

Centre for Global Political Economy
University of Sussex
Brighton BN1 9SN
United Kingdom

Telephone: +44 (0) 1273 872735
Fax: +44 (0) 1273 723 673563
E-Mail: cgpe@sussex.ac.uk
Website: www.sussex.ac.uk/cgpe

CGPE WORKING PAPER SERIES

The Series aims to publish innovative research that attempts to shed light on and advance our understanding of the forces that influence the production, reproduction and change of our social universe, and thus our multiple ways of being and becoming in the international. To meet this aim the Series will try to foster the inter- and multidisciplinary study of International Political Economy by bringing together scholars, ideas, issues, methods, methodologies, problematiques from different social science disciplines.

INFORMATION FOR SUBMISSION

Papers should be submitted to CGPE <cgpe@sussex.ac.uk> and the series editor Andreas Antoniadis <A.A.Antoniades@sussex.ac.uk>. All papers will be refereed by CGPE staff or external referees. Changes may be required before publication. The copyright remains with the author(s).

Submission specifications:

1. Papers should not exceed 12,000 words. Shorter policy oriented papers of up to 5,000 are also welcomed.
2. A cover page should be included with the title, abstract and author name(s), as well as postal address, telephone and e-mail information.
3. A biographical note of the author(s) should be attached as a separate file.
4. Both the Chicago and Harvard referencing styles are acceptable.

VIVIEN A. SCHMIDT holds the Jean Monnet Chair of European Integration and is Professor of International Relations at Boston University. She is also Visiting Professor at Sciences Po, Paris, has been Professor at the University of Massachusetts, and visiting professor at the Institute for Advanced Studies in Vienna, the European University Institute in Florence, the Max Planck Institute for the Study of Societies in Cologne, the Universities of Paris and Lille, and visiting scholar at Nuffield College, Oxford University and at Harvard University, where she is currently a faculty affiliate in the Center for European Studies.

She has published widely in the areas of European political economy, institutions, and democracy. Recent books include: *Democracy in Europe: The EU and National Politics* (Oxford 2006), *Public Discourse and Welfare State Reform: The Social Democratic Experience* (Vivien A. Schmidt et al. Mets & Schilt, 2005), *Policy Change and Discourse in Europe* (with Claudio Radaelli, Routledge 2004), *The Futures of European Capitalism* (Oxford 2002), *Welfare and Work in the Open Economy* (2 vols, with F. W. Scharpf, Oxford 2000), and *From State to Market? The Transformation of French Business and Government* (Cambridge 1996). Recent awards and distinctions include the Franqui Interuniversity Chair for Foreign Scholars, held at the Free University of Brussels and Louvain (January to June 2007); a French Council for Scientific Research award as a Visiting Researcher at the Center for the Study of Politics (CEVIPOF)CEVIPgences Po, .8425.9DC (

BRINGING IDEAS AND DISCOURSE BACK INTO THE EXPLANATION OF CHANGE IN VARIETIES OF CAPITALISM AND WELFARE STATES

Vivien A. Schmidt

Department of International Relations
Boston University

Abstract

To explain change in the varieties of capitalism and welfare states, a 'discursive institutionalist' approach focused on ideas and discourse is a necessary complement to older 'new institutionalist' approaches. Historical institutionalist approaches have difficulty explaining change, tend to be static and equilibrium-focused, and even where they get beyond this through accounts of incremental change, these are more descriptive than they are explanatory of change. The turn to rational choice institutionalist approaches for agency and 'micro-foundations' to historical institutionalist 'macro-patterns' also does not solve the problems of historical institutionalism. A turn to discursive institutionalism could. Using examples of reforms in national political economies and welfare states in 'liberal,' 'coordinated,' and 'state-influenced' market economies, the paper illustrates how ideas and discourse help explain the dynamics of change (and continuity).

Introduction

Methodological approaches to studies of capitalism and welfare states over the past many years have largely been dominated by historical institutionalism. Although this approach has yielded great insights into the historical regularities and path dependencies of political economic and socio-economic structures and practices, it has done much better at explaining institutional continuity rather than change. This results not only from its methodological emphasis on institutional 'stickiness' but also from the lack of agents in historical institutional explanation. Although the shift in historical institutionalism from 'big bang' theories of change to incremental or evolutionary approaches have gone a long way toward accounting for change over time, they still do more to *describe* what changes occur than to *explain* why change occurs; and where they do explain change, they do so mostly by reference to outside (exogenous) events rather than to internal (endogenous) agency. Moreover, when they attempt to add agency, historical institutionalists have (mostly) turned to rational choice institutionalism, which provides accounts of agency based on the strategic calculations of rational actors. The problem with rational choice institutionalism is that although it may add more of a micro-foundational logic to the macro-historical patterns of historical institutionalism, it does little to explain change across time, given its underlying assumptions about fixed preferences and stable institutions. Those (fewer) historical institutionalists who have turned instead to sociological institutionalism have not fared much better, however, since social agents' reasons for action tend to be subsumed under equally stable macro-cultural norms and frames.

In what follows, I propose a different methodological route to endogenizing agency which also better helps to explain the dynamics of institutional change (and continuity), by using a 'discursive institutionalist' approach. Discursive institutionalism is the term I use for all methodological approaches that take ideas and discourse seriously. By this I mean all approaches that consider the ideas through which sentient agents conceptualize their actions and/or the discourse through which they generate, convey, deliberate, and legitimate those ideas according to a logic of communication within a given meaning context. Through discursive institutionalism, we can gain insight into *why* institutions change (or continue) by focusing on political actors' substantive ideas about what they were doing and why they altered their practices (or not), and on their discursive interactions regarding who spoke to whom in the process of articulating those ideas and persuading others to change their ideas and actions (or not). Moreover, unlike historical or rational choice institutionalism, where institutions are conceptualized as rule-following structures external to agents which constrain their actions, thus making it hard to explain how such structures may change, in discursive institutionalism institutions are at one and the same time external rule-following structures and constructs internal to agents, and therefore serve as constructive opportunities for action as much as obstructive constraints to it.

The paper seeks to demonstrate that discursive and historical institutionalism are for the most part complementary, albeit different, approaches and that historical institutionalism can benefit even more from interaction with discursive institutionalism than with rational choice institutionalism. But the article notes that discursive institutionalism is nevertheless a different methodological enterprise, and it is therefore crucial to explore the boundaries between approaches, to see where they are most compatible and where they may contradict.

The Nature of Ideas and Discourse

Increasing numbers of scholars have been turning to ideas and discourse in recent years to make up for the limits of the other three institutionalist approaches. Their approaches to ideas may come at three levels of generality (see Mehta n/a; Schmidt 2008), ranging from policy ideas (Kingdon 1984, Hall 1989; Jabko 2006) to programmatic ideas that underpin the policy ideas—whether seen as ‘paradigms’ (Majone 1989; Hall 1993), ‘frames of reference’ (Jobert 1989; Muller 1995), or ‘programmatic beliefs’ (Berman 1998)—to the even more basic philosophical ideas that undergird the policies and programs—whether understood as ‘public philosophies’ (Campbell 1998), ‘deep cores’ (Sabatier & Jenkins-Smith 1993) or worldviews and *Weltanschauung*. Such ideas may also come in two types, cognitive ideas that serve to justify policies and programs in terms of their interest-based logic and necessity (Jobert 1989; Hall 1993; Schmidt 2002, ch. 5) or normative ideas that serve to legitimate policies and programs in terms of their appropriateness and resonance with the more basic principles and values of public life (March & Olsen 1989; Schmidt 2000).

As for discourse, it encompasses not only the representation of ideas but also the interactive processes by which those ideas are conveyed. It enables us to consider not only ‘what is said’ but also why

also remain at the level of civil society, whether in 'public conversations' (Benhabib 1996) or through 'deliberative democracy' (Dryzek 2000).

Institutional context also matters. Different forms of discourse may be emphasized in different formal institutional settings. In 'simple polities,' characterized by majoritarian electoral systems, unitary states, and statist policymaking, the channeling of governing activity through a single authority makes for a more elaborate communicative discourse by political leaders to the general public. In 'compound polities,' characterized by proportional representation systems, federal or regionalized states, and/or corporatist policymaking, the dispersion of governing activity through multiple authorities makes for a more developed coordinative discourse among policy actors (see Schmidt 2002, 2006).

More specific institutional settings are also significant. Discourses succeed when speakers 'get it right' by addressing their remarks to the 'right' audiences at the 'right' times in the 'right' ways. Their messages must be both convincing in cognitive terms (justifiable) and persuasive in normative terms (appropriate and or legitimate). Moreover, the ideas in the discourse must not only 'make sense' within a particular 'meaning context,' the discourse itself must be patterned according to a given 'logic of communication,'

cultural norms that frame action. For discursive institutionalism, by contrast, institutions are internal to sentient agents, serving both as structures (of thinking, saying, and acting) that constrain actors and as constructs (of thinking, saying, and acting) created and changed by those actors. This internal capacity to create and maintain institutions is what I call agents' '*background ideational abilities*' (Schmidt 2008)—which is a generic term for what Searle (1995) defines as the 'background abilities' which encompass human capacities, dispositions, and know-how related to how the world works and how to cope with it; for what Bourdieu (1990, p 11) describes as the '*habitus*' in which humans beings act "following the intuitions of a 'logic of practice'"; and for what the psychology of cognitive dissonance illustrates when it shows that people generally act without thinking and only become conscious of the rules that might apply if they are contradictory (Harmon-Jones and Mills 1999). These background ideational abilities underpin agents' ability to make sense in a given meaning context, that is, to 'get it right' in terms of the ideational rules or 'rationality' of a given discursive institutional setting.

But institutional action is also predicated on what I call '*foreground discursive abilities*,' through which agents may change (or maintain) their institutions (Schmidt 2008). This is about the logic of communication, and the ways in which ideas are conveyed. We don't, after all, know what people are thinking or why they act the way they do until they say it. And we don't for the most part engage in collective action or in collective (re)thinking of our actions without the articulation, discussion, deliberation, and legitimization of our ideas about our actions. These foreground discursive abilities are key to explaining change in public action because they refer to peoples' ability to think outside the institutions in which they continue to act, to talk about such institutions in a critical way, to communicate and deliberate about them, to persuade themselves as well as others to change their minds about their institutions, and then to take action to change them, individually or collectively. Discourse, in short, works at two levels, at the every-day level of generating and communicating about institutions, and at a meta-level, as a kind of second order critical communication among agents about what goes on in institutions.

By calling this interactive externalization of our internal ideational processes '*foreground discursive abilities*,' I offer a generic term close to Habermas' (1989) 'communicative action' (although without the normative prescriptions) and to deliberative and discursive theories of democracy (e.g., Dryzek 1990, 2000). These foreground discursive abilities also provide a direct response to continental philosophers and macro-sociologists who assume that elites with a monopoly on power dominate the production of ideas (e.g., Bourdieu 1994, Foucault 2000). Foreground discursive abilities enable people to reason, debate, and change the ideas they use—a point also brought out by Gramsci (1971) on the role of intellectuals. But beyond this, the term points to the importance of public debates in democratic societies in serving to expose the ideas which serve as vehicles for elite domination and power or, more simply, the 'bad' ideas, lies and manipulations in the discourse of any given political actor or set of actors. An approach that takes ideas and discourse seriously, in short, assumes that the clash in ideas and discourse is just as

institutions that act as structures of incentives. If institutions change all the time—as this incremental approach suggests—then it becomes difficult to theorize how institutions structure individual actors' incentives. Moreover, if some individual actors accept the institutions while others are seeking to redirect or reinterpret them, then actors' preferences are differentially affected by the institutions, and it is impossible *a priori* to know which ones. Empirical investigation of actors' motivations, their interests, and their ideas within macro-institutional context seems to be the only answer here.

In a jointly authored paper by Thelen and Peter Hall (Hall and Thelen 2006), however, we do get a clearer theoretical picture of how rationalist and historical institutionalist approaches might fit together in such a way as to explain agency. Here, institutions are defined in classical historical institutionalist terms as sets of regularized practices with rule-like qualities, whether backed by sanctions, enforced by statute or formal organizations, or relying on mutual monitoring and perceptions of shared interests. Change is difficult and institutions are stable not only for historical institutionalist reasons of path-dependency but because of rationalist uncertainties about new institutions serving interests better, difficulties in shifting to new coordinating institutions, complexities of institutional interactions that might require new strategies, and institutionalized power relations. But change nonetheless occurs because such institutions are the target of rationalist strategic action by economic actors who use them as resources to achieve their goals and are always testing the limits of their power, probing the intentions of others, basing their decisions on perceived interests rather than objective ones. The rationalist 'routes' to institutional change are: 1) deliberation among relevant actors and government policy; 2) defection, when action occurs without deliberation with other actors; and 3) reinterpretation, when practices gradually change

Moreover, once preferences are seen as ‘subjective,’ this leaves the way open to considering the role of ideas in helping to change actors’ perceptions and preferences and discourse in the process of deliberation and reinterpretation of institutions. In fact, Peter Hall (2005, p. 151) himself in a piece on preference formation seems to suggest just this when he concludes by suggesting that we should look at how issues are framed and how “the actor tries to make sense of his actions in his eyes and those of others,” seeking to balance “multiple interests, often linked to multiple identities” referencing “a set of narratives that draw heavily on past experiences and the interpretations of them that have authority in their community.” But then, how do we do this? Only by turning to discursive institutionalist analysis, by investigating the ideas that lead to ‘bricolage’ or the ‘layering’ of one institution over another, the discourse surrounding the ‘reinterpretation’ of an institution, and the debates that preceded the ‘conversion’ of agents to another institution.

Explaining Institutional Change in Discursive Institutionalism

Like historical institutionalism, discursive institutionalism may also explain change as coming at critical junctures. But whereas in historical institutionalism critical moments are unexplainable times when structures shift, much like tectonic plates, in discursive institutionalism these moments are the objects of explanation, to be considered in depth for the ideational and deliberative processes which lend insight into institutional change (see Schmidt 2008). In other words, rather than remaining on the outside of such critical junctures, discursive institutionalists look inside, to what public actors say and do that lend insight into their ideas, that is, what they think about what to do; into their discourse, that is, what they say about what they think about what to do; and into their actions, to see if their ideas and discourse actually did make a difference, serving to reconstruct their institutions. Such ‘critical junctures in discursive institutionalism’ may be periods of ‘third-order change’ where paradigms change in terms of policy goals as well as instruments and objectives, as in Thatcher’s neo-liberal reforms in the UK (Hall 1993). They may be times of ‘great transformation’ when ideas serve to recast countries’ political economic policies, as in the ‘disembedding’ of liberalism in Sweden and the US (Blyth 2002). They may be ‘critical moments’ in which ‘collective memories’ are made and/or changed, as in the agreements in the 1930s establishing the collaborative institutions of wage-bargaining in Sweden (Rothstein 2005, Ch. 8). Or they may be periods when political leaders’ ‘communicative’ discourse or policy actors’ ‘coordinative’ discourse are transformative, and thereby promote lasting reforms to national systems of welfare and work—the case for the UK but not New Zealand, despite similar economic challenges and institutional configurations, for the Netherlands but not Germany, for

historical regularities, scholars trace how ideas are transformed across time. Thus, for example, they may show the shift across the century in social democrats' political ideas as they sought to find workable and equitable democratic solutions to the economic challenges of globalizing capitalism (Berman 2006); how a "Paris consensus," not the Washington consensus, was key to conceiving of and promoting the rules that now structure the international financial markets from the 1980s on (Abdelal 2006); or how globalization has more generally been used as a compelling set of ideas for change (Campbell 2004). Alternatively, they may outline how discourses evolve over time, by detailing how political leaders in the UK and Ireland crafted communicative discourses about the challenges of globalization to legitimate neo-liberal reform (Hay 2001; Hay and Smith 2005) or how the bottom-up communicative discourse of the everyday deliberative interactions and contestations between state actors and economic actors with incomes below the median level helped develop states' capacity in the international financial order (Seabrooke 2006).

One caveat, though. Discursive institutionalism does not purport to explain all change 'from the inside.' This would be a big mistake since 'stuff happens,' material conditions do change, and actors often act before thinking about what it is they will do, let alone say it. As the historical institutionalists remind us, processes of change are often unconscious—as people may act without any clear sense of what they are doing, creating new practices as a result of 'bricolage' and destroying old ones as a result of 'drift' (Thelen 2004; Streeck and Thelen 2005). And there are always unintended consequences of intentional action. As Michel Foucault noted, 'People know what they do; they frequently know why they do what they do; but what they don't know is what what they do does' (Dreyfus & Rabinow, 1982: 187). Describing the consequences of such action are the domain of historical institutionalism, which is extremely useful for understanding 'from the outside' what happens.

Moreover, since discursive institutionalism recognizes that 'stuff happens,' it does not deny that there is a material reality out there, or interests. What it does challenge is the assumption that there is an 'objective' reality attached to the 'material interests' as defined by rational choice institutionalism. Rather, material reality is the setting within which actors conceive of their interests, and to which actors respond with ideas and discourse about their interests. Although discursive institutionalists agree that interest-based behavior certainly exists, they see this as involving ideas about interests that may encompass much more than strictly utilitarian concerns, bringing in a wide range of strategic ideas (Jabko 2006) and social norms (Seabrooke 2006). In addition, whereas some of those interests may be universally recognizable, most of those interests will be collectively constructed, while others will be individually formulated. This means that discursive institutionalism can accommodate many accounts of 'interest-based ideas' from rational choice institutionalism, by seeing them as a useful shortcut to the range of responses to material realities that can be expected, given what we know about human rationality and irrationality. However, such accounts can also serve as a jumping-off point for investigation through a more in-depth, discursive institutionalist approach, which

may very well show that what was expected

al. 2005; Crouch 2005; Schmidt 2002, Ch. 3). The main problem is the emphasis on coordination and complementarity in capitalist systems, which admits of little change other than positive feedbacks effects, with a homeostatic equilibrium in which changing any one component leads to adjustments in the other components, but no real transformation of the system as a whole or even evolution except at moments of 'punctuated equilibrium.' This is what makes it difficult for classical VOC scholars to account for the ways in which globalization, Europeanization, or internal dynamics can lead to a loosening of the coordination, let alone to a creeping disaggregation, of the system as a whole. Even development and evolution over time become very difficult to explain.

Revisionist VOC scholars have suggested one

But all of the above are rather underdeveloped in terms of their use of ideas and discourse to enrich accounts of the varieties of capitalism. This is why, in what follows, I provide a more systematic elaboration of the ways in which discursive institutionalism helps answer puzzles that historical institutionalist and rational choice explanations of the varieties of capitalism cannot. I demonstrate the causal influence of ideas and discourse by showing that the structural factors related to narrowly-defined rationalist interests and historical path dependencies cannot account for the clear changes (or continuities) in institutions, whereas political actors' expressed ideas and discourse can. The evidence for this comes from such methods as the process-tracing of ideas, the mapping of public debates and discourse, and the juxtaposition of matched pairs of cases in which all factors are controlled for other than the discourse.

The Politics of Ideas and Discourse in Liberal Market Economies

We begin with LMEs, where the puzzles are: How did Thatcher and Reagan manage to impose neo-liberal reforms, overcoming entrenched interests and path-dependent institutions? Why were those policies not reversed when the opposition came back to power? Why did reform in the UK go much farther in business and labor markets than in welfare? And why was radical reform more extensive in the UK than in the US?

In an LME like the UK, there can be no doubt that Thatcher's success in instituting neo-liberal reform owes a great deal to the UK's formal macro-institutions, enabling her to impose reform as a result of centralized authority and to win elections as a result of a divided opposition. This historical institutionalist analysis is necessary to understanding why she was able to impose reform, but it is not sufficient to explaining why such reform took hold, lasting despite subsequent changes in government. For this, we need a discursive institutionalist explanation. The reform's holding power owes much to Thatcher's neo-liberal ideas developed in the 1970s (Thompson 1995, 1998, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 2680, 2681, 2682, 2683, 2684, 2685, 2686, 2687, 2688, 2689, 2690, 2691, 2692, 2693, 2694, 2695, 2696, 2697, 2698, 2699, 2700, 2701, 2702, 2703, 2704, 2705, 2706, 2707, 2708, 2709, 2710, 2711, 2712, 2713, 2714, 2715, 2716, 2717, 2718, 2719, 2720, 2721, 2722, 2723, 2724, 2725, 2726, 2727, 2728, 2729, 2730, 2731, 2732, 2733, 2734, 2735, 2736, 2737, 2738, 2739, 2740, 2741, 2742, 2743, 2744, 2745, 2746, 2747, 2748, 2749, 2750, 2751, 2752, 2753, 2754, 2755, 2756, 2757, 2758, 2759, 2760, 2761, 2762, 2763, 2764, 2765, 2766, 2767, 2768, 2769, 2770, 2771, 2772, 2773, 2774, 2775, 2776, 2777, 2778, 2779, 2780, 2781, 2782, 2783, 2784, 2785, 2786, 2787, 2788, 2789, 2790, 2791, 2792, 2793, 2794, 2795, 2796, 2797, 2798, 2799, 2800, 2801, 2802, 2803, 2804, 2805, 2806, 2807, 2808, 2809, 2810, 2811, 2812, 2813, 2814, 2815, 2816, 2817, 2818, 2819, 2820, 2821, 2822, 2823, 2824, 2825, 2826, 2827, 2828, 2829, 2830, 2831, 2832, 2833, 2834, 2835, 2836, 2837, 2838, 2839, 2840, 2841, 2842, 2843, 2844, 2845, 2846, 2847, 2848, 2849, 2850, 2851, 2852, 2853, 2854, 2855, 2856, 2857, 2858, 2859, 2860, 2861, 2862, 2863, 2864, 2865, 2866, 2867, 2868, 2869, 2870, 2871, 2872, 2873, 2874, 2875, 2876, 2877, 2878, 2879, 2880, 2881, 2882, 2883, 2884, 2885, 2886, 2887, 2888, 2889, 2890, 2891, 2892, 2893, 2894, 2895, 2896, 2897, 2898, 2899, 2900, 2901, 2902, 2903, 2904, 2905, 2906, 2907, 2908, 2909, 2910, 2911, 2912, 2913, 2914, 2915, 2916, 2917, 2918, 2919, 2920, 2921, 2922, 2923, 2924, 2925, 2926, 2927, 2928, 2929, 2930, 2931, 2932, 2933, 2934, 2935, 2936, 2937, 2938, 2939, 2940, 2941, 2942, 2943, 2944, 2945, 2946, 2947, 2948, 2949, 2950, 2951, 2952, 2953, 2954, 2955, 2956, 2957, 2958, 2959, 2960, 2961, 2962, 2963, 2964, 2965, 2966, 2967, 2968, 2969, 2970, 2971, 2972, 2973, 2974, 2975, 2976, 2977, 2978, 2979, 2980, 2981, 2982, 2983, 2984, 2985, 2986, 2987, 2988, 2989, 2990, 2991, 2992, 2993, 2994, 2995, 2996, 2997, 2998, 2999, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3018, 3019, 3020, 3021, 3022, 3023, 3024, 3025, 3026, 3027, 3028, 3029, 3030, 3031, 3032, 3033, 3034, 3035, 3036, 3037, 3038, 3039, 3040, 3041, 3042, 3043, 3044, 3045, 3046, 3047, 3048, 3049, 3050, 3051, 3052, 3053, 3054, 3055, 3056, 3057, 3058, 3059, 3060, 3061, 3062, 3063, 3064, 3065, 3066, 3067, 3068, 3069, 3070, 3071, 3072, 3073, 3074, 3075, 3076, 3077, 3078, 3079, 3080, 3081, 3082, 3083, 3084, 3085, 3086, 3087, 3088, 3089, 3090, 3091, 3092, 3093, 3094, 3095, 3096, 3097, 3098, 3099, 3100, 3101, 3102, 3103, 3104, 3105, 3106, 3107, 3108, 3109, 3110, 3111, 3112, 3113, 3114, 3115, 3116, 3117, 3118, 3119, 3120, 3121, 3122, 3123, 3124, 3125, 3126, 3127, 3128, 3129, 3130, 3131, 3132, 3133, 3134, 3135, 3136, 3137, 3138, 3139, 3140, 3141, 3142, 3143, 3144, 3145, 3146, 3147, 3148, 3149, 3150, 3151, 3152, 3153, 3154, 3155, 3156, 3157, 3158, 3159, 3160, 3161, 3162, 3163, 3164, 3165, 3166, 3167, 3168, 3169, 3170, 3171, 3172, 3173, 3174, 3175, 3176, 3177, 3178, 3179, 3180, 3181, 3182, 3183, 3184, 3185, 3186, 3187, 3188, 3189, 3190, 3191, 3192, 3193, 3194, 3195, 3196, 3197, 3198, 3199, 3200, 3201, 3202, 3203, 3204, 3205, 3206, 3207, 3208, 3209, 3210, 3211, 3212, 3213, 3214, 3215, 3216, 3217, 3218, 3219, 3220, 3221, 3222, 3223, 3224, 3225, 3226, 3227, 3228, 3229, 3230, 3231, 3232, 3233, 3234, 3235, 3236, 3237, 3238, 3239, 3240, 3241, 3242, 3243, 3244, 3245, 3246, 3247, 3248, 3249, 3250, 3251, 3252, 3253, 3254, 3255, 3256, 3257, 3258, 3259, 3260, 3261, 3262, 3263, 3264, 3265, 3266, 3267, 3268, 3269, 3270, 3271, 3272, 3273, 3274, 3275, 3276, 3277, 3278, 3279, 3280, 3281, 3282, 3283, 3284, 3285, 3286, 3287, 3288, 3289, 3290, 3291, 3292, 3293, 3294, 3295, 3296, 3297, 3298, 3299, 3300, 3301, 3302, 3303, 3304, 3305, 3306, 3307, 3308, 3309, 3310, 3311, 3312, 3313, 3314, 3315, 3316, 3317, 3318, 3319, 3320, 3321, 3322, 3323, 3324, 3325, 3326, 3327, 3328, 3329, 3330, 3331, 3332, 3333, 3334, 3335, 3336, 3337, 3338, 3339, 3340, 3341, 3342, 3343, 3344, 3345, 3346, 3347, 3348, 3349, 3350, 3351, 3352, 3353, 3354, 3355, 3356, 3357, 3358, 3359, 3360, 3361, 3362, 3363, 3364, 3365, 3366, 3367, 3368, 3369, 3370, 3371, 3372, 3373, 3374, 3375, 3376, 3377, 3378, 3379, 3380, 3381, 3382, 3383, 3384, 3385, 3386, 3387, 3388, 3389, 3390, 3391, 3392, 3393, 3394, 3395, 3396, 3397, 3398, 3399, 3400, 3401, 3402, 3403, 3404, 3405, 3406, 3407, 3408, 3409, 3410, 3411, 3412, 3413, 3414, 3415, 3416, 3417, 3418, 3419, 3420, 3421, 3422, 3423, 3424, 3425, 3426, 3427, 3428, 3429, 3430, 3431, 3432, 3433, 3434, 3435, 3436, 3437, 3438, 3439, 3440, 3441, 3442, 3443, 3444, 3445, 3446, 3447, 3448, 3449, 3450, 3451, 3452, 3453, 3454, 3455, 3456, 3457, 3458, 3459, 3460, 3461, 3462, 3463, 3464, 3465, 3466, 3467, 3468, 3469, 3470, 3471, 3472, 3473, 3474, 3475, 3476, 3477, 3478, 3479, 3480, 3481, 3482, 3483, 3484, 3485, 3486, 3487, 3488, 3489, 3490, 3491, 3492, 3493, 3494, 3495, 3496, 3497, 3498, 3499, 3500, 3501, 3502, 3503, 3504, 3505, 3506, 3507, 3508, 3509, 3510, 3511, 3512, 3513, 3514, 3515, 3516, 3517, 3518, 3519, 3520, 3521, 3522, 3523, 3524, 3525, 3526, 3527, 3528, 3529, 3530, 3531, 3532, 3533, 3534, 3535, 3536, 3537, 3538, 3539, 3540, 3541, 3542, 3543, 3544, 3545, 3546, 3547, 3548, 3549, 3550, 3551, 3552, 3553, 3554, 3555, 3556, 3557, 3558, 3559, 3560, 3561, 3562, 3563, 3564, 3565, 3566, 3567, 3568, 3569, 3570, 3571, 3572, 3573, 3574, 3575, 3576, 3577, 3578, 3579, 3580, 3581, 3582, 3583, 3584, 3585, 3586, 3587, 3588, 3589, 3590, 3591, 3592, 3593, 3594, 3595, 3596, 3597, 3598, 3599, 3600, 3601, 3602, 3603, 3604, 3605, 3606, 3607, 3608, 3609, 3610, 3611, 3612, 3613, 3614, 3615, 3616, 3617, 3618, 3619, 3620, 3621, 3622, 3623, 3624, 3625, 3626, 3627, 3628, 3629, 3630, 3631, 3632, 3633, 3634, 3635, 3636, 3637, 3638, 3639, 3640, 3641, 3642, 3643, 3644, 3645, 3646, 3647, 3648, 3649, 3650, 3651, 3652, 3653, 3654, 3655, 3656, 3657, 3658, 3659, 3660, 3661, 3662, 3663, 3664, 3665, 3666, 3667, 3668, 3669, 3670, 3671, 3672, 3673, 3674, 3675, 3676, 3677, 3678, 3679, 3680, 3681, 3682, 3683, 3684, 3685, 3686, 3687, 3688, 3689, 3690, 3691, 3692, 3693, 3694, 3695, 3696, 3697, 3698, 3699, 3700, 3701, 3702, 3703, 3704, 3705, 3706, 3707, 3708, 3709, 3710, 3711, 3712, 3713, 3714, 3715, 3716, 3717, 3718, 3719, 3720, 3721, 3722, 3723, 3724, 3725, 3726, 3727, 3728, 3729, 3730, 3731, 3732, 3733, 3734, 3735, 3736, 3737, 3738, 3739, 3740, 3741, 3742, 3743, 3744, 3745, 3746, 3747, 3748, 3749, 3750, 3751, 3752, 3753, 3754, 3755, 3756, 3757, 3758, 3759, 3760, 3761, 3762, 3763, 3764, 3765, 3766, 3767, 3768, 3769, 3770, 3771, 3772, 3773, 3774, 3775, 3776, 3777, 3778, 3779, 3780, 3781, 3782, 3783, 3784, 3785, 3786, 3787, 3788, 3789, 3790, 3791, 3792, 3793, 3794, 3795, 3796, 3797, 3798, 3799, 3800, 3801, 3802, 3803, 3804, 3805, 3806, 3807, 3808, 3809, 3810, 3811, 3812, 3813, 3814, 3815, 3816, 3817, 3818, 3819, 3820, 3821, 3822, 3823, 3824, 3825, 3826, 3827, 3828, 3829, 3830, 3831, 3832, 3833, 3834, 3835, 3836, 3837, 3838, 3839, 3840, 3841, 3842, 3843, 3844, 3845, 3846, 3847, 3848, 3849, 3850, 3851, 3852, 3853, 3854, 3855, 3856, 3857, 3858, 3859, 3860, 3861, 3862, 3863, 3864, 3865, 3866, 3867, 3868, 3869, 3870, 3871, 3872, 3873, 3874, 3875, 3876, 3877, 3878, 3879, 3880, 3881, 3882, 3883, 3884, 3885, 3886, 3887, 3888, 3889, 3890, 3891, 3892, 3893, 3894, 3895, 3896, 3897, 3898, 3899, 3900, 3901, 3902, 3903, 3904, 3905, 3906, 3907, 3908, 3909, 3910, 3911, 3912, 3913, 3914, 3915, 3916, 3917, 3918, 3919, 3920, 3921, 3922, 3923, 3924, 3925, 3926, 3927, 3928, 3929, 3930, 3931, 3932, 3933, 3934, 3935, 3936, 3937, 3938, 3939, 3940, 3941, 3942, 3943, 3944, 3945, 3946, 3947, 3948, 3949, 3950, 3951, 3952, 3953, 3954, 3955, 3956, 3957, 3958, 3959, 3960, 396

The causal influence of Thatcher's discourse can also be demonstrated through a contrast between the outcome of reform programs in the UK and New Zealand, which in the 1980s experienced similar economic crises, had similar political institutions, party politics and organization, and approaches to welfare provision. Lasting public acceptance for neo-liberal reform in the United Kingdom was due in large measure to the communicative discourse through which Prime Minister Thatcher sought to persuade the public of what she believed as she reformed; its lack of acceptance in New Zealand had much to do with the lack of communicative discourse of political leaders beginning with Finance Minister Douglas, who assumed that people would come to believe what he believed after he reformed (Schmidt 2000, 2002b)

This said, whereas Thatcher's communicative discourse of 'the enterprise culture' resonated with regard to business and labor reform, her discourse contrasting 'the worthy poor' with 'the feckless and the idle' did not persuade the public with regard to welfare reform. This was evidenced by the fact that Thatcher herself pulled back in a strategic calculation (well explained in rational choice terms) related to her fear of electoral sanctions in areas where the public (and in particular her own electorate) was clearly strongly opposed to any cuts (Pierson 1994; Rhodes 2000). It took Blair to extend the Thatcher revolution to the welfare arena, with a communicative discourse that did resonate as it appealed to values of equality and compassion as much as to neo-liberalism, by promising to "promote opportunity instead of dependence" through positive actions

was joined by a persuasive, cooperation-oriented communicative discourse by the Prime Minister who even-handedly condemned the violence of the military while also chiding the strikers. This then became the basis for a collective memory which in the late 1930s,

Deeg, Richard and Jackson, Gregory (2006) How Many Varieties of Capitalism? Comparing the Comparative Institutional Analyses of Capitalist Diversity, MPIfG Discussion Paper 06 / 2. Cologne: Max Planck

- Hall, Peter, and Gingerich, Daniel (2004) "Varieties of Capitalism and Institutional Complementarities in the Macroeconomy: An Empirical Analysis, Max Planck Institute for the Study of Societies. Discussion Paper 04/5.
- Harmon-Jones E, Mills J. (1999) *Cognitive Dissonance: Progress on a Pivotal Theory in Social Psychology*. Washington, DC: Am. Psychol. Assoc.
- Hay C. (2006) Constructivist Institutionalism. In *The Oxford Handbook of Political Institutions*, Eds. RAW Rhodes, S Binder, and B Rockman. Oxford: Oxford Univ. Press.
- Hay, C. and Smith, N. J. (2005) 'Horses for courses? The political discourse of globalisation and European integration in the UK and Ireland', *West European Politics*, 28(1): 125-59.
- Hay, Colin (2001) "The 'Crisis' of Keynesianism and the Rise of NeoLiberalism in Britain: An Ideational Institutional Approach" in John L Campbell and Ove Pedersen, Eds., *The Rise of NeoLiberalism and Institutional Analysis*, Princeton: Princeton University Press.
- Höpner, Martin (2001) "Corporate Governance in Transition: Ten Empirical Findings" Discussion Paper 01/05, Max Planck Institute, Cologne.
- Jabko N. (2006) *Playing the Market*, Ithaca: Cornell Univ. Press.
- Jobert B. (1989) The Normative Frameworks of Public Policy. *Pol. Stud.* 37: 376-86.
- Keck ME, Sikkink K. (1998) *Activists Beyond Borders: Advocacy Networks in International Politics*. Ithaca, NY: Cornell Univ. Press
- Kingdon, John (1984) *Agendas, Rockman. Oxford:115. Max Planck Institute, Cologne.*

Schmidt, Vivien A. (1996)