers and their advisors. Insofar as this work is sponsored research, the research agendas of the sponsors (government, corporate, or non-profit foundation) tend to shape the substantive nature of knowledge production. That is, research proposals that do not fit the policy interests of funding sources are not likely to receive financial support, although researchers may try to convince funders that new lines of inquiry are worth pursuing.

Universities also provide experts to a number of research institutes or think tanks that provide places for experts in various academic fields to work on policy issues without the normal teaching and administrative distractions associated with university duties. These are non-profit organizations who receive their financial support from philanthropic foundations, corporate donations, and government grants and contracts and, therefore, are constrained in the directions that their research may take. As noted earlier, research institutes contribute policy reports and other recommendations either to government or to what are often called policy discussion groups. Some institutes are specialized in one or two topics while others have much broader scope. And sometimes their efforts are augmented by institutes or research centers located at universities.

There is much competition among research institutes to influence the policy process. Among the most important competitors is the Brookings Institution, which remains the dominant domestic policy research institute, and one that is known for its politically moderate positions. The more conservative American Enterprise Institute and Heritage Foundation are two others. However, there are dozens of these organizations vying for influence in the United States. And their influence rises and falls depending on which way the political winds blow in Washington. For instance, during the Reagan administration's two terms in

²The discussion of the U.S. case that follows draws heavily from Domhoff (2006, chap. 4) and Dye (1995, chap. 9).

office in the 1980s, the Brookings Institution's influence was overshadowed by more conservative organizations. It returned to prominence under the Clinton administration, especially insofar as Brookings personnel worked with the Clinton administration on tax reform, health care reform, and the North American Free Trade Agreement. In any case, these sorts of organizations have been described as providing the deepest and most important source of ideas for the American policy-making process (Domhoff 2006, p. 87).

Policy planning and discussion groups are a third organizational element in the U.S. knowledge regime. These tend to be nonpartisan organizations that assemble elite representatives from corporate and financial institutions, universities, the foundations, and the mass media as well as top intellectuals and influential people in government in order to discuss a wide range of policy issues. These discussion groups, which vary in size and policy focus, are informal and usually off-the-record venues that facilitate a free exchange of ideas and debate. They review the relevant research generated by universities and research institutes. Discussion groups are organized by policy planning organizations, often with corporate backing. Examples include the Council on Foreign Relations and the Trilateral Commission, which focus on foreign political and economic affairs, as well as the Committee for Economic Development and the Business Roundtable. Most important, while these organizations seek to generate consensus about what steps should be taken with respect to current policy topics, the reality is that much disagreement remains over specific policy recommendations. Still, they do manage to tilt the agenda in a relatively conservative direction and marginalize the few experts with more politically liberal points of view (Domhoff 2006, p. 106).

Although garnering less attention from scholars who have studied the origins and influence of ideas in the U.S. policy-making process, there are also a variety of government-based research organizations, such as the Congressional Budget Office (CBO), the General Accounting Office (GAO), the Office of Management and Budget (OMB), and the Congressional Research Service (CRS). Many House and Senate committees also have research staffs and most cabinet-level departments have assistant secretaries directing professional research and evaluation units. The capacity for research that these organizations have is sometimes considerably greater than most private research institutes and has grown over the years, in part at the urging of some private research institutes, such as the Russell Sage Foundation and the National Bureau of Economic Research. The CBO, for example, has a staff of about 200 people and the CRS has a staff of about 900 people. Given the constitutionally mandated separation of powers in the United States, and the fragmented nature of the legislative and executive branches, it is not surprising that there are so many research units inside government. However, the fragmented nature of U.S. government also facilitates much competition between branches and agencies that has created opportunities for private research institutes to supply data, analysis, technical advice, and political argument to various players in these political contests. Still, the proliferation of these in-government research capacities has diminished the relative influence of private research institutes in the policy-making process (Smith 1989).

Over all, then, the structure and process associated with knowledge and production regimes in LMEs are quite similar. Both are decentralized and uncoordinated. Furthermore, the knowledge regime

resembles a market insofar as there is much competition among the organizations who generate policy ideas and then try to “sell” them through ideational lobbying to policy makers. The competitive nature of this process is reflected perhaps in scholarly disagreements over which research institutes are most influential. As noted above, some believe that private research institutes and other knowledge producing organizations have become less influential as the in-government capacities for knowledge production have developed. Others, however, suggest that the network of private organizations is more important. They also argue that because much of the financing for these private organizations comes from foundations, often established by wealthy families, or corporations, the interests of labor or other stakeholders are rarely reflected in the research agendas in question and that the narrow interests of corporate and shareholder America dominate the knowledge production process. Hence, neoliberalism emerged early and found fertile ground in the United States, and minimizing unemployment gave way to controlling inflation as the chief objective of public policy during the 1980s and 1990s. Things are much different in CMEs.