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**DISCOURSE, INSTITUTIONALISM  
AND PUBLIC POLICY**  
**Theory, Methods and a Scottish Case Study**

by

**Henrik Halkier**



***SPIRIT***

School for Postgraduate  
Interdisciplinary Research on  
Interculturalism and Transnationality

**Aalborg University**

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# DISCOURSE, INSTITUTIONALISM AND PUBLIC POLICY

## Theory, Methods and a Scottish Case Study

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### 1. More than Intriguing?<sup>1</sup>

Ever since the heady late-1970s when I first came across the concept of ‘discourse’, I have been intrigued by the notion, although managing to keep fairly quiet about it.<sup>2</sup> Fascinated because the claim that ‘words matter’ has an instinctive appeal when words are what you live by: the main input of the historians trade, the throughput that dominates your desk, and the form of output most valued at universities, spoken in the class room or written up as research results. But cautious at the same time because the work inspired by leading discourse theorists such as Ernesto Laclau and Chantal Mouffe entailed a never-ending flow of theoretical neologisms with an uncertain scope for empirical analysis and a ritualistic reverence for social constructivism which appeared to be, at best, unhelpful if your main interest lies in empirical research rather than concept crunching.

More than 20 years on I do, however, find that there are plenty of reasons for trying to move beyond the intriguing by engaging systematically with research traditions that focus on exploring the role of discourse in society. On the one hand being able to take the role of the spoken and written into account in a systematic manner is of course paramount when analysing the politics of public policy, and yet this would often seem not to be the case when, at best, ‘common-sensical’ methods for

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1) This paper began its life as notes for a lecture at a PhD-seminar on *Discourse Theory and Practice* organised by the *SPIRIT* doctoral school at Aalborg University in September 2002, and it was subsequently presented at the Regional Studies Association conference in Pisa, May 2003. While the usual disclaimer applies, special thanks are due to Ulf Hedetoft, Feliu Lopez-i-Gelats and Anette Therkelsen for helpful comments and discussions.

2) Exceptions are the brief (sceptical) comments in Halkier 1987 and 1990a.

analysing textual sources are employed which in effect would appear to be based mainly on the ‘general cultural competence’ of academics as readers of texts,<sup>3</sup> and, at least in the field of regional policy, individual policies are reduced to epiphenomena of political ideologies.<sup>4</sup> My interest in ‘wordy matters’ had in other words grown, while at the same time the field of discourse analysis had expanded rapidly, with new approaches emerging which seemed much more useful from the perspective of empirical research. Due to the work of, not least, Niels Åkerstrøm Andersen, discourse analysis suddenly appeared to be ‘for the real world’, having moved well beyond the esoteric theorising, coupled with the occasionally detailed textual exegesis, that had kept me intrigued for years. Thus, this paper will argue that discourse analysis can be an extremely useful source of inspiration for the study of politics, policy and social history at large – on two conditions. *Firstly*, the focus must be firmly on traditions within discourse analysis that are geared to functioning within empirical studies in these areas, and *secondly* that rather than being seen as a panacean stand-alone approach, central insights of discourse analysis must be integrated into a broader conceptual framework.

The aim of this paper is in other words to develop an approach to studying discourse as an integrated part of politics and policy, an approach that is both theoretically informed and empirically sensitive.<sup>5</sup> This has been translated into a three-part structure, starting out with a critical review of four traditions within discourse analysis. This review then forms the basis for the ensuing outline of an analytical approach which integrates the role of discourse in a broader theoretical framework inspired by (the no-longer-so-new) institutionalism. Finally, this approach is given a preliminary ‘road test’ by being applied to an empirical case study which explores the role of discourse in the transformation of a particular form of regional policy in

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3) Petersen 1998 pp 45f, Halkier 1990a, Ifversen 2000a pp 158f. The 5 pages on textual analysis for political science by Humlum 1990 are actually quite detailed compared to e.g. Clausen 1963 pp 91ff and Dahl 1980 pp 64ff.

4) Cf the changing conceptual frameworks entailed in Halkier 1992 and 2000.

5) From the outset the targeted nature of the exercise must be stressed. The paper does not aim to cover everything that identifies itself as discourse analysis, but deliberately concentrates on a limited number of approaches that have demonstrated a sustained interest in the study of political discourse. This means that the rich traditions for discourse analysis emanating from e.g. anthropology, psychology and linguistics have not been covered, and thus if cognition or rhetorical strategies have prompted your interest, read no further but consult instead e.g. Jørgensen & Phillips 1999 or van Dijk (ed.) 1997.

Scotland in the wake of the advent of the, allegedly, fiercely neo-liberal Conservative government of Margaret Thatcher in 1979.

Potential readers of the paper are those studying aspects of politics and public policy who have concluded that ‘some words are more important than other words’ but are still reluctant to commit extensive resources to exploring the area through the canonical works of e.g. Laclau & Mouffe, Fairclough and Koselleck - not to mention the prolific tongue-in-cheek grandfather of the genre Foucault - or the growing number of auxiliary book-length introductions to the ever-expanding industry of discursifying the analysis of discourse.<sup>6</sup> A brief paper like this can of course in no way replace such texts, but perhaps by providing an overview and suggesting some ways forward, it could serve as a first point of orientation that may make it easier to identify traditions and ideas that seem promising in relation to the particular research issue that has prompted interest in the study of words and, indeed, the relationships between words, actions and things.

## **2. Reviewing Approaches to Discourse Analysis**

Among the many traditions which concern themselves with the analysis of political discourse, four have been selected for closer scrutiny on the basis of their prominence and/or promise in terms of empirical analysis of the politics of public policy, namely ‘discourse theory’ (Laclau & Mouffe), ‘critical discourse analysis’ (Fairclough), ‘*Begriffsgeschichte*’ (Koselleck) and ‘institutional history’ (Åkerstrøm Andersen). This deliberately excludes the seminal contribution of Michel Foucault because in relation to the study of political discourse its main importance would seem to have been as a source of inspiration for other scholars rather than an immediate potential for being translated into empirical studies.<sup>7</sup>

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6) Some recent, reasoned and informative ones are Andersen 1999 (English version 2003), Jørgensen & Phillips 1999, and Neumann 2001. Bredsdorff 2002 tends to get lost in its highly entertaining polemics.

7) For introductions to the work of Foucault from a discourse analytical perspective, see Andersen 1999 ch. 2 and Ifversen & Østergaard 1996 pp 31ff.

*The Discourse Theory of Laclau & Mouffe*

One of the most influential contributions to the study of political discourse has been the joint work of Ernesto Laclau and Chantal Mouffe who since the 1970s have engaged in an extensive critique of marxist interpretations of the role of ideology in society,<sup>8</sup> inspired by not least Foucault and French post-structuralist thinking.<sup>9</sup> In many ways the title of the central text, *Hegemony and Socialist Strategy*,<sup>10</sup> aptly illustrates their general perspective, namely that discourse is a crucial political battlefield, both for those in power attempting to maintain their position and for those who attempt to develop emancipatory alternatives.

Laclau & Mouffe see ‘discourse’ as a ‘structured totality’ that assigns meaning to words within a particular domain by arranging individual ‘moments’ in relation to a central ‘nodal point’. While the independent existence of an external (non-discursive) world is explicitly acknowledged, no physical or social event can be ascribed meaning *except* through discursive articulation, and thus discursive structures have a ‘material character’ and no distinction can be made between discursive and non-discursive social practices. A discourse is in other words a structure created by social actors through ‘articulatory practice’, i.e. “any practice establishing a relation among elements such that their identity is modified”.<sup>11</sup> As such a discourse involves a temporary ‘closure’ that fixes the meaning of certain words by establishing their mutual relationship and delimits the discourse from the external ‘discursive field’ containing ambiguous ‘elements’ that have not (yet) been incorporated into this particular discourse. Laclau & Mouffe stress that complete and permanent ‘closure’ cannot be achieved, and thus even in situations where political ‘hegemony’ has been achieved and the inherently ‘contingent’ nature of a dominant discourse has taken on a seemingly ‘objective’ character, oppositional actors may still construct an alternative discursive structure by articulating so-called ‘floating signifiers’, i.e. ‘elements’ that are particularly open to having new meanings ascribed. The role of discourse analysis should therefore be to demonstrate the historical contingency of dominant discursive structures in order to facilitate the development of alternative visions.

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8) For introductions to discourse theory, see Thorning 1991 pp 49ff, Thomsen 1997 ch. 4, Andersen 1999 ch. 4, and Jørgensen & Phillips 1999 ch. 2.

9) Laclau & Mouffe 1985 pp 105ff, cf Andersen 1999 pp 87ff.

10) Laclau & Mouffe 1985.

11) Laclau & Mouffe 1985 p 105.

Even a short rendering of Laclau & Mouffe's position hopefully suggests that it would appear to display both noticeable strengths and considerable weaknesses. Its merits will undoubtedly be more conspicuous once other traditions have been reviewed, but already now it is worth noting three features which in the context of empirical studies of politics and policies would seem to be potentially useful:

- ⊆ The insistence that discursive structures and articulatory agency are mutually conditioning, something which resembles the interpretation of the relation between 'structure' and 'agency' from an institutionalist perspective.<sup>12</sup>
- ⊆ An inclusive definition of discourse which includes the meaning ascribed to non-verbal practices.
- ⊆ The concept of nodal point which introduces an element of hierarchy in discourse so that some words are more important than other words.

At the same time there are, however, also features in the work of Laclau & Mouffe that are less convincing. *Firstly*, I find the basic tenets which underpin the approach both unconvincing and contradictory,<sup>13</sup> combining as they do an ontology of 'empty realism' with a constructivist epistemology so that their position could be paraphrased like this: "a non-discursive world exists but we only have access to this world through discursive constructs".<sup>14</sup> While questions of ontology may come down to philosophical inclinations,<sup>15</sup> a hard-core constructivist epistemology or 'extreme nominalism' is difficult to distinguish from a self-contradictory 'absolute relativism',<sup>16</sup> and in practice even Laclau & Mouffe themselves would seem, in unguarded moments,<sup>17</sup> to

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12) See Halkier 1996 pp 18ff, cf below.

13) For an extensive argument, see Jessop 1990 pp 294ff.

14) From the perspective of empirical studies it has been argued that the notion of language as the ultimate frontier of knowledge could have the unintended consequence of leading to a rather simplistic empiricism where texts are taken at 'face value' rather than being subjected to systematic analysis (Larsen & Pedersen 2002). But from a theoretical perspective it is perhaps more interesting to note that in constructivist studies of political and social discourse inspired by *inter alia* Laclau & Mouffe (e.g. Jørgensen & Phillips 1999 p 14, Dyrberg *et al.* 2000a, 2000b) the persistence of discursive patterns is at the very core of the argument, the impact of programmatic statements about 'contingency' may be difficult to tell because quasi-permanent - or essential - features have effectively been introduced, making the 'reality' of discourse so prominent feature that the self-professed empty-realism constructivism is reduced to an empty philosophical gesture.

15) See Ougaard 2000.

16) Kjølrup 1997 p 149, Collin 1998 pp 47f.

17) Jessop 1990 p 296.

acknowledge that while many interpretations of the social and physical world are possible, contingency does not imply that ‘anything goes’ because of the constraints entailed in the structure of the external world.<sup>18</sup> Such an approach may sit well with the fairly unambitious deconstructionist objective of showing that ‘things could have been different’, especially as long as the focus remains on epochal historical transitions like a future overcoming of capitalism, but to e.g. historians or policy analysts such a credo would probably sound, at best, like anti-structuralist polemics aimed at a target which self-destructed long ago<sup>19</sup> - or, at worst, as a truism. *Secondly*, collapsing all social phenomena into discourse would appear to run the risk of underplaying the potential tension between different aspects of social practice, especially between constructed meaning and physical experience.<sup>20</sup> *Thirdly*, although discursive structures and articulatory agency are claimed to be mutually conditioning and the rich conceptual repertoire of Laclau & Mouffe also involve agency in the form of e.g. the ‘hegemonic interventions’ of dominant classes, their key concepts would still in practice seem to focus on the structural properties of the individual discourse as an organised ‘system of meaning’ - e.g. ‘nodal points’ and ‘moments’ - which discourse analysis can then deconstruct by demonstrating its contingent nature. This weakness could perhaps have been avoided by focusing on *competing* discourses attempting to occupy the same domain, e.g. by introducing an intermediate concept between ‘discourse’ and ‘discursive field’ which could denote a broader area of contested meaning.<sup>21</sup> *Finally*, the specific suggestions from Laclau & Mouffe with regard to concrete empirical analysis are rather sparse and take the form of very general (linguistic) notions such as ‘chains of equivalence’, ‘metaphors’, etc.<sup>22</sup> These are undoubtedly useful when trying to establish the relationship between the ‘moments’ within a particular discourse but offer little help in relation to the crucial endeavour of identifying nodal points, and it is therefore hardly surprising that also sympathetic scholars have proposed that in order

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18) Sayer 1984 Ch. 2, cf Collin 2002.

19) See e.g. Thompson 1978 pp 197-314, Giddens 1979 pp 49ff, 61ff, Anderson 1983 pp 34-40, cf Halkier 1987 pp 104f and Jørgensen & Phillips 1999pp 41ff.

20) Jessop 1991 p xixf, Collin 2002, cf Halkier 1990a p 119.

21) Interestingly, a similar suggestion has been made by Jørgensen & Phillips (1999 pp 67ff) as a remedy for what they perceive as being the opposite problem in Laclau & Mouffe, namely too much contingency (rather than as argued above too much permanence). Either way, the need for a more systematic approach to discursive change is clearly being called for.

22) Jessop 1990 p 296, Andersen 1999 p 88, Jørgensen & Phillips 1999 p 34.

to conduct empirical studies their approach should be combined with methods of a more detailed nature.<sup>23</sup>

In short, what Laclau & Mouffe provide with their ‘discourse theory’ would seem to be this: a social *theory* which insists on the importance of ever-present discursive structures for social agency while the elaboration of operational methods for empirical research largely has been left for others to take care of.

### *The ‘Critical Discourse Analysis’ of Norman Fairclough*

The approach which has come to be known as ‘critical discourse analysis’ (or CDA to its proponents)<sup>24</sup> is in many ways very different from that of Laclau & Mouffe,<sup>25</sup> and again an important clue is provided by the title of Norman Fairclough’s important book *Discourse and Social Change*.<sup>26</sup> Working from a background in linguistics,<sup>27</sup> an important part of the CDA project is to use academic analysis as political interventions, and this has over the years been reflected in a pronounced tendency to focus on political discourse in works emanating from this tradition.<sup>28</sup>

Fairclough defines discourse simply as “spoken or written language use”, a social practice that involves “a dialectical relationship between discourse and social structure”. While “discourse is shaped and constrained by social structure”, it is at the same time “socially constitutive” and not just merely a representation of the world because it contributes to the “construction” of “social identities” and “subject positions”, “social relations”, and “systems of knowledge and beliefs” to the extent that social institutions and practices are referred to as “reified discourse”.<sup>29</sup> An individual discourse is a structured entity of linguistic ‘elements’ which ascribes meaning to experiences from a particular perspective, and the discourses prevailing in a social domain - a particular locale or society at large - constitute a ‘discursive order’ in which

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23) See e.g. Thomsen 1997 pp 80f, Jørgensen & Phillips 1999 pp 62f.

24) Fairclough & Wodak 1997.

25) For introductions, see Jørgensen & Phillips 1999 Ch. 3 or the brief Hansen *et al.* 1996.

26) Fairclough 1992.

27) The approaches to discourse analysis surveyed by Fairclough (1992 Ch. 1) emanate from this discipline, and an important part of his contribution is to combine this inspiration with that of Foucault to whom his ensuing (lengthy) chapter is devoted.

28) Fairclough & Wodak even refer back to the Gramscian notion of ‘organic intellectuals’ (1997 p 281).

29) All quotes from Fairclough 1992 pp 62-66.

individual discourses may be in conflict with one another and/or ordered hierarchically.<sup>30</sup> Discourse is seen by Fairclough as having three complementary dimensions, each with their associated methods of enquiry. Discourse invariably manifests itself as (written or spoken) *text*, and thus systems of meaning and the roles allocated to particular actors can be uncovered by employing methods drawn from textual analysis within linguistics, focusing in particular on vocabulary, grammar, cohesion and text structure.<sup>31</sup> A text forms part of a *discursive practice*, and by investigating “processes of text production, distribution and consumption”<sup>32</sup> the impact of the social conventions governing particular genres can be identified.<sup>33</sup> Ultimately any discourse is a *social practice*, and hence discourse analysis must also explore its relation to ideology and hegemony in society by uncovering the way in which it underpins or undermines existing relations of power.<sup>34</sup>

Fairclough’s version of ‘critical discourse analysis’ would seem to have two main strengths which both spring from the relatively narrow definition of discourse as a specific way of using language, of course much in contrast to Laclau & Mouffe’s subsumption of everything (knowable) under their much wider definition. *Firstly*, the notion of discursive and non-discursive practices as mutually conditioning would seem to entail a fairly ‘moderate’ form of constructivism - difficult to distinguish from a realist position<sup>35</sup> - while at the same time highlighting the importance of practices and relationships in society that are not necessarily verbalised on an ongoing basis or in specific situations but still affect social actors. *Secondly*, Fairclough’s definition of discourse makes it possible to break down the analysis into three dimensions and benefit from concrete analytical methods ranging from textual analysis, via communications studies using situating texts as intertextual communicative events - something that sits well with the longstanding tradition for context-oriented reading of text in history and related disciplines<sup>36</sup> - towards the seemingly unlimited variety of

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30) Jørgensen & Phillips 1999 pp 79f, cf Fairclough 1992 pp 68f.

31) Fairclough 1992 pp 73-78.

32) Fairclough 1992 p 71.

33) Fairclough 1992 pp 78-86.

34) Fairclough 1992 pp 86-96.

35) Bredsdorff 2002 p 63 cf Sayer 1984 Ch. 2 and the discussion below.

36) Dahl 1980 Ch. 4, Halkier 1990a, cf Ifversen 2000a.

theoretical frameworks which can be employed in the study of social practices.<sup>37</sup> The advantages of this (laudable) theoretical openness would, however, not appear to be fully realised because when Fairclough's approach is translated into empirical studies, social practices often tend to function merely as a passive backdrop for detailed textual analysis: while CDA is clearly well-suited to illuminate communicative micro-patterns, little seems to be added to our understanding of society at large or non-discursive practices.<sup>38</sup> This weakness may also have been exacerbated by a tendency to focus mainly on the broader discursive order rather than the internal structure of the individual discourses that make up this order. While the former is of course important, it is still necessary to identify key elements within a particular discourse, and here the use of the extensive battery of linguistic props is only guided by very general directions such as the importance of looking for evidence of exercise of power.

All in all aspects of Fairclough's approach will undoubtedly turn out to be more than a little helpful, but still the usefulness of the original CDA package as a possible way of analysing discourse concerning politics and policy would appear to be less convincing if applied on a stand-alone basis: linguistic methods coupled with political commitment and a topping of 'Foucault flakes'<sup>39</sup> would seem to produce a situation where researchers may be 'all dressed up' but have 'no particular place to go'.

### *The BEGRIFFSGESCHICHTE of Reinhart Koselleck*

Emanating from a different geographical and disciplinary setting, the contribution of the group of German historians around Reinhart Koselleck has focussed on the history of individual concepts, as seen in their use of the term *Begriffsgeschichte* to describe their approach.<sup>40</sup> There are, however, significant similarities with traditions within discourse analysis, and thus including the work of Koselleck in this context is clearly relevant.

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37) Jørgensen & Phillips 1999 p 101.

38) Jørgensen & Phillips 1999 p 102, Neumann 2001 p 102.

39) Get your Foucault flakes on [www.geocities.com/NapaValley/1729/BTHEORY.GIF](http://www.geocities.com/NapaValley/1729/BTHEORY.GIF)

40) Programmatic statements can be found in connection with the monumental project of producing a conceptual encyclopaedia covering the modernisation of German society and politics since the enlightenment published from 1972 to 1997 (Andersen 1999 p 64), in Danish translation in Koselleck 1990 and in English in Koselleck 1982, 1985 and 1987. For introductions, see Andersen 1999 Ch. 3 and Ifversen & Østergaard 1996 cf Ifversen 1996.

Koselleck's starting point is a triangular distinction between 'word', 'concept' and 'object', where words are the potentially unambiguous carriers of meaning, objects are what is being referred to, and concepts are particularly important words which "posses a substantial claim of generality and always have many meanings" because they are "the concentrate of several substantial meanings".<sup>41</sup> Although language and history are mutually conditioning, one cannot be reduced to the other,<sup>42</sup> and thus concepts are seen as essential for the social and political constitution of society, and battles to dominate semantically become an important aspect of social history at large. The analysis of this contested semantic field - to ascribe particular meanings to concepts and ensure their centrality for social actors - constitutes the synchronic aspect of *Begriffsgeschichte*.<sup>43</sup> Through the central notion of 'counter concepts' Koselleck argues that the various meanings of a particular concept is defined in relationship to other concepts, and the analysis of a particular historical semantic field takes as its point of departure three basic dichotomies, inspired by Heidegger and described as "fundamental-ontological" and "pre-linguistic" conditions for the existence of human beings.<sup>44</sup> These dichotomies are:

- ⊆ *Before/after*, referring to the position of the 'present' as the juncture where experiences of the past and expectations about the future meet, something which makes both 'past' and 'future' integrated parts of 'now'.
- ⊆ *Outside/inside* is a socio-spatial distinction between 'us' and 'them', a delimitation of collectivities of a social and/or territorial nature through which *Handlungseinheiten* are constituted.
- ⊆ *Up/down* concerns the internal relations in social collectivities, i.e. the hierarchy between leaders and followers, or displays of authority and obedience.

All of these dichotomies can be associated with normative judgements about what is desirable and what is undesirable with regards to developments, spatio-collectivities or

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41) Koselleck 1982 pp 418f.

42) Koselleck 1990 pp 121ff.

43) Andersen 1999 pp 66ff, 71-79.

44) 1987 pp 11ff, 1990 pp 122ff. Koselleck takes Heidegger's juxtaposition of birth/death as his starting point for elaborating new dichotomies in addition to this, most fundamental, condition of human existence. The impression of the dichotomies as 'work in progress', "*eine thoeretische Skizze*" (1987 p 21) is furthermore strengthened by the fact that in an earlier text Koselleck refers to additional dichotomies, namely (Heidegger's original) birth/death enhanced by 'kill' (*Totschlangenkönnen*), public/secret and parents/children (1987 pp 13ff).

hierarchies, and taken together they function as ‘leading threads’ when trying to establish the relationship between concepts in a semantic field at a particular point in time. But as concepts gain meaning by being defined in relation to other concepts in terms of equivalence, complementarity or opposition,<sup>45</sup> the dichotomies are by implication also important in the context of diachronic analysis because the development of the meanings of a particular concept can be followed by looking at the way in which it is being positioned in relation to the three basic dichotomies.

The *Begriffsgeschichte* advocated by Koselleck and his colleagues appears to have not only significant strengths but also some weaknesses that should not be overlooked. The insistence on a permanent “live tension between actuality and concept”<sup>46</sup> clearly reflects a realist position with regard to the relationship between discursive and non-discursive phenomena, and the introduction of the basic dichotomies, whether universal or otherwise, would seem to provide a powerful intermediate-level tool for discourse analysis by pointing out particular dimensions along which it can be assumed meaning within a text will be organised.<sup>47</sup> Moreover, given the interest of *Begriffsgeschichte* in concepts central to the political and social constitution of society, much work has been undertaken in areas which are characterised by ‘cultivated semantics’ in the sense that systematic (verbal) consideration has been given by historical actors to the meaning of particular terms,<sup>48</sup> and in the context of studying politics and policy this is hardly a disadvantage. But at the same time the focus on individual concepts would from a theoretical perspective seem to imply that less attention is given to the ways in which concepts are related to one another, at least in the diachrone analysis, and in practice this may lead to long-lasting ideational traditions being overlooked.<sup>49</sup> A more important weakness would seem to be that despite, or perhaps because, Koselleck’s attempt to expand on Heidegger’s existential birth/death dichotomy, the new dichotomies proposed are of a predominantly static nature, designating actors but saying little about possible courses of action. This may simply be a consequence of their intended use in synchronic

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45) Ifversen (1996 pp 48ff) on the operationalisation of Koselleck’s semantic fields by fellow *Begriffshistoriker* Rolf Reichart.

46) Koselleck 1982 p 245.

47) Cf Andersen 1999 p 65.

48) Andersen 1999 p 168.

49) Ifversen & Østergaard 1996 pp 27f.

analysis coupled with the focus on individual concepts, but nonetheless it still tends to background human agency.

All in all this would seem to suggest that although the analytical focus of *Begriffsgeschichte*- the development of individual concepts rather than e.g. groups of words organised around a 'nodal point' - is more narrow than that of e.g. Laclau & Mouffe's 'discourse theory' or the CDA of Fairclough *et al.*, the underlying figure of thought still appears to be broadly parallel: at a given point in time some words are more important than other words, and investigating the relationship of key concepts to one another and the historical struggle over them are crucial analytical endeavours. Moreover, in important respects the approach of Koselleck is in fact complementary to the approaches previously reviewed, especially because the introduction of basic dichotomies as 'leading threads' could make a potentially significant contribution to discourse analysis by suggesting thematic directions which could be explored in the interpretation of individual texts.

#### *The 'Institutional History' of Niels Åkerstrøm Andersen*

Unlike the first three traditions, the work of Niels Åkerstrøm Andersen can be seen as an attempt to create a new approach on the basis of existing ones, and thus in a sense its aim is in many ways close to that of the current paper. Andersen developed what he calls the 'institutional history' approach in connection with a research project on the politics of administrative development within central government in 20th century Denmark, and its *locus classicus* is a working paper which attempted to locate discourse analysis in a broader theoretical framework as a stepping stone towards empirical analysis.<sup>50</sup>

Andersen sees society as constituted in communicative activities, and hence what an 'institutional historian' can gain through examination of texts and other 'monuments' is *not* "traditional historical knowledge about *the past as it really was*"

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50) Andersen 1994 is the most elaborate statement, briefer versions (which deviate on a number of more detailed points cf below) can be found in Andersen 1995 (Ch. 1) and Andersen & Kjær 1996 (in English). Andersen's book on 'discursive analytical strategies' (1999, now in English 2003) is less illuminating with regard to his own concrete strategies, but extremely useful as an introduction to four important analytical approaches - Foucault, Koselleck, Laclau & Mouffe, and Luhman - and in terms of its reflections on the possibilities of pragmatic combination of elements from the four traditions.

but what could be termed “2nd order observations”,<sup>51</sup> i.e. knowledge about communicated perceptions and institutions.<sup>52</sup> Point of departure for the approach is the distinction between ‘ideals’, ‘discourse’ and ‘institutions’, three analytical categories which are seen as a logical sequence rather than an actual, let alone necessary, historical development. While *ideals* - “an ensemble of constitutive distinctions” which are “taken for granted” - are the ‘nodal’ points of discourses and institutions, *discourses* are “systems of knowledge ... anchored around ideals” which have been articulated through three ‘orders’.<sup>53</sup>

℄ a *descriptive* order establishing themes and perceived relations between objects,

℄ a *narrative* order which defines ‘subject positions’ through distinctions between ‘inside/outside’, ‘up/down’, ‘past/future’, ‘subject/object’, and ‘assistant/opponent’, and

℄ an *argumentative* order which sets out what kind of arguments are acceptable and hence how difference and equivalence can be handled within a discourse.

An *institution* is a “consecration and elevation of elements of the discursive order” which constitutes “positions from where one can speak and act with authority”.<sup>54</sup> In Andersen’s ‘institutional history’ his main interest is the diachronic analysis of the emergence of institutions as outlined above,<sup>55</sup> but in close parallel with this is envisaged a synchronic analysis of the ways in which ‘systems’ (institutions, discourses) attempt to maintain their unity or display ruptures.<sup>56</sup>

Andersen outlines an ambitious approach which attempts to combine the empirical strengths of Koselleck with an internal structuring of discourse akin to Laclau & Mouffe and a positioning of this in a broader theoretical context, but while this is no mean feat in itself, his ‘institutional history’ would, however, still seem to entail certain weaknesses and ambiguities. Despite the proclaimed preference for ‘2nd order observations’ and the disclaimer about ‘traditional’ historical studies, knowledge

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51) Andersen 1999 p 151.

52) Andersen 1994 p 4.

53) Andersen 1994 pp 15ff, Andersen & Kjær 1996 pp 8ff.

54) Andersen & Kjær 1996 pp 13f.

55) Andersen 1994 p 9.

56) The focus on ‘systems’ is inspired by Niklas Luhman, and in later works this would appear to have become Andersen’s main interest (e.g. 1999 Ch.s 5 & 6). For a brief auto-review of the development of his approach, see Andersen 1999 pp 22-27.

about extra-discursive phenomena would appear not to be seen as unobtainable in principle for Andersen,<sup>57</sup> and by defining ‘institution’ as ‘authorised’ discursive elements serving as a platform for particular forms of social agency, he clearly establishes a link between discourse, institutional structures and social agency. In practice, however, the relationship between the latter two would still seem to be skewed by a (Luhmanian) focus on the internal organisation and external delimitation of ‘systems’ at the expense of social actors and their possible roles in maintaining continuity or bringing about change. In terms of empirical studies a crucial feature of the ‘institutional history’ approach is its expansion of the range of analytical dimensions through the introduction of the three ‘orders’ which combines the relatively static Koselleck dichotomies with more agency-oriented ones inspired by linguistic and literary traditions. Although the outlines of the individual ‘orders’ and dichotomies are not entirely consistent throughout the various programmatic statements,<sup>58</sup> the overall impression is clearly that, taken together, they constitute a comprehensive and multi-dimensional framework for empirical analysis - covering perceptions of the state and development of the world and the positions of actors within it - that would make it possible to identify central notions within texts and how they relate to other notions.

Despite these caveats Andersen’s ‘institutional history’ still comes across as a very promising approach, especially in terms of the attempt to integrate discourse in a broader theoretical context, and with regard to suggesting leading threads for empirical analysis which can help discourse analysis to identify ‘the words that bind’ in systems of meaning.

### **3. Institutions and Discourse – Towards an Analytical Framework**

The review of approaches to discourse analysis has demonstrated both similarities and differences between the four positions. On the one hand the underlying figure of thought is broadly parallel: at a given point in time some words are more important

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57) Bredsdorff 2002 pp 118ff.

58) Koselleck’s ‘up/down’ dichotomy is included in Andersen 1994 (p 16) but excluded in Andersen & Kjær 1996 (p 16) and present only in Andersen 1995 as a ghost in a footnote (p 21 n 9, presumably erroneously copied from Andersen 1994 pp 16f n 24. A parallel pattern of in- and exclusion can be seen with regard to the ‘assistant/opponent’ dichotomy inspired by Greimas.

than other words, and the relationship of key concepts to one another are both subject to social controversy and an important object of analytical endeavour. Moreover, most of the approaches (except Koselleck) share - despite protestations to the contrary - a tendency to focus on the structural and systemic aspects of discourse. On the other hand their positions differ with regard to:

- ⊆ The relation between discourse and non-discursive phenomena, ranging from mutual conditioning (Fairclough, Koselleck), via Andersen's ideal-discourse-institution chain, to the monopoly of discourse as ascriber of meaning (Laclau & Mouffe).
- ⊆ The extent to which discourse is integrated into a broader theoretical framework where CDA and *Begriffsgeschichte* could function in many different environments, via leanings towards Luhmanian systems in 'institutional history', to the self-contained and all-embracing nature of 'discourse theory'.
- ⊆ The way in which empirical studies are approached stretches from studious neglect (Laclau & Mouffe) at one extreme to more or less elaborate systems of content-oriented leading-thread analytical dimensions (Koselleck, Andersen), and an extensive armoury of tools for detailed textual analysis (Fairclough).

A 'reasoned pragmatism' with regard to combining elements from several approaches to discourse analysis has been proposed on several occasions,<sup>59</sup> and in practice at least some of the differences between them may turn out not to be unsurmountable. In this section an attempt will therefore be made to situate discourse in the broader theoretical context of institutionalism, and to construct an analytical framework that can be employed in empirical studies of politics and policy. But first some prefatory remarks about realism as a starting point may be useful in order to clarify some of the underlying assumptions of the text concerning the relationship between words, actions and things.

### *Constructivism to Realism*

In line with prominent writers often associated with the 'new institutionalism', this author shares the realist assumptions underlying studies of social phenomena within these traditions,<sup>60</sup> a perspective seemingly at odds with the constructivist position

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59) E.g. Andersen 1999 pp 180ff, Jørgensen & Phillips 1999 Ch. 5.

60) See North 1990, March & Olsen 1984 (cf Pedersen 1990 pp 100ff), Ostrom 1986 (cf Bogason 1994).

statements of many contributions within the field of discourse analysis.<sup>61</sup> In practice, however, the difference between these positions can easily be exaggerated because of lack of precision about the meaning and implications of the terms.<sup>62</sup>

In terms of the nature of existence, it is from an ontological perspective paramount to distinguish between natural and social phenomena. While it is difficult to accept the former as being ‘constructed’ in any meaningful sense of the word, except in the traditional and rather weak sense that conceptual frameworks make a difference also in the natural sciences,<sup>63</sup> the latter clearly involve a ‘subjective ontology’ in the sense that social agency involves intentional interpretation of behaviour and thus requires human recognition in order to exist.<sup>64</sup> It is, however, debatable whether using the term constructivism in this connection is helpful because social phenomena have not necessarily been brought about through the deliberate actions of actors, and thus a term with strong intentional and voluntarist connotations suddenly ends up covering gradually evolving social institutions,<sup>65</sup> although this may of course be perfectly desirable from a deconstructivist perspective with the limited ambition to demonstrate the long-term ‘contingency’ of all things social. With regard to epistemology, a ‘strong’ version of constructivism<sup>66</sup> implies that knowledge is contingent because the external world does not have a distinct essence and meaning can only be constructed through language - or, in the famous words of Derrida, “there is nothing outside of the text”.<sup>67</sup> This anti-essentialist line of reasoning does, however, rest on the simplistic assumption that the only alternative to essentialism is radical contingency, entails a contradictory claim about absolute relativism,<sup>68</sup> and would also, ironically, seem to undermine itself by essentialising language as an absolute barrier between social actors and the external world which appears to be impervious to e.g. physical experience.<sup>69</sup> It

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61) Andersen 1999 pp 10ff, Jørgensen & Phillips 1999 pp13ff, Dyrberg *et al.* 2000a p 9.

62) Cf Wenneberg 2000 ch. 9.

63) Wenneberg 2000 pp 122f, 160ff.

64) Collin 2002, cf Wenneberg 2000 pp 102ff, and Fairclough 1992 pp 62ff.

65) Wenneberg 2000 p 133.

66) The distinction between ‘strong’ and ‘weak’ constructivisms has been taken from Bredsdorff 2002, but can also be found in Wenneberg 2000.

67) Quoted from Anderson 1983 p 42.

68) Collin 2002.

69) Kjörup 2001 p 149, Bredsdorff 2002 pp 55ff, Collin 2000 & 2002, Wenneberg 2000 ch. 11, cf (continued...)

is therefore hardly surprising that in practice even self-proclaimed anti-essentialists have come to doubt the philosophical underpinnings of ‘strong’ constructivism because ‘weaker’ versions have emerged which, while insisting that perceptions of the external world will always be framed by a particular language, maintains that it is possible to devise criteria for choosing between different interpretations.<sup>70</sup> In terms of epistemology such a ‘weak’ constructivism does, however, become rather difficult to distinguish from more traditional approaches to conceptualisation which recognise the impact of conceptual frameworks and analytical approaches.<sup>71</sup>

Instead of attempting to carve out a tenable position on the basis of the less problematic aspects of the constructivist traditions, the present study draws its inspiration mainly from what has become known as ‘critical realism’. This approach, associated with the work of Roy Bhaskar and Andrew Sayer, entails four propositions,<sup>72</sup> namely

- ⊆ the external world exists independent of conceptualisation or observation,
- ⊆ some structural aspects of the external world are not immediately discernible,
- ⊆ social structures depend on human perception of their own practices, and
- ⊆ scientific endeavour can identify structures of the external world, including those relating to human interaction in society.

From this perspective knowledge is *not* completely determined by external realities or their conceptualisation because it is the product of more or less deliberate social activity such as work and/or communication. Knowledge is in other words not random because it is related to an outside world with specific properties, but at the same time it is also fallible because it depends on the conceptual framework employed and the limits of empirical experience. Specifically with regard to studying social phenomena, the crucial importance of actor reflexivity has been recognised, and thus the ‘subjective ontology’ of the social has been taken into account.

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69) (...continued)

the comments above on the ‘empty realism’ of Laclau & Mouffe.

70) Wenneberg 2000 pp 150ff, Bredsdorff 2002 pp 62ff. Examples of this would seem to include Jørgensen & Phillips (1999 pp 17f), and Foucault (cf Ifversen 2000b).

71) Bredsdorff 2002 p 63, Neumann 1999 pp 163ff, Wenneberg 2000 pp 34ff, 107ff, Collin 2002 and Halkier 1990a, cf a range of prominent introductions to ‘the historians craft’ such as Bloch 1954 pp 64ff, Dahl 1980 ch. 1, Clausen 1963 p 58, Carr 1987 ch. 1, and (the polemical constructivist) Jenkins 1991.

72) Sayer 1984, cf Ougaard 2000, Wad 2000, Collin 2000, and Thomsen 1991a.

In this way critical realism establishes a platform for theoretical reasoning and empirical enquiry, two activities that are intrinsically linked and require active efforts, intellectual and otherwise, on part of the researcher. And, a most important point in the context of this paper, it would clearly seem to allow for the importance of discourse as an integrated element in social interaction.

### *Institutions, Actors and Discourse*

From the 1980s onwards the so-called ‘new institutionalism’ has spread through much of the social sciences, driven by dissatisfaction with the major theoretical trends of the 1960s and 1970s in general and their assumptions about the relationship between structures and agency in particular. In political science the institutionalist crusade of March & Olsen started with a twin-pronged attack upon what was seen as reductionism,<sup>73</sup> both within the behaviouralist tradition focusing on the consequences of individual political behaviour, and in the form of socio-centric state theory stressing the social origins of state activities rather than the importance of the latter in their own right. In economics new institutionalists saw themselves in opposition to the dominant neoclassical paradigm in which institutional issues had been largely side-lined by the emphasis on methodological individualism and rational economic agents.<sup>74</sup> Despite significant differences between the new institutionalisms, it is also clear that much common ground can be found in the attempt to avoid structural determinism and atomistic voluntarism,<sup>75</sup> and in the following an attempt to formulate a general foundation for an institutionalist approach to the study of politics and policy will be undertaken. This version of institutionalism starts off by defining and elaborating upon three key concepts - institutions, actors, and organisations - because these terms have been used in very different ways within the various institutionalisms,<sup>76</sup> and thus

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73) March & Olsen 1984.

74) For a lively polemic, see Hodgson 1989.

75) Features shared by other major contributions to the broader discussion on structures and agency like the structuration theory of Anthony Giddens (e.g. 1984) and the so-called ‘strategic-relational’ state theory of Bob Jessop (e.g. 1990) which will therefore be used as additional sources of inspiration.

76) The lack of internal coherence within the ‘new institutionalism’ is underlined by the conceptual confusion. Structural properties are referred to as both institutions (North) and organisational features (March & Olsen), specific historical entities are referred to as both organisations (North) and institutions (March & Olsen), and some use the term ‘organisation’ “as a virtual synonym for  
(continued...)

clarification must be undertaken<sup>77</sup> before we can move on to the next step, namely to reinterpret the role of discourse from an institutionalist perspective.

*Institutions* are seen as sets of rules structuring social relations by defining options and distributing the incentives associated with particular courses of action.<sup>78</sup> This means that institutions can be both limiting and enabling in that rules may either prohibit, permit or require certain acts.<sup>79</sup> Institutions may exist either as more or less informal norms and ideals, or as highly formalised written procedures embodied in particular organisations vested with the power to enforce them,<sup>80</sup> but either way they are inherently social phenomena that can only be reproduced through the continuous agency of the actors operating on the basis of a particular set of rules.<sup>81</sup> While a general rationale for social institutions would seem to be the need for routinisation in order to cope with information and decision overload,<sup>82</sup> it is also clear that institutions may entail sets of actors amongst whom resources are not distributed equally - resources themselves, of course, being a set of social rules denoting 'what counts' in particular situations. Institutions may in other words create an uneven 'playing field' by limiting the options available to some actors and privileging those in possession of certain resources, and thus social institutions may influence the strategies or resources of an actor without the direct intervention of other actors.<sup>83</sup>

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76) (...continued)

'institution'" (Hall 1986 p 19).

77) For an earlier version of this part of the argument, see Halkier 1996.

78) The definition resembles that of institutional economists (e.g. North 1990, Johnson & Lundvall 1989, Johnson 1992, and Hodgson 1989), but similar statements can be found in the writings of strategic-relationist state theorists (Thomsen 1991b pp 156ff, Hay 1995 pp 199ff).

79) The insistence on structures being not just negatively limiting but also positively enabling from an actors perspective is widespread (e.g. Giddens 1984 p 17ff, Hodgson 1989 p 132, Jepperson 1991, Thomsen 1994 p 13, Hay 1995 p 200). The more precise distinction between prohibition etc. is inspired by Bloomington public-choice theorist Elinor Ostrom (1986 pp 5f). For an introduction to the thinking of the Bloomington school, see Bogason 1994.

80) The role of informal or 'cultural' norms is generally recognised (North 1990 pp 4ff, ch. 5; Hodgson 1989 pp 123-34, Hall 1986), but it is essential to make an analytical distinction between the abstract institutional rules and the historical organisations that either uphold specific rules or operate in accordance with them.

81) Giddens argues this point forcefully as part of his structuration theory (1984 pp 25ff), but it would also seem to be fundamental to strategic-relationist state theory (Hay 1995 pp 199ff).

82) Hodgson 1989 p 128.

83) Rules may embody particular development tendencies or interact in complex patterns, something that has come to the fore in the growing literature on social 'systems' (Luhman, Willke), cf (continued...)

*Actors* are defined as specific historical entities, individual or collective, with a capacity for agency: being capable of having acted differently.<sup>84</sup> Although the behaviour of actors is embedded in institutions,<sup>85</sup> their agency through choice is still intact because institutions structure the environment of actors by defining options rather than by determining their behaviour directly.<sup>86</sup> From this perspective actors have the capacity to produce effects upon other social actors, operating through strategic employment of resources within the rules of particular social institutions. At the same time it is, however, important to stress that the strategy of any actor will be limited by the resources available to them and their cognitive map of the environment in which they operate. Actors are not omniscient but guided by ‘bounded rationality’,<sup>87</sup> pursuing their objectives on the basis of a perception of their environment influenced by their vantage point (institutional position), prevailing discursive interpretations (ideational institutions), and their capacity for gathering and processing information (resources available). Although actors may attempt to improve their position vis-à-vis other actors, or indeed to deliberately attempt to modify or eliminate particular institutions, the likelihood of constant, sudden or radical challenges to existing social relationships would therefore seem to be rather limited.

*Organisations* are defined as collective actors, namely “groups of individuals bound by some common purpose”,<sup>88</sup> and like individual actors they operate in a strategic manner in relationship to a structured environment. Organisations may owe their existence to a variety of reasons: many will have been set up with a view to exploit opportunities or defend interests generated by existing institutions,<sup>89</sup> but other organisations function as embodiment of a particular institution with the purpose of making other actors act in accordance with a specific set of rules. Like individual

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83) (...continued)

Esmark 1998 and Andersen 1999 Ch. 5. For a discussion of this from a macro-historical perspective, see Halkier 1990b.

84) Giddens 1984 p 9.

85) As social relations are a defining characteristic of society (cf Giddens 1984 ch. 1), it would take a hermit (or a suicide) to ‘opt out’ of them altogether.

86) Ostrom 1986 pp 5ff.

87) Originally the sociologist Henry Simon’s expression (Hodgson 1989 pp 79ff), but also central in the institutionalist critique of the neoclassical paradigm.

88) North 1990 p 5.

89) North 1990 ch. 9.

actors, organisations may pursue a range of different objectives, including maintaining their position vis-à-vis other actors with regard to e.g. resources, but the existence of internal social relations make the co-existence in organisations of parallel or conflicting strategies, official or otherwise, even more probable.<sup>90</sup>

Although the inspiration from not least new institutional economics and the strategic-relationist school is of course very much in evidence, it is hoped that this platform is not only suitable for its immediate purpose but could perhaps also prove useful in the context of other empirical research projects by charting a road that could be seen as occupying the middle-ground between the large-scale conceptual engineering projects of Jessop and Giddens on the one hand and the more minimalist approach of Douglas North on the other. While the relationship of the proposed definitions of the three key concepts to the existing literature is spelt out in the footnotes to the preceding paragraphs, but it can still be useful to indicate what appears to be the advantages of the position outlined above. *Firstly*, the conceptualisation of the relationship between social institutions and social actors clearly allows for mutual influence. While institutions structure the environment in which actors operate, agency will, intentionally or otherwise, reproduce, modify or discontinue particular rules, and the influence of both institutions and actors hinges on their capacity to affect the options available to social actors through rules and resources. *Secondly*, it is possible to understand social transformation as an open-ended structured process because change can either result from the strategic behaviour of individual actors and organisations, or be propelled by tendencies and tensions at the institutional level. *Thirdly*, the reemergence of the spectre of reductionism in the guise of structuralism is made even more difficult by the co-existence of several institutions in a particular historical setting, making it possible for actors to ‘escape’ by moving from one set of rules to another. And *lastly* - but in the context of this paper not least - because formal and informal institutions are both seen as rules structuring social relations, the notion of discourse would seem to fit neatly into the overall approach.

*Discourse* is here defined narrowly as ways of using language that ascribe meaning to the world,<sup>91</sup> and as such it entails assumptions about the state of the world

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90) This is of course a standard observation in the literature on policy analysis, cf the discussion below.

91) A definition inspired by Fairclough (1992 ch. 3), a discourse analyst that sees language as a  
(continued...)

and the roles of actors within it. A particular discourse may give privilege to certain forms of behaviour and thus function as an informal institution - which may be formalised through the setting up of organisations which promote corresponding particular forms of behaviour, although of course such a development cannot be taken for granted but will depend on concrete circumstances, i.e. actor strategies and existing institutions.<sup>92</sup> Like institutions in general, many different and often conflicting forms of discourse can be present in a society at a given point in time, and thus the make-up of what could be called the ‘discursive terrain’ cannot be taken for granted - e.g. reduced to reflections of economic interests or the views of dominant elites<sup>93</sup> - but must be established through empirical analysis. Moreover, it may be worth pointing out that this approach focuses primarily on the ‘extremes’ of the discursive spectrum, i.e. the overall discursive terrain and the assumptions of individual actors, while the ‘intermediate’ category, that of particular discourses, is seen as analytical shorthands for commonly held and/or promoted sets of beliefs at a particular point in time rather than well-defined and systematically structured entities. Any organisation will through its activities embody more or less compatible values and ideals, either deliberately or simply by making particular forms of behaviour appear normal or otherwise attractive,<sup>94</sup> and thereby maintaining the position of associated forms of discourse. It is, however, important to stress that the agency of organisations or individual actors also involve non-discursive, i.e. physical or material, aspects, so that what is being said and what is being done may potentially diverge - and, indeed, be interpreted differently by actors with different vantage points.

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91) (...continued)

social practice which is *both* shaped by pre-existing social structures *and* at the same time “constituting and construction the world in meaning” (1992 p 63). Although he is subsumed under the constructivist umbrella by Jørgensen and Phillips (1999 p 13), his position would seem to be difficult to distinguish from the position of critical realists, cf the discussion above.

92) Similar ideas, albeit couched in a different terminologies, can be found in the ‘institutional history’ of Niels Åkerstrøm Andersen (Andersen 1994, 1995 pp 15ff; Andersen & Kjær 1996, cf the discussion above) and the work of Norman Fairclough (1992 pp 65f, cf Jørgensen & Phillips 1999 p 74).

93) This was the point of departure for Laclau & Mouffe’s critique of class reductionism in traditional Marxism (1985), cf above.

94) A similar argument has been forcefully made by Laclau & Mouffe (1985 pp 107f, cf Jørgensen & Phillips 1999 pp 46ff).

The position established here does clearly *not* make discourse the new overarching perspective: it neither reduces the world to discourse nor sees discourse as a privileged ‘gateway to reality’. Instead discourse emerges as a central aspect of the institutionalist perspective on actors, their strategies and the institutional rules according to which social interaction takes place, and thus the position argued for is much closer to that of Andersen than to Laclau & Mouffe, although alongside Koselleck also ‘discourse theory’ and Fairclough may still provide useful input to the elaboration of an analytical framework in the following.

#### *A Framework for Empirical Analysis*

These general considerations have been translated into a framework for empirical analysis of politics and policy, drawing additional inspiration from especially inter-organisational approaches to the study of public policy and network theory.<sup>95</sup> From an institutionalist perspective such a framework should be able to account not only for the ways in which individual organisations interact with one another, but also the position of the actors, i.e. their resources and strategies, and the way in which via social institutions interaction is inscribed into larger patterns of relationship between multiple organisations. Such concerns can be translated into three levels of analysis, namely *Organisational dimensions* concerning aspects internal to each of the organisations interacting,

*Relational dimensions* the way in which two organisations interact with one another, and

*Multi-organisational dimensions* characterising the way in which the relational dimensions are inscribed into a larger social context.

It is important to stress that these levels are intimately linked analytical perspectives on the same phenomena, and that neither of them are meaningful without the other two: no organisation exists in a vacuum and their individual features are only of interest when seen in relation to other organisations as a potential starting point for interaction, and at the same time both organisations and their interactions are inevitably set in a larger social context dominated by particular organisations, institutions and forms of discourse. The adjoining Figure 1 attempts to capture this in a primitive 2D-manner.

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95) For an earlier and extensive version of this argument, see Halkier 2000.

For each level of analysis a set of dimensions have been identified on the basis of existing literature which can then be pursued in the development of a conceptual framework for the study of concrete forms of social interaction, i.e. in the case of this paper regional policy.

Looking first at the *organisational* level of analysis, three dimensions

appears to be crucial for understanding the position of individual organisations vis-à-vis its surroundings: the resources at its disposal, the assumptions it entails about itself and the environment in which it operates, and the strategies pursued. All of these are of course relational in the sense that their importance stem from how they compare to corresponding features of other organisations and my form the basis for future agency, and the organisational dimensions also clearly reflect more general institutional circumstances such as rules concerning ‘what counts’ as resources or the make-up of the discursive terrain which is likely to influence the assumptions held by individual organisations. Notwithstanding this, the organisational dimensions are, however, still the starting point from which any organisation proceeds and thus crucial to establish. From an institutionalist perspective commanding *resources* is intimately linked to the capacity of an organisation to influence other actors.<sup>96</sup> Both public and private organisations are generally characterised by having the authority to perform certain tasks in a particular geographical setting,<sup>97</sup> and hence they face two basic challenges, namely to perform particular functions and maintain their position vis-à-vis other actors with similar functions. Both these tasks involve strategic deployment of various resources - authority, finance, organisation and information<sup>98</sup> - and therefore establishing the position with regard to resources of each of the interacting bodies is an

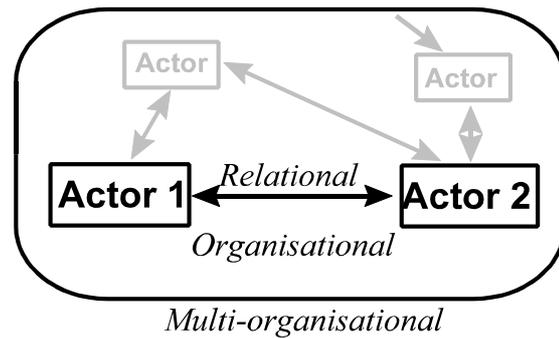


Figure 1 Three levels of analysis.

96) E.g. Rhodes 1988, Thorelli 1986, Christensen *et al.* 1990, and Gustaffson & Seemann 1985.

97) Instead of having a separate ‘domain’ dimension setting out the functional and territorial area in which an organisation operates (as proposed in Halkier & Damborg 1997 pp 15ff, cf Rhodes 1988 p 90 and Gustaffson & Seemann 1985 p 58), this is seen as a spatial aspect of its authoritative resources.

98) For a discussion of policy resources and instruments, see Halkier 1996 pp 57ff, cf 2000 pp 8ff.

important task.<sup>99</sup> At the same time an organisation embodies explicit or implicit assumptions about the external world that are likely to influence its relations with other organisations.<sup>100</sup> Inspired by the work of Niels Åkerstrøm Andersen these assumptions have been grouped into three *assumptional orders* containing a series of dichotomies which, like those of Reinhart Koselleck, functions as lines of orientation along which a particular actor ex- or implicitly situates itself vis-à-vis the surrounding world in terms of space, time and agency.<sup>101</sup> The assumptional orders and their dichotomies are as follows:

- ⊆ *Topographical*, a ‘social mapping’ that entails two dichotomies, *inside/outside* (us/them) and *up/down* (more or less power, status, resources).
- ⊆ *Temporal*, a ‘historical mapping’ that entails two dichotomies, *past/future* (experience/expectation) that defines more or less desirable directions of change, and *cause/consequence* that orders objects (physical or social) according to the way in which they are seen to impact on one another.
- ⊆ *Operational*, an ‘agency mapping’ that entails two dichotomies, *subject/object* (agent of change, object to be manipulated) and *assistant/adversary* (support/resistance).

All three assumptional orders and their dichotomies combine cognitive and normative aspects: while they involve perceptions of social realities within the external world - defines collectivities, designates role, now and before - they also ascribe values in that they designate good and bad, friends and foes, and desirable directions of

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99) A distinction between various types of resources is undertaken in connection with the discussion of policy instruments below.

100) The importance of e.g. values and ideologies in policy-making and inter-organisational conflicts among public institutions, is widely recognised (see Parsons 1995 pp 519ff, Hogwood & Gunn 1986 ch. 7, and Rhodes 1988 pp 93f).

101) The assumptional orders take Andersen’s narrative order as its point of departure: it incorporates the central (causal) element of his descriptive order, while his third, argumentative, order can be seen as a special case of the three dimensions, namely its use in the context of language. This reordering reflects a change from a literary/semiotic template - Andersen quotes Per Aage Brandt as the inspiration for his three orders (1994 n. 20) - to one inspired by an institutionalist approach. The description of the individual dichotomies is inspired not only by Andersen (1994) but in most cases also by Koselleck (1990), and like Koselleck before him, the dimensions of Andersen’s narrative orders vary between texts: the original outline of his ‘institutional history’ approach (1994) contained five aspects, while Andersen and Kjær (1996 pp 10f) and Andersen 1995 operate on the basis of a simplified three-aspect scheme.

change.<sup>102</sup> The assumptions of a particular organisation can be more or less distinct, more or less explicit, more or less in line with prevailing assumptions in its environment, and more or less coherent, not just internally but also in relation to the actual strategies pursued by the organisation. Here the analytical task will be to establish the specific ways in which a particular organisation positions itself within the general assumptional orders, i.e. what criteria are used to distinguish between inside/outside, up/down and so on. Finally the *strategies* of an organisation, the more specific guidelines according to which resources are employed to influence the environment, needs to be taken into consideration, and here two sub-dimensions can be identified.<sup>103</sup> On the one hand the functional strategies relating to the pursuit of the substantial aims of the organisation such as product development in private firms or the policy programmes of public bodies. On the other hand the positional strategies vis-à-vis other organisations which operate in the same domain and therefore for reasons that may have more to do with e.g. parochial, party-political and/or bureaucratic considerations could be construed as either competitors or allies.<sup>104</sup>

Turning now to the *relational dimensions* concerning the interaction between individual organisations, two areas are of crucial importance, namely the rules guiding the relationship and the eventual outcomes produced. *Interaction rules* define the options and incentives available to the parties involved,<sup>105</sup> e.g. access to particular forms of expertise from private consultants or the availability of public support for particular types of investments. The *outcome* can either be an immediate exchange of resources - e.g. a market transaction, sharing of information between firms in a

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102) Andersen's description of his narrative order to some extent collapses these two aspects when the inside/outside dichotomy is immediately translated into positive/negative, something that makes dimensions such as subject/object and assistant/adversary superfluous because these role have automatically assigned once and for all. While this *may* perhaps be unproblematic in the context of organisational studies for which his framework was originally devised, such a move would appear to be less helpful in the context of public policy because what is outside may be seen as positive (e.g. exotic foreign cultures in contrast to domestic boredom), and outside forces may be construed as acting subjects (e.g. a foreign aggressor) or perform the role of assistant (e.g. when supporting internal minorities who see themselves as suppressed by the current regime).

103) E.g. Rhodes 1988, van Waarden 1992, Christensen *et al.* 1990, Gustaffson & Seemann 1985.

104) The importance of non-functional considerations in public policy is of course a key feature of the top-down tradition in policy analysis, cf the discussion above.

105) This institutionalist preoccupation can be found also in much of the literature on policy networks, e.g. Rhodes 1988 pp 91f, cf van Waarden 1992 pp 39ff and Parsons 1995 p 306.

network, or financial transfers to private firms complying with certain conditions - and/or an undertaking to carry out particular activities in the future, perhaps enshrined in organisational change in one or both of the parties involved. The outcome will obviously reflect not only the rules according to which the interaction takes place but also the resource inter-dependencies between the actors involved, the degree to which they share particular assumptions, and the strategies they pursue, i.e. both institutional and actor-oriented elements, and thus a prerequisite for studying the relational dimensions is knowledge produced by analysis on the organisational level.

However, at the same time it is also clear that individual interactions between organisations do not take place in a vacuum but are embedded in broader organisational and institutional settings, and it is therefore also necessary to consider what has been dubbed the *multi-organisational dimensions* of inter-organisational relations. Three dimensions are regarded as important, namely the actors involved in a particular set of relations, the way in which their activities are coordinated, and the discursive terrain in which the interaction takes place. With regard to *actor configuration*, establishing the degree of homogeneity between the actors currently involved and the possible access for new actors to a particular type of interaction is important, e.g. a small number of private organisations enjoying a monopoly of access to particular public resources versus an open market with low entry costs, because it will influence the ability of individual actors to exert influence.<sup>106</sup> The *coordination rules* which govern a particular set of interactions - mainly through the institutions of market, hierarchy, or network as modes of social coordination<sup>107</sup> - is significant because it indicates whether one organisation will be able to exert either formal authority or to bring other forms of influence to bear on the rest of the actors within a particular policy network or area of economic activity.<sup>108</sup> Not least in the context of policy-making, this ultimately ties in with the way in which they are placed within the overall structure of the state, and indeed in relation to the *discursive terrain*, i.e. the informal and often conflicting and explicitly contested social institutions constituted by

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106) See Jordan & Schubert 1992, Rhodes & Marsh 1992, Thorelli 1986, Gustaffson & Seemann 1985 and Van Waarden 1992. The question of membership and openness was of course also a central issue in the earlier debates on corporatism, cf Moore & Booth 1989 pp 3ff, 143ff.

107) For a discussion of social modes of coordination as institutions, see Halkier & Damborg 1997.

108) The importance of asymmetrical resource dependencies within networks is of course widely recognised, cf Thorelli 1986, Christensen *et al.* 1990, van Waarden 1992, and Rhodes & Marsh 1992.

prevailing topographical, temporal, and operational assumptions of relevance to their particular policy area. These assumptions may be nodal points specific to a particular form of public policy or may be part of a more extensive political ideology, i.e. a stable set of assumptions concerning e.g. the relationship between public and private or the territorial unity of the state. From the perspective of public policy-making a crucial analytical endeavour will be to establish nodal points and relations of dominance between different perspectives because these may propel e.g. the activities of an implementing organisation in particular directions.

**Table 1 An Institutional Approach to Politics and Policy  
- Analytical dimensions**

<i>Level of analysis</i>	<i>Dimensions</i>	<i>Sub-dimensions</i>
Organisational	Resources	Authority Finance Organisation Information
	Assumptional orders	Topographical Temporal Operational
	Strategies	Functional Positioning
Relational	Interaction rules	Options Incentives
	Outcomes	Resource exchange Organisational change
Multi-organisational	Coordination rules	Market Hierarchy Network
	Actor configuration	Homogeneity Access
	Discursive terrain	Specific nodal points Ideology

A general framework for the study of politics and public policy has now been developed, and as illustrated by Table 1 at all three levels of analysis the interplay between actors and institutions remains at the centre of the approach while at the same time aspects which have traditionally been the domain of discourse analysis have taken

into consideration, namely the assumptions embodied in individual organisations and their relations with other actors on the one hand, and the way in which this is related to the broader discursive context in which they operate on the other. This will make it possible to account for the role of communicative actions and symbolics within public policy and thus allows for additional dynamics, not just in the form of difference between what organisations say and do, but also how shared or diverging assumptions influence their interaction, and the possible impact of changes in the overall discursive terrain.

In short, discursive features are present on all three levels of analysis, and on the basis of its institutionalist point of departure the conceptual framework would therefore clearly appear to live up to the intention of arriving at a systematic and integrated approach to the study of public policy and politics, capable of illuminating the complex interplay between actors and institutions. Highlighting the importance of assumptions within organisations and the role of the overall discursive terrain clearly implies that careful attention must be given to the ways in which these phenomena materialise and how they can be analysed. In most cases different types of texts will constitute the most important input to the research process, but the precise methods employed to analyse these sources will in practice depend on the nature of the questions being investigated and the materials at hand. In order to identify the assumptions within individual organisations and nodal points in the overall discursive terrain, establishing equivalence, complementarity or opposition between key notions in the texts will clearly be important, but the extent to which this will have to draw upon formalised CDA-style procedures or employ software for computer-based qualitative analysis will vary according to the nature and number of texts involved and the level of detail needed to illuminate the issues at the core of the research being undertaken.<sup>109</sup> This implies that in many cases the general cultural competences of researchers as interpreters of specialised texts will still be important, but with the much more extensive thematic ‘leading threads’ provided by especially the assumptional orders, these skills can now be exercised in a more systematic manner, and through the extensive use of quotations it should thus be possible to convince professionally sceptical readers that confronted with the same sources they would have arrived at similar interpretations and conclusion.

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109) Fairclough is very clear about the need for pragmatism in this respect (1992 p 230).

#### 4. Thatcherism and Regional Policy in Scotland

In order to show that the proposed approach is not only theoretically coherent but also useful (and indeed manageable) in the context of empirical studies, this section presents a brief case study of contested policy change. As the number of pages are limited, some aspects of the framework summarised in Table 1 will, however, either not be covered or only touched upon briefly, while the central concerns will be the analysis of assumptional orders and the discursive terrain, and the relationship between the diverging discourses of public actors on the one hand and changes in the implementation of policy on the other.

The case study considers aspects of a major research project analysing the development of Scottish regional policy from 1975 to 1991 in its British context which gives particular emphasis to clarifying the nature and origins of continuity and change. In 1975 the Scottish Development Agency (SDA) was established by the then Labour government with the remit to promote economic development within the region. This move was prompted mainly by a combination of<sup>110</sup>

⊆ social concerns due to the persistently high levels of unemployment resulting from the decline of traditional industries, and

⊆ political concerns about the possible rise of political nationalism, as high unemployment and the recent discovery of North Sea oil off the coast of Scotland had improved the popularity of the pro-independence arguments of the Scottish National Party dramatically.

An important function of the new body was to provide additional capital resources to Scottish firms through its industrial investment function, and it is the development of this particular form of regional policy that will be investigated in this section. From the very beginning the Agency's industrial investments were subject to intense criticism with the Conservative opposition presenting it as a 'vehicle of backdoor nationalisation', and it could therefore be expected that the advent of the first Thatcher government in 1979 would result in major changes at the SDA, not least of course concerning policies like the industrial investment function that could readily be construed as extending the power of the state over private firms. And, indeed, the academic literature on the Agency is dominated by the view that the new Conservative

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110) See Halkier 1994.

government *did* remould the organisation so that its activities in the 1980s came into line with the liberal thinking now dominating Britain,<sup>111</sup> although some have argued that change was limited, gradual and driven from within the SDA.<sup>112</sup>

The aim of this section is therefore to review the evidence concerning continuity and change with regard to the industrial investment function of the SDA. Following a brief introduction to the organisational set-up surrounding regional policy in Scotland, this is done in two steps. First discursive development are mapped along three lines: in terms of the nodal points concerning regional policy and the liberal thinking of the Conservatives under Thatcher, and with regard to the specific assumptions about the industrial investment functions by the two organisations most closely involved, the SDA itself and its sponsoring government department. Then the implementation of the policy programme is charted, focusing on the interaction between the Agency and private firms. All in all this should make it possible to reach conclusions concerning the extent the industrial investment function changed in accordance with government ideology.

#### *Sponsoring Regional Policy in Scotland: The Organisational Set-up*

When SDA was established in 1975 as a statutory body headed by an independent board, many things indicated that the newcomer would be surrounded by a benevolent consensus. Since 1965 Scotland had accommodated the UK's first regional development agency, the Highlands and Islands Development Board responsible for the sparsely populated north-west of the country, and this undoubtedly partly explained the widespread support in Scotland for a similar body for the Scottish lowlands in the early 1970s, stretching from trade unions and industrial organizations to the major political parties and Scottish government departments.<sup>113</sup>

Politics in Scotland was, however, intrinsically linked to British politics, and this is perhaps explains not only the widespread consensus - apart from the potential economic benefits a development body was also a (relatively inexpensive) symbol of commitment to Scotland - but also many of the controversies that quickly came to

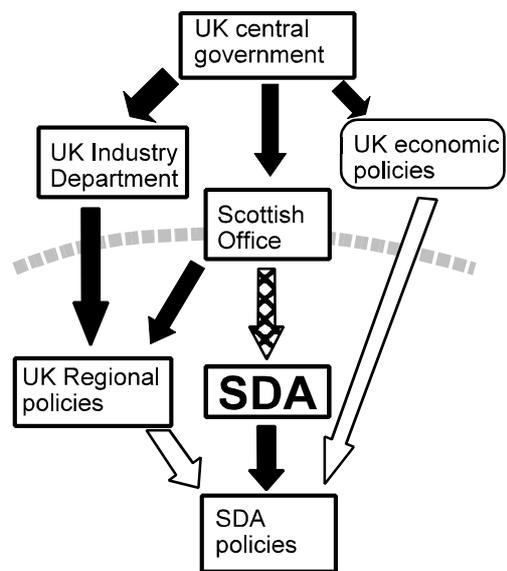
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111) See e.g. Danson *et al.* 1988 pp 1f, 1992 pp 299f, Swales 1983, Rich 1983, Midwinter *et al.* 1991 pp 187ff, Barnekov *et al.* 1989 Ch. 7, STUC 1987, Draper *et al.* 1988 pp. 280ff.

112) See Moore & Booth 1989, Firm 1982 pp 14f, Keating & Midwinter 1983 pp 36ff, Young & Hood 1984 p 47, 1991.

113) McCrone & Randall 1985, Halkier 1994.

surround the organisation. At this point the Scottish Office in Edinburgh was a territorial department of central government vested with responsibility for a range of policy areas in Scotland, but it did not have exclusive authority within the field of regional policy, and at the political level its ministers were still part of the UK government and thus their party affiliation reflected the overall British majority rather than specific Scottish preferences.<sup>114</sup> Although the SDA had deliberately been placed at arm's-length from its political sponsors in order to limit external pressures on day-to-implementation of individual policy programmes, the Scottish Office still appointed the Agency's governing



**Figure 2 The organisational environment of the SDA.**

board, provided nearly all funding, and issued general policy guidelines.<sup>115</sup> This meant that after the 1979 general election the SDA suddenly became accountable to not just its former Conservative critics in Scotland, but to a UK government which under Margaret Thatcher attempted to reduce the size of the public sector in general and its role in the economy in particular. The Scottish Office in other words certainly did possess the authority to radically reshape the SDA and its activities, but whether this eventually happened would of course depend on factors such as the influence of ideological considerations on central government policy in practice, the relative electoral importance of Scotland to the governing party, and, indeed, the Agency's ability to present its activities in ways that were agreeable to its political sponsors. In short, investigating the relationship between words and actions is clearly highly relevant.

114) Kellas 1989 Ch. 1, Midwinter *et al.* 1991 Ch. 3.

115) SDA Act 1975, cf McCrone & Randall 1985 pp 234f.

### *Discourse and Industrial Investment for Regional Development*

The study of discursive trends around the industrial investment function of the SDA will focus on three periods:

- ⊆ the second half of the 1970s when the Labour government which established the Agency was in power,
- ⊆ the early 1980s when the new Conservative government attempted to alter the aims and methods with regard to industrial investments
- ⊆ the late 1980s when the Conservative government undertook an extensive review of the Agency and its activities.

In order to cover the assumptions of the organisations directly involved with the industrial investment function as well as key features of the overall discursive terrain, three sets of texts will be reviewed for each period, namely

- ⊆ statements from the sponsoring Scottish Office, including the official guidelines governing the use of its investment powers,
- ⊆ external and internal documents from the Agency itself, and
- ⊆ UK government statements concerning regional (and economic)<sup>116</sup> policy in general

The texts have been selected from a larger body of materials collected in connection with ongoing research, and they include all ‘monumental’ documents<sup>117</sup> - i.e. Scottish Office guidelines, SDA corporate strategies and UK government white papers - pertaining to this function, as well as an extensive selection of Agency corporate PR in the shape of its extensive and glossy annual reports.

The original 1975 SDA Act empowered the SDA to invest in private companies through the provision of equity or long-term loans,<sup>118</sup> and the first investment guidelines issued by the Scottish Office instituted an elaborate regime of regulation where sponsor department consent was required for particular types of investments, partly in order to secure coordination with the administration of UK regional policy grants by the sponsor department, and the performance of invested companies would be monitored through a financial duty.<sup>119</sup> The restrictions on especially investment size may have been introduced in order to counter political concerns about back-door

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116) The overall make-up of the discursive terrain will be covered on the basis of existing literature on Thatcher and British politics.

117) Although of course not ‘monuments’ in the sense of Andersen’s institutional history (1994 p 33).

118) SDA Act 1975 section 4.

119) SEPD 1976.

nationalisation, but in effect it instituted an incentive for the Agency to concentrate primarily on relatively small investment projects. With regard to the financial duty, its strategic implications essentially reflected the contradictory nature of the SDA's statutory obligations because it introduced profitability as a criterion in the appraisal and monitoring of individual investment projects, but at the same time it was underlined that patience could be required in order to comply with the commitment to regional employment.<sup>120</sup> The overall aim of the function was merely defined by the guidelines as "promoting the growth and modernisation of Scottish industry by means of new investment",<sup>121</sup> and this rather vague statement could be seen as identifying underinvestment as a general problem in the regional economy and pointing towards inadequate investment in new technology as a specific weakness. The investment guidelines in other words contained an inherent tension between output and employment on the one hand and technology and competitiveness on the other, but by making industrial investments the first function for which Scottish Office guidelines issued and the only one for which guidelines were published in the annual reports of the Agency,<sup>122</sup> the Labour government showed that great importance was attached to this function and implicitly recognised its controversial nature.

The strategic statements by the early SDA itself were more elaborate, not just with regard to the relative importance of the new function,<sup>123</sup> but also concerning the objectives and underlying rationale of using industrial investments. In terms of the former it was stated that

The Agency is very clearly about jobs, but its attention is fixed on jobs in efficient and progressive companies and industries, and not on the creating of uneconomic employment, jobs for their own sake.<sup>124</sup>

The Agency will judge the use of its investment powers on the long-term prospects ... of viability and return. Though many Agency investments will have a

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120) SEPD 1976 pp 6f.

121) SEPD 1976 p 1.

122) SDA 1977 pp 60ff.

123) Over the first three years its share of total expenditure was expected to be between 1/3 and 2/5 (SDA 1977 p 6).

124) SDA 1977 p 8.

useful short-term effect, the Agency does not see itself as rightly involved in purely short-term or ‘rescue’ cases.<sup>125</sup>

While it was clear what the investment function was *not* about, namely subsidising crisis-ridden firms and safe-guarding employment at any cost, the balance between the two main goals is unclear because modernisation of firms in order to secure jobs in the long term may not always be conducive to commercial profitability from a short-term perspective. But although it was unclear how much ‘patience’ would be exercised with the invested companies, the Agency still established a clear causal relations between the two objectives when the goal of employment was going to be reached *through* improving the efficiency of firms. The rationale for the function was the existence of what had become known as the “equity gap”, i.e. that firms “with small size, unconvincing management, apparent risk, or short history”<sup>126</sup> had difficulties in secure long-term external finance. Publically the Agency insisted that it would adopt a proactive role also with regard to industrial investment,

(identifying) elements of industry that can usefully and profitably be created, ... and ... implanting and fostering ... such new growths, sometimes as wholly new and independent enterprises, but often in partnership with existing companies.<sup>127</sup>

and this perhaps overshadowed the point made in internal strategic documents that

the Agency will need to complement rather than substitute or compete against the activities of existing financial institutions, and indeed an important feature of the Agency’s activity must be its ability to mobilise complementary resources.<sup>128</sup>

so that overall the profile of the Agency, at least to some extent, came across as an industrial holding company sponsored by government.

This is particularly important to note in view of the developments in the overall discursive terrain. The tinkering of the Labour government at the UK level has been

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125) SDA 1976 section 43.

126) SDA 1977d p 4. See also Wilson Committee 1977f vol. 6 p. 209 and Cunningham 1977 p 10, 1978 p 12.

127) SDA 1977 p 7. A similar statement can be found in Robertson 1978 p 27.

128) SDA 1978a p 8, cf p 2; see also 1977 p 4.

described as ‘selective interventionism’, based on the idea that government due to its comprehensive information basis and capacity to take a long-term view will be able to promote economic development by ‘picking winners.’<sup>129</sup> In practice this mean that industrial subsidies should make “British industry ... compete more successfully” and that firms received extraordinary support “should be ‘viable’ within a ‘reasonable’ period of time (usually three years)”, but its major organisational invention, a UK-wide *National Enterprise Board* (NEB), was given responsibility for extending public ownership into profitable sectors of industry and in practice quickly and given responsibility for rescuing some major crisis-ridden companies.<sup>130</sup> As the SDA had been established at the same time as the NEB, it was straight-forward to claim that the two organisations shared the same political agenda.

**Table 2 Discourses around SDA Industrial Investments in the 1970s**

<i>Assumptions</i>	<i>Scottish Office</i>	<i>SDA</i>
<i>Inside / outside</i>	Scotland / UK+	Scotland / UK+
<i>Up / down</i>	employment / unemployment	viable employment / unemployment
<i>Past / future</i>	(weak) / (competitive firms)	weak / competitive firms
<i>Cause / consequence</i>	long-term inv. / jobs and efficiency	long-term inv. / jobs via efficiency
<i>Subject / object</i>	SDA inv. / (equity gap)	SDA long-term inv. / equity gap
<i>Assistant / adversary</i>	Scot. Office / (risk-averse firms/banks)	(banks) / risk-averse firms/banks
<i>Discursive terrain</i>	<i>UK level</i>	
<i>Specific nodal points</i>	Rescue employment, improve competitiveness, public ownership	
<i>Ideology</i>	Selective interventionism	

The discourses around the industrial investment function in the second half of the 1970s have been summed up in Table 2, and three points are immediately noticeable. *Firstly*, despite the many similarities, the SDA is generally more detailed in its descriptions of the policy, something which undoubtedly reflects the intended division of labour between the sponsoring government department and its arm’s-length

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129) Grant 1982 Ch. 3.

130) Grant 1982 pp 62ff, 101-21, Kramer 1989 Ch. 1.

development body. *Secondly*, the Agency sets clearer priorities for the future than the Scottish Office, most importantly by seeing efficiency as a means to achieve viable employment rather than presenting modernisation and jobs as parallel objectives - this is also reflected in the difference between what is seen as the alternative to the shared assumption about unemployment as being undesirable low-status - and by suggesting that banks should be seen as potential allies in the attempt to boost industrial investment in Scotland. And *thirdly*, despite these important differences, the similarities between the SDA's approach and the selective interventionism of the Labour government were noticeable: both assumed that public actors could promote economic development by 'picking winners', and for political opponents this could serve as a platform for making the Agency 'guilty by association', i.e. having a hidden agenda of rescuing inefficient firms and extending public sector control in the economy, despite protestations to the contrary of the organisation itself.

The second period began with the advent of the Conservative government under Margaret Thatcher in May 1979, and only two months after the general election the first draft version of a new set of investment guidelines appeared.<sup>131</sup> First and foremost industrial investment was relegated to being an auxiliary function, "complementing" all other Agency activity.<sup>132</sup> Furthermore, the commercial nature of the activity was underlined when it was stressed that appraisal of individual projects

should always have full regard to the profitability of the (invested) enterprise, .... seek to encourage maximum private sector participation, ... and not invest in any enterprise for which sufficient and appropriate private sector money ... is available.<sup>133</sup>

The thresholds over which Scottish Office consent was needed for individual projects was lowered, the SDA was encouraged to dispose of its holdings "at the earliest practicable time consistent with its statutory obligations",<sup>134</sup> and finally, the objectives of the function were also indirectly redefined when employment was downgraded as a

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131) The new guidelines appeared in draft August 1979, were officially announced in December 1979 and published shortly after (SEPD 1980).

132) SEPD 1980 p 1.

133) SEPD 1980 p 2.

134) SEPD 1980 p 3.

policy objective.<sup>135</sup> For the industrial investments function the revised guidelines signalled what the new occupants at the Scottish Office had decided this activity was *not* about, namely extending public ownership or rescuing crisis-ridden private firms in order to save jobs, but at the same time the new guidelines in effect encouraged other aspects of the industrial investment function, i.e. the priority given to smaller investments and cooperation with private financial institutions, and the Scottish Office even argued publically in terms of an equity gap for small firms that could be filled an arm's-length development body.<sup>136</sup>

The response of the SDA to this was, at least on the level of strategic statements, not particularly submissive. A new three-year corporate strategy announced a threefold real term increase in expenditure on investment,<sup>137</sup> and although the term “equity gap” was seldom used, the overall objective of the function would appear to be by and large the same, although employment seemed to be replaced by ‘growth’ as the central provider of status within the community. The only major additions compared to the late 1970s would appear to be a commitment, in line with the investment guidelines, to “encouragement of private sector financial participation”, and - perhaps more surprising - pledges to support “the revival and change of companies facing either industrial or financial problems”.<sup>138</sup> The Agency’s approach to industrial investments in the early 1980s would in other words appear to be dual. On the one hand expansion was envisaged for the investment function, on the other hand the hard-nosed commercial rhetoric of the Scottish Office and the idea of co-investment were enthusiastically embraced.

At the UK level the early 1980s saw a distinct reshaping of the overall discursive terrain. After the change of government the new Industry Secretary announced that it was intended to continue “a strong - but more selective - regional industrial policy”.<sup>139</sup> The regional problem continued to be equated mainly with spatially concentrated unemployment, linked to the absence of competitiveness and “self-sustained

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135) Industry Act 1980 section 1 subsection 2.

136) Committee of Public Accounts 1982 pp 6f.

137) SDA 1981 p 59, cf Glasgow Herald 24.11.81.

138) SDA/DCC 1983 (4) p 3.

139) *House of Commons Parliamentary Debates* vol. 970 col. 1302-21.

growth”,<sup>140</sup> and the principal task of regional industrial policy soon became to encourage the development of indigenous potential within the areas designated for regional policy support.<sup>141</sup> In practice financial subsidies were concentrated in smaller areas, and access to discretionary forms of support was tightened so that private firms should now demonstrate both “proof of need” - i.e. that the grant would make a difference in terms of terms of the nature, scale, timing or location of the project<sup>142</sup> - and that projects would “strengthen the regional and national economy” through increased efficiency.<sup>143</sup> Industry Secretary Keith Joseph did claim that

today’s statement does not flow from any ideological commitment; it flows from a desire to provide a more cost-effective and less costly regional policy<sup>144</sup>

but with the general Conservative pledge ‘to roll back the frontiers of the state’ and its constant references to liberal assumptions such as markets as a superior way to allocate resources,<sup>145</sup> at least it fitted remarkably well into the general perspective of the new Conservative government.

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140) *House of Commons Parliamentary Debates* vol. 970 col. 1307.

141) DTI 1983 pp 3ff.

142) *House of Commons Parliamentary Debates* vol. 970 col. 1303, cf Industry Act Annual Report 1980 p 42.

143) Industry Act Annual Report 1980 p 42.

144) *House of Commons Parliamentary Debates* vol. 970 col. 1317.

145) See e.g. Bleaney 1983, Jessop *et al.* 1988 pp 169ff.

**Table 3 Discourses around SDA Industrial Investments in the early 1980s**

<i>Assumptions</i>	<i>Scottish Office</i>	<i>SDA</i>
<i>Inside / outside</i>	Scotland / UK+	Scotland / UK+
<i>Up / down</i>	(viable employment) / (unemployment)	(stagnation) / (growth)
<i>Past / future</i>	SDA intervention / Scot. Off. control	Weak / competitive firms
<i>Cause / consequence</i>	Profitable investment / (efficiency)	Profitable investment / (jobs <i>via</i> ) efficiency & profitability
<i>Subject / object</i>	SDA / equity gap	SDA & firms / equity gap
<i>Assistant / adversary</i>	banks (& Scot. Off.) / (risk-aversion)	Banks / risk-averse firms & banks
<b><i>Discursive terrain</i></b>	<i>UK level</i>	
<i>Specific nodal points</i>	Indigenous growth, cost-effectiveness, selectivity	
<i>Ideology</i>	Liberalism	

The discourses around the industrial investment function in the early 1980s have been summed up in Table 3, and three points are especially worth noting. *Firstly*, the degree of change recorded differs between the three sets of texts: the discursive terrain appears to have been complete transformed, the assumptions of the Scottish Office had to a large extent come to resemble those of the SDA in the late 1970s, and at the Agency itself the only major change was the increased emphasis on profitability and growth. *Secondly*, despite, or perhaps because, the Scottish Office had moved closer to its arm's-length body, the new emphasis of the investment guidelines was very much on reasserting control and hence, by implication, made it appear as if the SDA had previously operated in (interventionist) ways fundamentally different from those now being introduced. And *thirdly*, the new high-profile embrace of profitability and growth at the Agency fitted well with the new configuration of the discursive terrain, hence making it possible to interpret this as a sign of 'Thatcherisation'.

The final period under review, the late 1980s, began with an extensive review of the SDA and its activities undertaken jointly by the Scottish Office and the UK Treasury. The report of the review group concluded that

the Agency's investment activity in recent years has made a worthwhile and cost-effective contribution to the Scottish economy<sup>146</sup>

and formulated a positive rationale for the function by pointing to market failures where inadequate access to capital affected especially high-tech projects and small expanding businesses. These problems occurred either because risk aversion and inadequate information made private investors reluctant, or due to externalities

where the company involved would not be able to appropriate a significant part of the benefits that would accrue to the Scottish economy as a whole.<sup>147</sup>

Implementation was, however, still circumscribed by the commercial appraisal criteria of the investment 1980 guidelines, and the review insisted that investment

... should normally only be undertaken when the supported enterprises or activities can be expected to become *viable* without continuing support, the activity is *additional* in the sense that it would not otherwise have taken place, and does not simply *displace* another activity with no net gain to efficiency.<sup>148</sup>

Furthermore, a more structured approach to disposal of the portfolio was recommended, although the report also warned that premature disposal of investments could involve “forgoing potential financial or development gains”.<sup>149</sup>

The SDA responded to the review by adopting a market-failure framework and now defined the objectives of the industrial investment function as

... filling a perceived gap in the availability of finance, especially for small companies and developments carrying a high degree of risk.<sup>150</sup>

This was to be achieved by overcoming “constraints on the availability of capital, in all its forms”, and although the requirement for commercial implementation left only a

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146) IDS 1987 p 50.

147) IDS 1987 p 46.

148) IDS 1987 p 46 (italics added).

149) IDS 1987 p 51.

150) SDA 1988 p 54, cf Agency views reported in National Audit Office 1988 (p 6).

narrow scope for the Agency as a “direct provider of last resort”,<sup>151</sup> viability of projects was still to be achieved “over a larger timescale than the private financial sector would sometimes be prepared to accept”.<sup>152</sup> Disposal of the more mature parts of the SDA’s investment portfolio did, however, not become a strategic priority.

At the UK level the discursive terrain remained dominated by liberal thinking, in the late 1980s focusing not only on ‘rolling back the state’ through privatisation, but also developed increasingly detailed notions of the exceptional situations - ‘market failures’ - in which it would be acceptable for the public sector to interfere in the ‘natural processes’ of the market.<sup>153</sup> In line with this the 1988 White Paper *DTI - the department for Enterprise* was based on the belief that while “sensible economic decisions are best taken by those competing in the market place”, public policy could still act as a catalyst

by stimulating individual initiative and enterprise and by promoting an understanding of market opportunities combined with the ability to exploit them.<sup>154</sup>

In some regions the decline of traditional industries had not produced an adequate response in terms of new firm formation and innovation, resulting in “higher unemployment and poorer growth”, and hence a central objective of regional policy was “to encourage the development of indigenous potential” in order to achieve self-generating growth in the long term.<sup>155</sup> In the late 1980s central government in other words continued to perceive problem regions in terms of a relatively weak position with regard to unemployment and growth, but the emphasis on indigenous potential and self-generating growth suggest that the underlying value transforming spatial difference into legitimate objects of public policy was now concerns about the competitiveness of the Assisted Areas rather than a quest for inter-regional equality in its own right.

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151) Both quotes from SDA 1990 p 32.

152) SDA 1987 p 54.

153) Thompson 1990 Ch. 2, Jessop *et al.* 1990.

154) DTI 1988 p iii.

155) DTI 1988 p 29.

**Table 4 Discourses around SDA Industrial Investments in the late 1980s**

<i>Assumptions</i>	<i>Scottish Office</i>	<i>SDA</i>
<i>Inside / outside</i>	Scotland / UK+	Scotland / UK+
<i>Up / down</i>	stagnation / growth	stagnation / growth
<i>Past / future</i>	SDA intervention / Scot. Off. control	Weak / competitive firms
<i>Cause / consequence</i>	Profitable marginal investment / growth & efficiency	Profitable marginal investment / growth & efficiency
<i>Subject / object</i>	SDA & firms / equity gap	SDA & firms / equity gap
<i>Assistant / adversary</i>	Banks / under-informed firms & banks	Banks / under-informed firms & banks
<i>Discursive terrain</i>	<i>UK level</i>	
<i>Specific nodal points</i>	Indigenous growth, cost-effectiveness, market failure, enterprise, competitiveness	
<i>Ideology</i>	Liberalism	

The discourses around the industrial investment function in the second half of the 1980s have been summed up in Table 4, and three points are especially worth noting. *Firstly*, the Scottish Office had now developed a detailed positive rationale for the industrial investment function and thus publically endorsed an activity that the Conservative government was originally more than a little sceptical about. *Secondly*, the identity between the assumptions of the SDA and its sponsor department are striking, and within this consensus the question of jobs has been sidelined while what may appear as a Catch-22 coupling of profitability and marginality would seem to limit the scope for investment. And *thirdly*, with the Agency's assumptions being not only similar to those of its sponsor department but also much in line with the nodal points of the UK-level discursive terrain, it is tempting to conclude that the late 1980s eventually saw the industrial investment function having been reshape according to a Thatcherite agenda.

Such a conclusion would, however, seem to be both premature and unwarranted. First and foremost it is of course crucial to bear in mind that what has been undertaken till now is simply an attempt to chart the assumptions concerning the industrial

investments of the SDA, and the implementation of the function in practice may not necessarily have reflected these assumptions. Moreover, the assumptions of the Agency would seem to display a high degree of continuity: competitiveness had remained a central goal throughout, although the ways in which this should be achieved has been formulated in slightly different ways (increasing importance of private sector co-investment, risk-aversion substituted with information market failure) and the importance of jobs has gradually been replaced by the broader notion of growth. At least at the discursive level it is therefore difficult to claim that 1979 represented a radical rupture with regard to the industrial investment function, and this impression is strengthened by the historical sequence of events. At least in the two first periods the SDA appears to be the one initiating discursive developments which are then later taken up by the sponsor department: the late 1970s emphasis on viability and competitiveness was adopted by the Scottish Office in the early 1980s, and its focus on growth in the early 1980s was echoed in the government review of the late 1980s. The two most important contributions of the sponsor department were the insistence of the new Conservative guidelines on co-investment which assigned important roles to private actors, firms and banks, within the policy programme, and the ‘consecration’ of the function from a market-failure perspective which meant that industrial investment became acceptable within the overall framework of government policy. As high-profile public gestures, these two moves by the political sponsors could be cited in support of the ‘Thatcherisation’ hypothesis, but the extent to which this has been the case assumptions about viability, profitability and marginality have been interpreted from the mid-1970s to the late 1980s, and in order to illuminate we now turn to an examination of the way in which the industrial investment function has been implemented.

### *Implementing Industrial Investments as Regional Policy*

The implementation of a policy can be seen as a case of interorganizational relations where a public policy-making body attempts to achieve goals by creating a set of interaction rules, options and incentives, which should influence the behaviour of other actors, presumably in a way conducive to policy goals. In the case of the SDA’s industrial investment function, this involved access to public venture capital for private firms on conditions defined by the Scottish Office and interpreted by the Agency with regard to prospects of viability, products, markets and management.

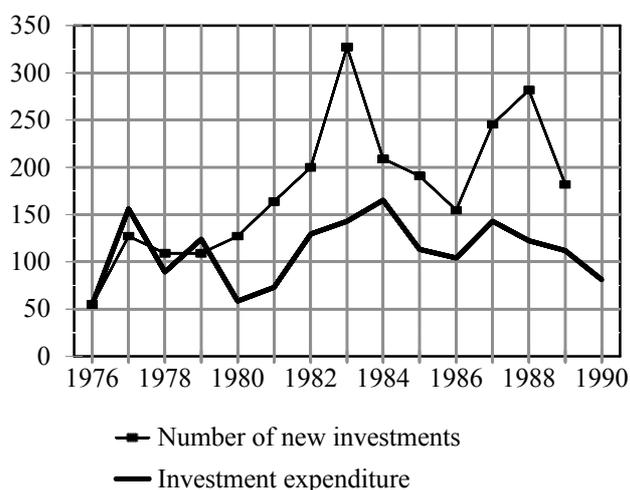
The ‘Thatcherisation’ hypothesis can be translated into a series of claims about the development of the SDA’s industrial investments with 1979 as the alleged turning point:

- ⊆ the overall level of activity was reduced in the 1980s compared to the 1970s,
- ⊆ the firms targeted shifted from existing firms in traditional industries towards new firms in modern industries,
- ⊆ investment proposals were subjected to increasingly commercial assessment criteria, and
- ⊆ the influence of the Agency on invested firms were reduced.

In order to assess these claims a database has been constructed, covering key aspects of all major Agency investments undertaken from 1975 to 31 March 1990 and incorporating unpublished SDA data.<sup>156</sup>

With regard to the level of activity, the relative prominence of the investment function remained stable, accounting for ca 12 per cent of SDA gross expenditure, except for a brief period in the early 1980s, and the average yearly spending in real terms was actually higher after 1979 than before.<sup>157</sup>

However, as can be seen from Figure 3, both real term expenditure and the number of investments undertaken were on a considerably higher level in



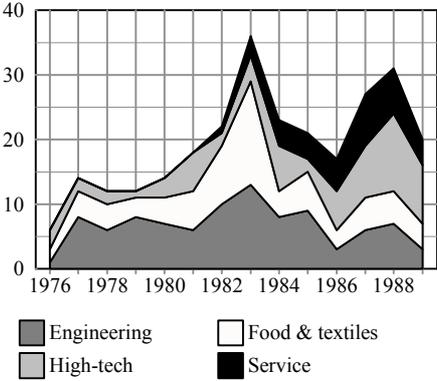
**Figure 3 Indexes of SDA investment activity.**

100 = average 1976-79, real term expenditure figures relate to financial years, investment projects to calendar years. Sources: calculated on the basis of SDAINV and SDA 1976-91.

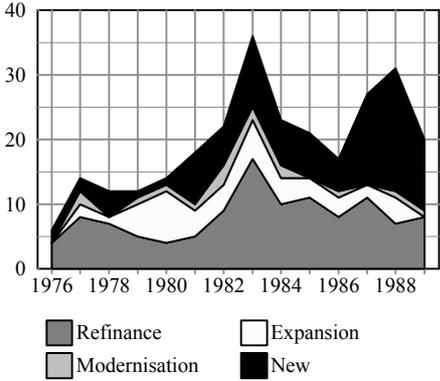
156) The assistance of Donald Patience, Director, and Anne McGovern of the Agency’s Head Office Investment Division in providing information is gratefully acknowledged. Data for the SDAINV database was collected in 1990 and therefore excludes information about the last 12 months of operation.

157) Calculated on the basis of SDA 1977-91. The average yearly real-term spending (1985/86 prices) was less than 14 £mio before and more than 15 £mio after the change of government.

the 1980s than in the 1970s. In short, instead of having its role reduced dramatically, its original auxiliary role was actually enhanced after the change of government.



**Figure 4 SDA investments by sector.**  
Number of invested firms.  
*Source: SDAINV.*

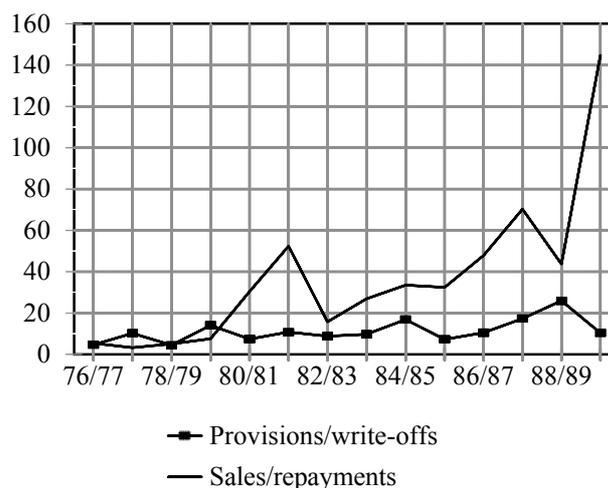


**Figure 5 SDA investments by project type.**  
Number of invested firms.  
*Source: SDAINV.*

In terms of the characteristics of the invested firms, the changing sectoral composition of SDA investments is charted in Figure 4. While traditional Scottish industries - engineering, textiles, and food processing - made up more than 75 per cent of all investments undertaken prior to 1985, and only in the second half of the 1980s have modern industries (electronics, biotechnology and services) accounted for around 50 per cent. Although the Agency's investment function became increasingly oriented towards modern segments of the economy, considerable resources were still committed to traditional sectors. A similar picture emerges from an analysis of the firm-level purpose of investments, as illustrated by Figure 5, where the importance of investment in new firms rose from ca 20 per cent to ca 50 per cent of the total number of investments since the late 1970s, but still ventures that refinance existing productive capacity (additional working capital, management buy-outs, etc.) have continuously accounted for more than 40 per cent of the total. Despite the increased commitment to new ventures, considerable resources have in other words been spent on catering for the financial needs of existing firms.

One way of illuminating whether the industrial investment function did indeed become more commercial in its orientation over the years could be to focus on those firms in which the involvement of the SDA was eventually terminated: either because

the receiver had to be called in when a firm failed to perform adequately, or because stakes in a more successful firm were sold. As illustrated by Figure 6, the financial liabilities incurred by the SDA through less successful investments remained fairly stable around ca 10% of the value of the portfolio until the late 1980s, and thus despite the well-publicised and severe difficulties experienced in the late 1970s by some companies controlled by the



**Figure 6 Financial measures of success and failure in industrial investments.**

Provisions/write-offs and sales as percentage of value of portfolio. *Source: SDA 1977-91.*

Agency, the early 1980s did clearly *not* involve a large share of the ‘old’ portfolio being handed over to the receiver. It is equally clear from Figure 6 that receipts from sales and repayments increased significantly after the change of government, culminating in 1981/82 and again in the late 1980s. This of course demonstrates that the private sector was interested in acquiring Agency invested firms, but it does not necessarily imply a more commercial approach on part of the development body, because when the SDA and the private sector knew that there was a strong political demand for sell-offs, this could easily depress prices and make it attractive for private investors to acquire even firms with a less convincing track record, and thus the twin-peak pattern of sales could reflect the Agency’s reaction in the two periods in which the political pressure was most intense, namely in the wake of the new investment guidelines in 1980 and the 1986 government review respectively. All in all it would therefore seem to be difficult to use aggregate financial evidence to support a clear dichotomy between periods in which the SDA has adopted a more or less commercial approach to investment appraisal.

The influence of the SDA on its invested firms has been affected by two trends. *Firstly*, the structure of the portfolio changed in the 1980s because the size of the average investment was cut by 75 per cent in order to spread the risk and increase

private co-investment;<sup>158</sup> this increased the number of invested firms dramatically and effectively precluded SDA control of individual companies. *Secondly*, the way in which the Agency tried to improve the performance of the invested firm was altered; instead of providing direct managerial assistance by secondment *after* the investment has been undertaken, more stringent procedures for the evaluation of proposed projects *prior* to investing were introduced.<sup>159</sup> How these changes affected the SDA's ability to influence the actions of the private sector is, however, less obvious. On the one hand, the Agency's direct control of individual firms had always been limited: pre-1979 investments had by no means primarily been majority holdings,<sup>160</sup> from the beginning the SDA operated largely by reacting in response to investment proposals from the private sector,<sup>161</sup> and the small absolute number of Agency invested firms precluded large-scale restructuring on a sectoral level. On the other hand the reliance on leverage may not have diluted, but on the contrary enhanced the impact of the Agency's investments;<sup>162</sup> that is, of course, *if* the financial commitments of the SDA have been crucial in making marginal projects go ahead, and *if* the Agency's conditions for co-investing have significantly improved the proposed projects.

All in all the implementation of investment function can hardly be said to have been radically changed, despite the formal powers of its political sponsors and the new guidelines issued by the Conservative government in 1980. The new sectoral and project-type priorities were additional in the sense that vast resources were persistently committed to traditional industries and existing firms, and the most remarkable change identified - reliance on minority investments - may have been off-set by new and more stringent appraisal procedures that maintained or even enhanced public sector influence over firms within the Scottish economy. But, of course, the latter were activities that were not heavily publicised, unlike a number of high-profile failures of firms controlled by the Agency in the late 1970s, or indeed the new 1980 guidelines,

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158) Calculated on the basis of SDAINV and SDA 1976-91.

159) Interviews with SDA Investment Director Donald Patience 31.5.90, and Head of SDA's Industry Services Division Gerry Murray 30.7.90.

160) A maximum of 7 is recorded in 1978 (SDA 1978, pp. 30-31), that is c. 33% of the firms in the portfolio and c. 45% of the invested capital.

161) SDA 1976 pp. 6, 11; SDA 1977a p. 8; interview with SDA Investment Director Donald Patience 31.5.90.

162) This is, not surprisingly, maintained by the Agency (interview Investment Director Donald Patience 31.5.90) and the Scottish Office (IDS 1987 pp. 45ff).

and thus also aspects of implementation could form the basis of a ‘Thatcherisation’ interpretation.

## **5. Discourse, Agency and Regional Policy**

The above analysis would seem to suggest that neither of the existing interpretations of the development of the SDA are particularly helpful. On the one hand the ‘Thatcherisation’ hypothesis which implies radical change brought about via the sponsor department is not only clearly at odds with (new) evidence on implementation, but also seems to overlook the fact that most discursive innovations (e.g. the emphasis on viability and growth) can be attributed to the Agency rather than the Scottish Office. On the other hand the alternative continuity-oriented interpretation which sees the development of the SDA as a gradual learning process would seem to underestimate the importance for the organisation of being perceived as adopting to its changing external framework in the form of e.g. Scottish Office regulation and the overall discursive terrain. From a broader perspective it could be argued that the ‘Thatcherisation’ position could be the result of too much focus on discursive phenomena and therefore miss key features of the interaction between the Agency and private firms, hence overestimating e.g. the importance of the much-publicised investment failures of the late 1970s and overlooking continuities with regard to the sectoral profile of investments. Similarly, the continuity-oriented interpretation could be said to focus too singlemindedly on SDA agency would make it difficult to understand origins or impact of the 1980s guidelines and the ‘market failure’ consensus of the late 1980s. Instead, in order to get to grips with the relationship between continuity and change in the development of the industrial investment function of the SDA, it is necessary to focus on the constant and intricate interaction between discourse and agency, with the 1980 guidelines reflecting both liberal ideology and perceptions of unsuccessful implementation, and SDA implementation gradually evolving towards scrutiny of investment proposals that protected its own financial position by adding value to the proposal and/or organisational set-up - which eventually made it possible to operate also within a market-failure framework embraced by the Conservative government.

The case study therefore also points towards a more general point, namely the importance of considering both discourse and agency in the study of public policy on the basis of an integrated analytical framework akin to the one presented here. Although the full analysis requires more space than a short working paper, the case study may hopefully also have suggested the potential contribution of some of the key features of the proposed institutionalist framework, including the three levels of analysis, the importance of resources, strategies and interorganisational interaction, and, last but not least, the usefulness of the assumptional orders as a means to structure the empirical analysis of discursive phenomena.

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