# Policy Leadership Styles and the Process
# of Paradigmatic Policy Change: Three Propositions

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**Abstract:** This paper formulates a theory of policy leadership based on propositions that relate to the conditions under which rival leadership coalitions engage in a contest for authority over the system-wide direction of the policy process and differentiate themselves according to distinctive styles in respect of which the demand shifts due to the endogenous accumulation of disappointment over distinct phases of a process of paradigmatic policy change. It both draws from concepts familiar to policy theorists and the work of economic revisionists who have sought to make the expressive dimension of phenomena such as leadership more amenable to deductive analysis.

**Keywords**: leadership styles. Policy paradigms, hope, disappointment.

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**Introduction**

The view that government has as much to do with the problem of steering as it has to do with the problem of power (Rose, 1987) has been taken up with a vengeance by contemporary writers on the subject of "governance".  They have attempted to move beyond the traditional focus on decentralized/market-oriented and centralized/statist mechanisms of governance to highlight a "third dimension" that explicitly blurs the boundaries between the public and private sectors and involves state actors playing a catalytic role in engaging societal actors in network relationships through which they strive to steer the policy process toward the realization of shared goals (Rhodes, 1997; Stoker, 1998; Jessop, 1995).  Within the fields of public administration and policy studies this research represents an attempt to move away from the normative, formal, constitutional understanding of the government as a "unitary state directed and legitimated by the doctrine of ministerial responsibility" toward an attempt to understand the complex reality of governing in practice where it is often the case that "there are many centers and diverse links between many agencies of government at local, regional, national and supranational levels" (Stoker, 1998, p.19).  It thus has considerable affinities with the burgeoning literature on "policy networks" that has significantly influenced implementation research in the field of policy studies (Marsh and Rhodes, 1992).

In the view of Stoker (1998, p.18) the value of the emerging "governance paradigm" lies "not at level of causal analysis" but rather rests in its capacity to provide an "organizing framework", "a language and frame of reference" that leads theorists "to ask questions that might not otherwise occur" regarding changing processes of governing.  This paper advances the view that the explanatory power of the governance paradigm could be enhanced if it is augmented with a theory of policy leadership.  This is based on the recognition that there is a striking affinity between the way "governance" and "leadership" are conceived in the theoretical streams that study these phenomena.  This is reflected in the increasing tendency for governance theorists to see "government as able to use new tools and techniques to steer and guide" (Stoker, p.24) while, in modern leadership theory, the wide range of definitions of this phenomenon seem to be converging toward the concept that "leadership is a social influence process through which the members of a group are steered toward a goal" (Bryman, 1986, p.8).  Moreover, within the long-standing tradition of inquiry into leadership there appears to be a recurrence of a number of concerns that are also strikingly relevant to governance theory.  A comprehensive survey of this

literature by Bass (1990) suggests that these can be related to (a) the traits exemplified by leaders (as identified in personal or "great man" theories of leadership) or shared in common by the members of networks that collectively supply leadership in a particular context (Bryson and Crosby, 1996; Wallis, 1999); (b) the conditions under which opportunities emerge for leadership to play a historically significant role (as studied in "situational theories of leadership"); and (c) the appropriateness of distinct leadership styles to different historical contexts or situations (Little, 1988).

This paper will attempt to formulate a theory of policy leadership within an institutional context that addresses these concerns in a way that is directly relevant to contemporary governance theory. This theory will be based on the following three propositions:

1. Policy leadership will be collectively supplied by that leadership coalition that is able to prevail in a contest with its rivals for authority over the system- wide direction of the policy process;

2. The stability of the institutional context for policy making will determine whether policy actors are concerned with the distinctive style as well as goals of the ruling leadership coalition;

3. The accumulation of disappointment with the style of leadership exercised by the ruling leadership coalition will cause the demand for a new style of policy leadership to shift in a predictable way during the distinct phases of a process of paradigmatic policy change.

In elaborating on the first two propositions, the paper will apply concepts derived from studies of "policy networks", "advocacy coalitions" (Sabatier, 1991) and "policy paradigms" (Hall, 1993) that have become familiar in the policy literature. The fact that many of the contributors to this literature are economists and political scientists who are strongly influenced by the "rational choice approach" does mean that they tend to describe rather than explain the expressive dimension of leadership behavior. However, it is this dimension that would appear to underlie the distinctiveness of leadership as a social influence process. Some pioneering work by "rational choice revisionists" such as Elster (1998), Collins (1993) and Hirschman (1982, 1985) would appear to make the expressive dimension of human behavior, in general, and leadership, in particular, more amenable to deductive analysis. The paper will thus also draw on their work to relate the internal cohesiveness of leadership coalitions and shifts in the emotional climate that underlies the policy process to the cycles of hope and disappointment that are likely to occur during the process of replacing one policy paradigm with another.

# 1. The Contest for Authority Between Rival Policy Leadership Coalitions

At any time the supply of policy leadership can be conceived as emerging from "a contest for authority" between rival policy leadership coalitions (PLCs). The PLC that prevails in this contest will be able to locate its members in key positions so that they can steer the policy process in the direction of the bounded set of goals they share in common. It is proposed that these PLCs will share a number of characteristics.

In the first place, the tasks of policy leadership undertaken by their members are typically collectively supplied. A PLC can thus be conceived as a network of "policy entrepreneurs" (Kingdon, 1984) who strive to advance one another into positions of leverage over the agenda-setting, formulation, decision-making, implementation and evaluation stages of the policy process. This concept of leadership ties in with much of the modern writing on the subject that tends to emphasize the collective dimension of this phenomenon (Bryson and Crosby , 1992, p.32).

Secondly, its members include both state and societal actors drawn from across institutional and partisan boundaries into horizontal leader-leader relationships similar to those observed in the policy network literature. Their mutual concern is not, however, with the sectoral issues that typically engage the participants in "policy subsystems" but with the system-wide direction of the policy process.

Thirdly, the contest for authority over the system-wide direction of governance may take a form similar to that which Jenkins-Smith and Sabatier (1993) observe in subsystems that have experienced the emergence of a stable line-up of opposing "advocacy coalitions". These writers propose that for this to occur the following conditions should be met:  (i) the participants in a policy subsystem should come to have a hierarchy of beliefs reflected in their unwillingness to revise "policy core" as distinct from "secondary" beliefs in response to new information; (ii) advocacy coalitions should come to be identifiable by the "policy core beliefs" which their members share in common; (iii) the main controversies in a policy subsystem should involve disputes about the core beliefs of opposing coalitions; and (iv) these disputes should typically not be capable of uncontestable resolution through scientific methods or according to the standards of independent professional forums but should tend to be perpetuated as each side buttresses its position by using substantive policy information in an advocacy fashion.

The view that policy actors are identifiable in terms of their core beliefs suggests that there is an expressive as well as an instrumental dimension to their behavior. As Charles Taylor (1989) has pointed out, the commitments of scarce resources of time, wealth and attention that people make to collective activities are not just based on an instrumental calculation of their impact on the probability of the group realizing its goals (Olson, 1965) but on their motivation to

define their identity in a "public space" of questions about where they stand and who they identify with by expressing through observable commitment how much these goals mean to them.

While policy theorists such as Sabatier have highlighted the significance of this type of behavior, they have not made much progress in analyzing and explaining it, possibly because they appreciate that this would involve them moving outside the boundaries of both the institutionalist and rational choice traditions that shape their colleague's understandings of political behavior. There have, however, been some indications that these traditions are becoming more open to explanations that take into account this expressive dimension.

In particular, a number of writers have sought to modify the rational choice perspective to explain the effect the emotions might have on behavior. In his article "Emotions and Economic Theory" (1998), Elster proposes that emotions are triggered and sustained by beliefs that are expressed with an observable level of emotional energy so as to produce "action tendencies" or, as Frijda (1986, p.70) put it, "states of readiness to execute a given type of action". Elster rejects a cost-benefit model of the emotions that treats them "as psychic costs and benefits that enter into the utility function on a par with satisfactions derived from material rewards" (1998, p.64) in favor of an approach that views them both as sources of "cognitive dissonance" (Festinger, 1957) and as mechanisms of dissonance reduction. In his view individuals do not choose emotions since their occurrence is "basically unbidden". A dissonance model of the emotions could, however, explain why they choose to avoid or seek out situations that are likely to trigger certain emotions.

Randall Collins (1993) has followed a strikingly similar line of argument to explain how interactions of a sufficient "density" between the members of a group that hold in common beliefs with an "emotional energy" that is "empirically visible, both in behavior (especially nonverbal expressions and postures) and in physiology" (p.211) can cause the participating group's focus of attention and common emotional mood to go through a short term cycle of increase and mutual stimulation until a point of emotional satiation is reached. According to this writer, these interactions will leave each participant with an "energetic afterglow" that "gradually decreases over time" so that individuals have an incentive to reinvest their emotional energy in subsequent interactions. It may therefore accumulate across interactions so that "an individual may build up a long-term fund of confidence and enthusiasm" (p.212).

These lines of thought can be applied to explain the formation and internal cohesion of PLCs if these networks are seen as providing the context within which the shared **hopes** of members can be strengthened. Snyder's (1994) definition of hope as "the sum of the willpower and waypower that you have for your goals" (p.5) suggests that it can be associated with an action tendency to keep striving, in the face of repeated disappointments, to advance particular goals. This source of motivation would seem to be strikingly relevant to the behavior of the members of

PLCs. As they strive to advance their goals they would typically encounter resistance from other groups and from the institutional and environmental factors that constrain their capacity to "get their way" and generate the stream of disappointments that can accumulate in a way that weakens their political resolve. The corrosive effect of disappointment on this action tendency may, however, not be immediately apparent since the members of PLCs may make an allowance for disappointment up to a threshold determined by the strength of the beliefs they hold about its goals.

Two core beliefs, in particular, would seem to underlie their action tendency to keep striving to advance their PLC's goals. The first is the belief that the advancement of these goals is "neither impossible nor inevitable" (Sutherland, 1989, p.195). This belief does not have to be based on probabilistic calculation - it may only be derived from an "imagined skein of possibilities" (Shackle, 1973, p.62). For the members of a PLC it may be sufficient that they believe that they have the "waypower" (Snyder, 1994) to effectively react to obstacles and resistance by devising and pursuing alternative ways to advance their collective goals.

The second belief is that the collective advancement of these goals is "worthwhile" or "important" in the sense that it is "worthy of pursuit in a special way incommensurable with other goals we might have" (Taylor, 1985, p.135). The process of placing hope in certain goals seems to involve an investment or commitment of self to the realization of these goals. Or, to use Hirschman's (1982) terminology, it requires actors to form a "second order metapreference" regarding the "kind of life they want to live" or the "kind of person they want to become".

Elster's proposed "dissonance theory of the emotions" (1998) suggests that this type of actor will seek out situations in which the dissonant effect of cumulative disappointment can be countered and the beliefs underlying hope can be strengthened. In particular, their quest for two types of cognition will draw them to interact within PLCs that are bounded by shared "core" beliefs. Firstly, the reasons individual members have for striving to advance the goals of the PLC will always, to a degree, be implicit, inchoate and partly articulated. They will therefore look to one another to provide a clearer, more explicit articulation and to buttress their beliefs in the worth and possibility of their collective leadership. Secondly, the emotional energy that is produced and reproduced in these interactions in the manner described by Collins (1993) will augment the fund or reserve of "willpower and waypower" (Snyder, 1994) that they need to draw on if they are to keep striving to overcome and circumvent the institutional and political obstacles to the advancement of their goals.

It should be emphasized that these benefits do not accrue to "free-riders" or "preference falsifiers" (Kuran, 1990). A person who does not genuinely hold the core beliefs of a PLC will find it difficult to "keep up an act", continuously "fooling" other members about their lack of passionate intensity and, even if they succeed in this falsifying strategy, they will derive no

satisfaction from a sense of belonging to this group. The internal cohesion of PLCs may therefore increase over time as they screen out those participants who cannot derive "solidary in-process benefits" (Buchanan, 1979) from interacting with other members who share their beliefs and invest an observable level of emotional energy in these interactions.

It would therefore seem plausible that through these mechanisms a number of internally cohesive PLCs would seek to engage, at any time, in the contest for authority over the direction of policy development. The question of how these PLCs differentiate themselves from one another must now be explored in more detail.

## 2. Policy Leadership Coalitions in Punctuated Equilibrium Models of Policy Change

Perhaps the most distinctive aspect of the "new institutionalist" approach to policy studies is its attribution of "historical inefficiency" to the failure of the institutions of policy making fail to adapt rapidly to changes in the policy environment so that institutional change tends to follow a "punctuated equilibrium" pattern. PLCs can be distinguished according to their tolerance for the inefficiency of history. Punctuated equilibrium models suggest this tolerance will be pervasive during the comparatively long periods when PLCs operate within the boundaries of what Hall (1993) terms a ruling "policy paradigm".

During these periods most PLCs will exercise a "political" style of leadership that will focus on realizing particular goals without seeking to change the institutional context. According to Hall (1993) the policy changes they initiate will tend to be either "second order" changes in policy instruments and "first order" adjustments in the settings of these instruments. They will typically avoid advancing the process of replacing one paradigm with another, a process Hall characterizes as involving a "third order" change in the hierarchy of policy goals and the overarching terms of policy discourse.

Hall cites the shift from Keynesian to monetarist macroeconomic policies under the Thatcher government in the UK as an example of third order change. However, this order of change is also apparent in those developing and transitional countries that have, over the last two decades, implemented comprehensive reform programs (CRPs) based on the "Washington consensus" that recommends the abandonment of Keynesian demand management and import-substituting industrialization policies in favor of a strategy that focuses on "macroeconomic stabilization" (of debt and inflation) and "structural adjustment" through market-oriented reforms " (Williamson, 1994; Rodrik, 1996).

In a survey of the political economy of policy reform, Rodrik (1996, p.10) has suggested that the main issue confronting the contributors to this literature relates to the question: "Why are so many governments reforming now, after decades of adherence to policies of the opposite

kind?" Generally, it would seem that the delayed implementation of CRPs can be related to the risks they pose for governing coalitions. During periods of "normal politics" (Balcerowicz, 1994) they would seem to have propensity to avoid the political risks of radical shifts that are surrounded by *ex ante* uncertainty about their distributional consequences (Rodrik, 1996), that depart from the centrist position associated with the Downsian consensus and that may create an opportunity for a coalition of minorities opposed to comprehensive reform to win the next election (Wallis and Dollery, 1999, p.184). The leadership style exhibited by most PLCs during periods of paradigm stability will thus be pragmatic and incrementalist as they engage in political processes of bargaining and deliberation to advance their goals within a largely given institutional context.

Hall (1993) argues that the authority of the reigning policy paradigm will gradually eroded by the accumulation of "anomalies" and the resort by policymakers to "ad hoc experimentation" that stretches its coherence. I would argue that this process will be accompanied by an accumulation of disappointment with the prevailing political leadership style. In many ways this is analogous to the accumulation of specific disappointments with particular lifestyles that, according to Hirschman (1982), was a significant endogenous factor precipitating shifts in the percentage of a population that exclusively engaged in private pursuits, on the one hand, and committed themselves to activist public causes, on the other.

The accumulation of disappointment with the failure of PLCs to offer alternatives to a political style of policy leadership will eventually produce a climate of frustration with a policy community. A growing number of policy actors will experience frustration with the unwillingness of PLCs to question, challenge or consider changes outside the boundaries of the ruling paradigm and associated institutional framework. This frustration may be countered by the emergence of PLCs that differentiate themselves not just in terms of their goals but also in terms of their capacity to exercise a style of leadership that makes an effective contribution to the advancement of a paradigmatic "third order" process of policy change that restores hope by overcoming the institutional obstacles to the realization of these goals.

But what are the alternatives to the "political" style of policy leadership? Graham Little (1988) suggests three. In the first place, there is the "inspirational" style exhibited by leaders who tend to be "political Pandoras, liberating hopes . .unrealistic, inventive imprudent, careless, enraptured with change and the future" (1988, p.5). Little suggests that at certain stages of their political careers John F. Kennedy in the United States, Harold Wilson in the United Kingdom, Pierre Trudeau in Canada, Gough Whitlam in Australia and David Lange in New Zealand may have exhibited some of these traits. Vaclav Havel in the Czech Republic and Nelson Mandela in South Africa would seem to be more recent exemplars of this style of leadership.

Secondly, there is the "strong" style exhibited by leaders who "prefer to implement ideas rather than to debate them" (Little 1988, p.45). Although they are "deliberately unvisionary and unexciting" (p.5) they have a reputation for decisive action based on "simple, tangible goals, minimal entanglements and reluctance to compromise" (p.15). Little devotes much of his book to examining the degree to which Margaret Thatcher in the United Kingdom, Ronald Reagan in the United States and Malcolm Fraser in Australia conformed to this type.

Thirdly, there are leaders who exercise what Little calls a "group" style of leadership. They "are reluctantly aggressive and tend to idealize solidarity, equality and consultative processes" (p.6). Little tends to see them as more appealing but less effective than strong leaders. In this regard he argues:

> "President Carter is an outstanding example from this period as is Michael Foot, the former British Labour Leader. Reagan beat one, Thatcher the other, as they did their successors. Mondale was a classic Group Leader in his attachment to the solidarities of working men and women and his preachments on compassion. 'Sunny' Jim Callaghan, fruitlessly searching for peace in industrial relations, went under the firmer bite of Mrs Thatcher. In Australia, an exemplary action by Bill Hayden brought Labor to power in 1983. Hayden, a Group Leader, resigned to make way for Hawke 'for the good of the Party', and Hawke went on to beat Fraser" (p.6).

I would suggest that this conclusion is dependent on the context of 1980s politics that Little is studying and fails to appreciate the effectiveness of the style of leadership offered in the 1990s by leaders such as Bill Clinton in the US and Tony Blair in the UK. This style can be more helpfully characterized as "empathetic" since while it encompasses the more inclusive style that Little associates with Group Leaders, it dispenses with the nostalgia that can make this style of leadership irrelevant in the aftermath of radical change and emphasizes the necessity of "adjusting to the new realities".

Little tends to view these styles of leadership as being exercised by particular individuals. To relate his typology to the concept of policy leadership being advanced in this paper, it will be necessary to delineate the type of network through which each style will be collectively supplied and the distinctive "expression games" played by the members of these networks to differentiate their style from that of their rivals. This will lay the basis for elaborating the third proposition that the demand for leadership styles will shift in a predictable way during the distinct phases of a process of paradigmatic policy change.

## 3. Expression Games and the Path of Leadership Succession

During those periods of institutional instability when PLCs seek to differentiate themselves in terms of alternative leadership styles, they will engage in what Goffman (1959) described as "expression games". These are typically a form of social interaction that involves "senders" who

express themselves in particular ways, and "receivers" who take in and react to such expressions, forming an impression of the "senders". This concept is particularly pertinent to policy studies since the interpretation of political expression generally involves "making inferences from the expressive act about the sender's motives, values and commitments" (Loury, 1994: 432-3). Through repeated plays of an expression game a PLC can construct a stable impression of the style of leadership its members are striving to supply.

As Table 1 indicates the boundaries of the policy quest the suppliers of a particular leadership style are striving to advance may be defined by differentiating their leadership style from that of its two most relevant alternatives.

**Table 1:**

**The Expression Games Associated With Different Styles of Policy Leadership**

| Style | Policy quest | Network Focus | Different-iated from . . . | To create impression of . . . | Irrelevant alternative |
|---|---|---|---|---|---|
| Inspirational | Innovation | Formul-ation | Political<br><br>Strong | • Autonomy from old rules, roles and paradigms<br><br>• Open-ness to continued debate | Empathetic |
| Strong | Coherence | Implement-ation | Inspirational<br><br>Empathetic | • Commitment to implement coherent set of new ideas<br><br>• Resistance to claims of potential losers | Political |
| Empathetic | Flexibility | Evaluation | Strong<br><br>Political | • Concern with increasing capacity of losers to adjust to new realities<br><br>• Discontent with outcomes of change process | Inspirational |

It is proposed that inspirational leadership will tend to be supplied by PLCs that are engaged in a quest for policy innovation. One person, the "inspirational leader" is likely to play an even more focal role within these networks than in the case of those associated with other styles of policy leadership. Inspirational leaders tend to present themselves as alternatives to leaders with a

political style who avoid the risks of third order change and strong leaders who want to act decisively to implement such a change without engaging in a protracted debate about alternatives. The empathetic style is largely irrelevant to them since their concern will be with creating a climate for future change rather than facilitating adjustment to past change. To differentiate themselves from political leaders, inspirational leaders will express their autonomy from the institutions and paradigms that constrain their rival's behavior and will create an impression that they more willing to embrace the risks associated radical reform proposals. This will resonate with policy actors who believe that it is important to "think outside the square", to float ideas and advance proposals that do not fit within the framework of the old paradigm. Inspirational leaders will also try to differentiate themselves from PLCs exercising strong leadership by striving to give the impression that they are open to new ideas without being committed to the advocacy of any one set of ideas or proposals. . The networks that form around them will thus primarily focus on the generation and formulation of innovative policy proposals.

PLCs seeking to supply strong leadership can be conceived as being engaged on a quest for greater policy coherence. For them, the political leadership style with its tolerance for historical inefficiency is not an option. The relevant issue is not whether there should be third order change but how to effect it. To present themselves as effective, decisive change agents, they differentiate themselves from inspirational leadership through their commitment to implement reform according to a simple, narrow and coherent set of principles derived from new policy paradigm. Theirs is an emphatic style of leadership that resists giving the impression of doubt. It also resists any empathy with potential losers. The members of PLCs seeking to supply strong leadership will also deliberately distinguish themselves from those with an empathetic style by refusing to take seriously the arguments of groups whose interests may be harmed by the reforms they are striving to implement. They will tend to dismiss these arguments as rhetorical smokescreens designed to conceal the vested interests these groups have in preserving their privileges. By provoking these arguments, strong leaders will be able to identify the sources of "resistance" that need to be marginalized and overcome if they are to steer policy in the direction they intend. The typical ways in which an impression of strong leadership is created by expressing resistance to alternative ideas and opposing interests have been summarized by Little (1988):

> "The strong leader must steel himself against distraction, ignore alternative ideas, remove himself from the clamor of those excluded or getting hurt. This means that a critical boundary has to be established separating the strong from the weak. Strong leadership energetically resists empathy with opponents, competitors or strangers, but above all it resists identification with those who are defeated or doubtful " (p.17).

An empathetic leadership style will tend to be supplied by PLCs that are engaged on a quest to facilitate structural adjustment. In their view the need to adjust to a new and authoritative policy

paradigm will have an importance that over-rides any concern with formulating alternatives so that they tend to dismiss the relevance of inspirational leadership. The expression games played by the members of these PLCs will therefore emphasize the contrast between their empathetic style and a strong leadership style, on the one hand, and the more political leadership style, on the other. Unlike strong leaders, the members of these PLCs will be sensitive to the underlying concerns of the "victims" of third order change. They will nevertheless resist pressure to reverse the changes, concentrating instead on encouraging losers to learn ways in which they can adapt to the new policy configuration and developing policies to enhance this adjustment capacity. Unlike policy leaders with a political style, they present themselves as change agents who refuse to become contented with the outcomes of a change process until its benefits can be broadened and deepened. The networks that form around them will thus primarily focused on policy evaluation and reformulation.

If only one style of policy leadership can prevail at any time during the course of a process of paradigmatic policy change, it should be possible identify the specific types of disappointment associated with a prevailing leadership style and the "successor" style that would seem to most effectively counter these disappointments. The predicted "path of leadership succession" can then be related to Hall's (1993) argument that the process of replacing one policy paradigm with another would go through distinct phases along the lines shown in Table 2.

*From political to inspirational policy leadership*

As mentioned in the previous section, the accumulation of disappointment with the political style of leadership that prevails during the long period of paradigm stability will eventually produce a climate of frustration with the unwillingness of the ruling PLC to embrace the risks of third order policy change. This climate would seem to be most effectively countered by an inspirational leadership style that is sufficiently open to new ideas and autonomous from the constraints of the old paradigm to encourage policy actors to engage in a quest for alternative directions for policy development. A shift in authority to an inspirational PLC is thus likely to move the policy process into the first stage of a paradigm shift and contribute to the fragmentation of authority and the emergence of rival paradigms that Hall (1993) considers to be characteristic of this stage. that contributes to the fragmentation of authority associated with the first phase of a shift to a new paradigm.

The formulation networks that tend to form around inspirational leaders do, however, tend to lack the decisiveness and cohesiveness of those that develop to advance strong leadership. Their very openness to new ideas will render them incapable of resolving the problem of incommensurability that comes to the fore during periods when a number of rival paradigms are being pushed forward for consideration. Hall (1993) writes that

"Paradigms are by definition never fully commensurable in scientific or technical terms. Because each paradigm contains its own account of how the world facing policymakers operates and each account is different, it is often impossible for the advocates of different paradigms to agree on a common body of data against which a technical judgment in favor of one paradigm over another might be made" (p.280).

**Table 2**

**A Paradigmatic Reform Process and the Succession of Leadership Styles**

| Stage of Paradigmatic Reform Process | Emotional Climate Produced by Prevailing Leadership Style | Successor Leadership Style |
|---|---|---|
| *1. Erosion of Authority* Anomalies accumulate and efforts are made to stretch the reigning paradigm to account for them. | *Frustration* Disappointments accumulate with the unwillingness of pragmatic leaders to rethink established ideas or challenge established interests | *Inspirational Leadership* Counters climate of frustration by engaging actors on a quest for *policy innovation* |
| *2.Fragmentation of Authority* A number of incommensurable paradigms are proposed as alternatives to the existing paradigm. | *Puzzlement* Disappointments accumulate with the unwillingness of inspirational leaders to commit themselves to a new policy paradigm | *Strong Leadership* Counters climate of puzzlement by engaging actors on a quest for *policy coherence* through the imposition of a new paradigm |
| *3. Implementation of New Paradigm* The advocates of a new paradigm secure positions of authority and alter existing organization and decision-making arrangements according to principles derived from the new paradigm. | *Anxiety* Disappointments accumulate with the inflexibility of the strong leaders commitment to a narrow set of goals and to denying opponents the opportunity to mobilize resistance to reform | *Empathetic Leadership* Counters climate of anxiety by engaging actors on a quest for *policy flexibility* within the boundaries of the new paradigm |
| *4. Consolidation of New Paradigm* A new political consensus against reversing the reform process emerges due to the sunk costs incurred in structural adjustment and the establishment of institutional "fire alarms" against reversal | *Fatigue* Disappointments accumulate with the tendency of empathic leaders to persistently challenge actors to adjust to change and reinterpret their goals according to the new paradigm | *Political Leadership* Counters climate of fatigue by engaging actors on a quest for *policy stability* that takes for granted a standardized interpretation of the new paradigm |

If an inspirational PLC comes to prevail during the fragmentation phase it is likely to give rise to an accumulation of disappointment that contributes to the climate of confusion and puzzlement that develops during this phase. The accumulation of disappointment with failure of this type of PLC to limit or resolve the generation of conflicting ideas about the "way forward" for the policy

process may give rise to a demand for "strong leadership" to "bring hardness in decision making and clear purpose where before there was irresolution and drift" (Little, 1988, p.5).

*From inspirational to strong policy leadership*

This climate is most effectively countered by a strong leadership style that seeks to "bring hardness in decision making and clear purpose where before there was irresolution and drift" by striving to reconstruct policy according to principles derived from a coherent new paradigm. A "shift in the locus of authority" to a PLC with this style would seem to be a necessary condition for the paradigmatic policy change process to move into its second phase during which "the advocates of the new paradigm secure positions of authority and alter existing organization and decision-making arrangements" (Hall, 1993, p.281) in order to impose the new paradigm.

A "model" case of this occurred in New Zealand where a comprehensive process of economic reform was advanced, in a selectively radical fashion, first by a center-left Labor government over the 1984-1990 period and then by a center-right National administration over its first term between 1990 and 1993. The coherence of this process was sustained by the strong policy leadership collectively supplied by a PLC comprising the New Zealand Treasury, reformist factions in both major political parties and a group of "change agents" who oversaw the restructuring of public institutions (Kelsey, 1995; Easton, 1997; Wallis, 1999). These key players were bound together by a shared commitment to advance reform according to principles the Treasury derived from a policy paradigm it constructed from a number of economic theories (public choice, agency theory, the new institutional economics and "new classical macroeconomics) that tended to highlight problems of government failure. As the dominant source of policy advice to Cabinet, the Treasury could play a "gatekeeper" role, screening policy proposals according to whether or not they advanced parallel processes of liberalization, stabilization and privatization that were expected to limit the scope for government failure in the form of rent-seeking, agency capture, bureaucratic empire-building and "populist" interference in the setting of monetary and fiscal policy.

As was the case with the Thatcherite PLC in the UK, the strength of policy leadership supplied by this PLC was related both to its internal cohesion (reflected in the first order commitment of its members to impose and institutionalize a new policy paradigm as well as second order commitment to advance one another into key positions of leverage over the reform process) and to the coherence and authority of the paradigm they were striving to impose. With reference to two Conservative governments that were elected on promises to lower inflation, cut taxes, and reduce the role of the state in the UK economy Hall (1993, p.290) argues that, between 1979 and 1983, the Thatcher government was more able to resist pressures to make a u-turn back toward reflation and interventionist policies than the 1970-4 Heath government. This was because

"the platform on which Heath was elected was a jerrybuilt structure with no underpinning in an alternative economic theory, while Thatcher's was based on a much more fully elaborated monetarist paradigm" that Thatcher could appeal to " for authoritative arguments with which to resist mounting pressure for reflation." Similar arguments could apply with respect to the PLC centered around the Treasury in New Zealand which repeatedly used the reform blueprints set out by this institution to fortify itself against pressures for reform reversal (Easton, 1997; Wallis, 1999).

The belief that the provision of strong policy leadership is a necessary condition for the effective implementation of macroeconomic strategies designed to bring inflation and debt under control is implicit in the monetarist and "new classical" economic theories that strongly influenced policymaking in both these countries. From a monetarist perspective, strong leadership would seem to be necessary if governments are to maintain their medium-term anti-inflationary monetary policy stance in the face of the demands for reflation that typically occur when this strategy causes a short-term rise in unemployment.

The concept of a "time consistent" monetary policy stance advocated by new classical macroeconomists such as Kydland and Prescott (1977) would also seem to be related to a strong style of policy leadership that seeks to maintain the credibility of its inflation targets so that they can provide an "anchor" for inflationary expectations even after the economy has recovered from a disinflationary recession. Moreover, as Sargent (1981) has pointed out, a long term fiscal policy designed to progressively reduce government debt in relation to GDP would complement and reinforce the credibility of an anti-inflationary monetary policy since it would remove fears that the country concerned may experience a future debt crisis that would be inextricably linked with a loss of control over inflation.

To achieve and sustain prudent levels of debt, debt-ridden governments typically have to focus on cutting and controlling their spending since rising levels of debt are usually a reflection of their limited capacity to further raise taxes while there is also a limit on the extent to which they can use the proceeds of state asset sales to retire debt. Strong policy leadership does, however, seem to be required to overcome the resistance to spending cuts and fiscal discipline that is likely to be generated by the providers and users of public services. It has also been seen as necessary to convince vested interests of the futility of resisting the deregulatory microeconomic policies and public sector reforms that have typically been packaged together with anti-inflationary macroeconomic policies by countries seeking to bring their policies into line with the "Washington consensus". Indeed, the strength and effectiveness of policy leadership is often cited in case studies of policy reform (Williamson, 1994; Rodrik, 1996) as a significant factor contributing to the observed unevenness in implementation across countries that subscribe to this consensus. As Krueger (1993, p.9) puts it:

"The adoption of the same economic policies in response to the same economic circumstances will ... have different consequences under a politically strong leadership of a government with a well-functioning bureaucracy capable of carrying out the wishes of the leadership than it will when... a weak leadership of a coalition attempts to do the same things in circumstances where bureaucrats believe that they can generate support for opposition to those policies".

As a strong leadership style comes to prevail during the implementation phase, its characteristic inflexibility may, however, cause disappointments to accumulate in a way that eventually causes a pervasive climate of anxiety to surround the policy process.

This inflexibility may be reflected in the narrow range of goals a strong leadership coalition (SLC) deems to consistent with the new paradigm. Thus, for example, the narrow pursuit of price level stability through monetary policy may cause real GDP and employment to fluctuate more in response to "supply shocks" than is necessary to preclude a resurgence of inflationary expectations. Similarly, a commitment to exclusively use the budget surpluses generated by a prolonged policy of restraining government expenditure to reduce debt and tax burdens may cause the perpetuation of supply-side rigidities that could be alleviated through selective strategies that government agencies are too resource-constrained to initiate. The anxiety that is generated by the belief that a SLC is allowing a country's producers and workers to be exposed to the harsh realities of a dynamic and volatile global environment without providing them with adequate assistance to adjust to its exigencies may be compounded by the commitment the members of this coalition typically have to use the positions of authority they secure to exclude, marginalize and overcome any source of resistance to their reform initiatives.

*From strong to empathetic policy leadership*

This climate of anxiety is likely to be most effectively countered by an empathetic style of policy leadership. The members of the coalition that seeks to supply this style of leadership will be characteristically engaged on quest for greater policy flexibility within the boundaries of the new paradigm that has been imposed by the SLC. They will typically not challenge the authority of the new reigning paradigm. Rather they will tend to challenge its narrow interpretation by the SLC. They will typically argue that it permits a broader range of goals to be pursued through a wider range of instruments, institutions and participating actors than those that were deployed the SLC they are seeking to succeed. They will further differentiate themselves from strong leaders by their active concern for groups that have been disadvantaged by the adjustment process. Their quest for flexibility will thus also encompass a search for policies that facilitate the adjustment of these groups to the new realities. Moreover, empathetic leaders are more likely to collaborate with these groups and attempt to encourage and empower an area and community-based leadership that can function as the catalytic focus of initiatives to enhance their adjustment capacity.

A shift from a strong to an empathetic leadership style is evident in countries that have recently elected center-left governments that have committed themselves to the pursuit of a "Third Way" between the new classical neo-liberalism of their predecessors and old-style Keynesian interventionism. The Clinton government in the US, the Schroeder government in Germany and the Blair government in the UK have all presented themselves as exponents of Third Way policies. Their claims that that this marks a distinctive approach have been disputed by critics such as Reich (1999) who typically suggest that it is "nothing more than a watered down version of the neo-liberal policies pursued by Thatcher and Reagan" (Eichbaum, 2000, p38). Giddens (1998), however, has argued strongly that the Third Way needs to be taken seriously as a program in the making. Eichbaum (2000, pp. 46-48) has summarized the main features of this program as follows:

> "For Giddens . . . a Third Way program . . . includes the refurbishment, if not the remaking, of a democratic state - some reform and reinvention of government, the measured use of market mechanisms, and upwards and downwards devolution of government consistent with the challenges of globalisation (and supranational institutions) on the one hand, and greater local governance on the other. The program also includes a refurbishment of civil society, largely by means of partnerships between local communities and the government . . . Education and training become key ingredients in a public policy mix designed to facilitate access to paid work, participation in the labor market being viewed as the basis for economic and social participation . . Therefore, within the domestic context the role of the state, as an investment state, is a facilitative one. The state becomes a broker for a new relationship between the public and the private sector, a relationship largely predicated on making the market work not only more efficiently, but more effectively as well. The welfare state is also a facilitative state, a redesigned, more responsive, and clearly somewhat smaller state targeting supply-side assistance to those on the margins of the labor market. Such assistance is couched in terms of notions of reciprocity in which the recipients of 'welfare' accept the obligation to address the 'personal' determinants of their exclusion from work."

A Third Way program can thus be seen as part of a move to supply a more empathetic style of policy leadership that both seeks to build on the historic achievement of "strong" predecessors in implementing a paradigmatic reconstruction of public policy while, at the same time, focusing on the facilitative functions of the state that are likely to assume particular importance as the reform process moves into its "consolidation" phase.

Third Way governments such as those of Clinton and Blair have claimed to have been influenced by "New Keynesian" economists such as Taylor (1986), Akerlof and Yellen (1986), Mankiw and Romer (1991), Greenwald and Stiglitz (1993) and Romer (1993) who have sought to develop an approach to macroeconomic policymaking through which monetary policy could reduce instability in GDP and unemployment without destroying the credibility of inflation targets and fiscal policy could allow a more flexible use of budget surpluses. These governments have, however, sought to differentiate themselves from their predecessors not so much in terms of their approach to macroeconomic policy but in terms of their supply-side agenda and their

"modernizing" claims to have shifted from "government" to "governance". With regard to their supply-side agenda, British Prime Minister, Tony Blair, and German Chancellor, Gerhard Schroeder asserted in a joint statement that "changes in interest rates and tax policy will not lead to increased investment and employment unless the supply side of the economy is adaptable enough to respond" and that " the most important task of modernization is to invest in human capital: to make the individual and businesses fit for the knowledge-based economy of the future" (Blair and Schroeder, 1999). It should be pointed out, though, that the two main items on this agenda - reducing the taxation burden on companies and other taxpayers and facilitating an acceleration in the accumulation of the human and social capital stocks required by the "knowledge economy" - have been made achievable, within conservative fiscal policy settings, by the budget surpluses generated over long periods of positive growth and spending restraint by their predecessors.

However, unlike their predecessors, Third Way governments advocate "reinventing government" (Osborne and Gaebler, 1992) rather than "rolling back the state". This means that they typically seek to broaden the focus of their public management reforms from a drive to cut the costs of delivering tightly specified outputs to an approach that attempts to make public agencies, responsible, first of all, for the outcomes of "citizen-centered services". According to Blair (1998), his declared ambition was to lead "a government that focuses on the outcomes it wants to achieve, devolves responsibility to those who can achieve those outcomes and then intervenes in inverse proportion to success."

In the UK the impact this shift has had on actual policy implementation can, perhaps, be most readily observed in the area of local government where the Compulsory Competitive Tendering (CCT) system set in place by the predecessor Conservative government has been replaced by a "Best Value" regime through the Local Government Act of 1999. This legislation signals that by extending its regulations to all rather than just "defined" activities of local government, by requiring "continuos improvement" rather than just periodic market testing, by deploying a wider range of "tests of competitiveness, by promoting partnerships in which collaboration rather than competition is promoted, by emphasizing the need to improve service standards as well as drive down costs and by introducing regular inspections of all local authority services, the Blair government appears to be pioneering an approach to local government regulation that is more comprehensive and flexible than what existed before. In addition this government has sought to make "modernization" according to this regime "a condition for the devolution of new powers and responsibilities" (Brooks, 2000, p.598). Through its Department of the Environment, Transport and the Regions (DETR), it has announced that it intends to intends to, firstly, impose a new obligation on councils "to promote the economic, social and

environmental well-being of their areas" and secondly "strengthen councils' powers to enter into partnerships" (DETR, 1998, p.80).

The Blair government has also proposed to enhance the capacity of local authorities to play this more catalytic role in community development in two main ways: by encouraging new forms of executive leadership (that enhance the decision making autonomy of directly elected mayors); and by insisting that new forms of participatory democracy be introduced. However, although it "improving leadership" and "revitalizing local democracy" as the two main prongs of its modernization quest, it tends to downplay the potential for conflict between the goal of making decision-making more effective and immediate, on the one hand, and increasing opportunities for democratic participation, on the other. This pinpoints what may be the "fatal flaw" of an empathetic leadership style: its tendency to persistently challenge policy actors to adapt to the new and broader goals it sets them while minimizing the tensions and conflicts this pressure to change is placing them under. In particular, there would seem to be a potential tension between "those who believe that reform in councils should be experimental and administered primarily from within the local government community and those who doubt whether local authorities can be modernized without central regulation" (Brooks, 2000, p.593). The introduction of a new community leadership role for local authorities could, if anything, exacerbate this tension as councils come under greater pressure from local interests to lobby for increased government funding while, at the same time, being expected by central government to co-operate in its drive to maintain overall fiscal discipline.

This type of flaw or "blind spot" of empathetic policy leaders would seem to arise their excessive optimism that they can dispense with the "tunnel vision" of their predecessors and persistently challenge policy actors to pursue a broader range of goals without placing in jeopardy the historic achievements effected under the previous regime. To understand how this can cause disappointments to accumulate in a way that eventually produces a climate of reform fatigue that precipitates another shift in leadership style, it will be helpful to assume that the policy subsystems in which this climate becomes most pervasive are those in which actors are engaged in the type of "coping" activities described by Wilson (1989). ". They may thus seek to attain the type of "satisficing equilibrium" described by various economic revisionists such as Simon (1983), Leibenstein (1978) and Etzioni (1988). In this equilibrium no stakeholder is willing to exert the effort required to place pressure on the implementing actors to change their behavior. Thus while implementation agencies may at first welcome the greater appreciation an empathetic leadership coalition (ELC) has of their capacity to provide community governance, they may experience disappointment when they realize that the "goalposts" have once again been shifted and the emerging effort equilibrium has once again been disrupted by a new set of top-down pressures to change. Indeed, the demands by Third Way governments for "continuous"

improvement and reinvention would seem to be antithetic to the coping behavior associated with the quest for a satisficing equilibrium. Disappointments with the empathetic leadership style of these governments can be compounded when their tendency to minimize the conflict between different goals, in principle, leads to a shifting of the responsibility for resolving these conflicts on to implementing institutions, in practice.

*From empathetic to political policy leadership*

In the climate of reform fatigue that may be produced by the accumulation of disappointment with empathetic leadership, a demand is likely to arise for policy leaders to disengage from policy subsystems, such as those surrounding local government, so that a satisficing equilibrium can be worked out by a stable new policy community of the type described by Rhodes and Marsh (1992). As this pattern of disengagement spreads across policy subsystems, there may be a return to the conditions of paradigm stability that preceded the shift from one policy paradigm to another. The new policy paradigm may become increasingly implicit and taken for granted as it comes to underlie a new policy consensus. Governing coalitions will become less concerned with identifying themselves with a particular style of leadership as they become generally pragmatic, adopting an incrementalist approach to policy reform and allowing policy communities within particular policy subsystems to shape policy according to a process of mutual partisan adjustment. In a sense the paradigmatic reform process and the path of leadership succession would have come full circle. The implications of this cyclical perspective must now be considered by way of conclusion to this paper.

## 4.  Conclusion

In his book "The Art of the State", Christopher Hood (1998) advances the view that there are four basic approaches or styles of public administration: "hierarchist"; "individualist"; "egalitarian"; and "fatalist". He proposes that each has "a set of built-in strengths and weaknesses" and involves "an underlying logic which, if taken to its limits will tend to destroy all the others" (p.209). As a consequence "none will serve 'for all seasons' for the simple reason that incompatible values cannot be pursued simultaneously and none can ever win over its competitors by a knock-out" (p.20). A similar perspective on the differentiation and succession of different styles of policy leadership is advanced in this paper. Each is depicted as having a "fatal flaw", a propensity to generate a particular type of disappointment, that some other style of leadership is specifically suited to counter.

By focussing on the way the endogenous accumulation of disappointment with a particular leadership style can create the climate for its succession by another leadership style, this paper may be said to have neglected some of the institutional, "supply-side", rigidities that may

preclude this succession from taking place. Perhaps the main such rigidity arises because "a leopard cannot change its spots". In other words, a government that has become identified with a particular style of policy leadership cannot easily shift to an alternative style. A change in government, a replacement of the ruling PLC would be necessary for this to occur. This suggests that democratic regimes that allow a turnover in PLCs are more likely to overcome this type of supply-side rigidity than authoritarian regimes that entrench a particular PLC with a particular leadership style. Democratic systems are thus more likely to allow the succession of leadership styles that this paper argues is necessary to facilitate the passage of a paradigmatic reform process through its various stages.

This proposition runs counter to the "widely held hypothesis that authoritarian regimes are best at carrying out reform" (Williamson, 1994, p.454). Although the policy reform literature does provide a number of counterexamples to this hypothesis, it does tend to focus on the conditions of economic crisis and/or political transition that provide the "window of opportunity" for newly elected reformist governments to exercise the strong leadership required to drive through comprehensive reform programs. However, as Haggard and Kaufman (1992) have argued, while the non-consensual style associated with strong leadership may be effective in initiating these programs, the "consolidation" of the reform process would seem to require a different style of leadership that focuses on strengthening democratic institutions, facilitating adjustment and building a base of beneficiaries that can act as "fire alarms" against subsequent reform reversal. This paper has essentially sought to develop this line of argument by formulating a more nuanced theory of policy leadership that relates shifts on the demand-side to the cycles of hope and disappointment that may be generated by the ascendancy of any one leadership style.

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