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## From Corrupt to Knowledge Societies: How To Change Mentality?<sup>1</sup>

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### Abstract

In search of an answer to the questions of what a knowledge society is and how it emerges we draw connections between the macro-institutional theory of the American political economist Douglass C. North and the theory of micro-social mechanisms of the Swedish sociologist Peter Hedström. North considers the institutional framework of a society as determining, in principle, the structure of economic opportunities and incentives for social actors. Actors acquire those types of knowledge and skills that they perceive most “valuable” or “profitable” and, at the same time, using the acquired types of knowledge and skills, they perceive possibilities for new opportunities and incentives, i.e. for changing the institutional framework. In addition to being influenced by the structure of economic incentives, the actors’ perception of value/“profitability” is also impacted by “mental constructs”, which actors use in order to interpret the world around them. In Hedström’s view, on the other hand, desires, beliefs and opportunities of social actors determine their actions, which, in turn, have an impact on desires, beliefs and opportunities, and thus also the actions, of other actors. Desires and beliefs roughly correspond to the mental, while opportunities correspond to the structural component of the North’s approach. These theories imply that a society in which (1a) the majority of its members want to be successful and believe that success can be achieved only by investing an effort, and in which (1b) a system of rewards according to merits has been established – such a society will considerably differ from a corrupt society (2a) comprised of the majority desiring success, but believing that it can most expeditiously be achieved by exploiting social connections to powerful actors, and in which (2b) clientelism and corruption are not adequately sanctioned. Development of a knowledge society can be influenced (1) by developing a corresponding institutional framework of opportunities and incentives, (2) by disseminating an appropriate narrative through various modalities of public discourse in order to influence desires and beliefs of social actors, and particularly (3) through acting by example, which provides a means to prove credibility of proclaimed intentions.

**Keywords:** acting by example; dissection; incentive structures; individual desires, beliefs and opportunities; knowledge society; mental constructs; self-fulfilling prophecies; social institutions.

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## 1. Introduction

Soon after the Croatian Prime Minister Ivo Sanader resigned from all duties in the Government and the Croatian Democratic Union (HDZ) party, Croatian society has had to come to grips with a host of adverse social phenomena that were not adequately addressed during his term of office. Clientelism, corruption, nepotism and other social evils have all been confronted more directly only since Sanader's departure.<sup>3</sup>

The heritage of Sanader's incumbency includes a vast "political industry" – an estimated 10,000 members of various local, regional, and national representative bodies, entirely or at least partially financed from public sources (Kasapović, 2012). Moreover, a large part of this huge apparatus is comprised of political clientele, who usually compensate for lack of their own abilities by exploiting political, kinship and other ties, and occupy influential governing positions, from which they can use budgetary funds to purchase favors from their patrons. At the same time, they also sell benefits to novice clients, similar to themselves, and recruit them to positions next to theirs, widening thus the clientelist network through all the hierarchical levels and sectors of the Croatian society.

This pattern of manipulating public budgetary funds in order to maximize personal benefits for local power-holders we shall call a "corrupt society". The aim of this article is to point to the importance of "dissecting the social",<sup>4</sup> and particularly of dissecting a corrupt society, in order to draw preliminary lessons on how to construct a new, healthier, knowledge society that would encourage development of deeply and essentially human attributes, such as curiosity, creativity, diligence, caring for public goods, a sense of meaning and value.

In the rest of the article we first provide a brief overview of the theory of institutions and institutional change of the economist Douglass C. North. Then we reflect on particular implications of this theory for the multiplicity in types of knowledge societies and for the factors impacting the emergence of specific types of knowledge societies. After that we briefly review the theory of social mechanisms of the Swedish sociologist Peter Hedström, and we draw connections between North's and Hedström's theories in search of an answer to the question of how to transform a "pseudo knowledge society" into a "genuine knowledge society". We also identify the problem of credibility as a neuralgic point of both the approaches to institutional change predominantly oriented towards changing incentive structures, and the alternative approaches oriented towards changing the mental constructs of actors by construction and propagation of appropriate narratives. As a solution to the credibility problem, we propose acting by own example and argue that it can set in motion the mechanisms of so-called "self-fulfilling prophecies", which can lead to actually materializing the idea of a genuine knowledge society.

## 2. North's theory of institutions and institutional change

American political economist and economic historian Douglass C. North is renowned for his theory of institutions and institutional change, for which he was, together with Robert W. Fogel, awarded Nobel

<sup>3</sup> As stated in an official communication of the University of Zagreb (2008, p. 3): "(...) [C]orruption arises, at the first place, from an unsatisfactory moral state of the society, and from the lack of control, as well as the misuse of rule and authority".

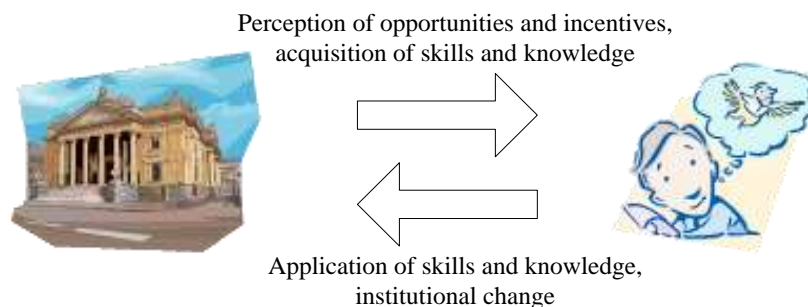
<sup>4</sup> This term has been borrowed from the title of the book of the Swedish sociologist Peter Hedström (2005) *Dissecting the Social: On the Principles of Analytical Sociology*. Cambridge: Cambridge University Press. According to Hedström, to dissect means "to decompose a complex totality into its constituent entities and activities and then to bring into focus what is believed to be its most essential elements" (Hedström, 2005, p. 2).

Prize in Economy in 1993. North's five propositions about institutional change (North, 1998)<sup>5</sup> succinctly express the core of his thinking on social institutions and institutional change.

Institutions, according to North's wide definition, include all formal rules (e.g., constitution, statute law, common law, and similar formal regulations) and informal constraints (e.g., conventions, norms, self-enforced codes of conduct) that structure social interactions. From the viewpoint of economy, institutions are important since they define the set of economic opportunities, i.e. the incentive structure of a society.

North clearly distinguishes between institutions and organizations. Organizations consist of groups of individuals bound together by some common objectives. Organizations and individuals are social actors or "players", whereas institutions are "the rules of the game".

Interaction between institutions and actors shapes institutional change. Social actors, i.e. individuals and organizations perceive, on the one hand, opportunities and incentives opened by "institutional matrix", and acquire those types of skills and knowledge that they perceive as "most profitable". On the other hand, however, actors, using their acquired skills and knowledge, continue to shape opportunities and incentives and incrementally change the institutional framework that had facilitated the acquisition of those skills and knowledge in the first place. In other words, actors acquire those types of knowledge and skills that institutional rules of the game impose on them, but they also, at the same time, change the existing and create new institutions and rules of the game by creative application of the acquired knowledge and skills (Figure 1).



**Figure 1.**  
Institutional change as a result of interaction between institutions and actors

### 3. Multiplicity in types of knowledge societies

Since the institutional framework inevitably stimulates acquisition of certain types of skills and knowledge, one of the implications of North's theory is that any society, with formal or informal rules and constraints in place, will be a "knowledge society" of a sort. The question is which types of knowledge will be acquired with less effort and in larger amounts, and which ones will be more difficult to acquire even to a limited extent.

If actors, for instance, perceive military conquest as the most rewarding activity to engage in, they will tend to acquire those types of knowledge and skills that will assist the progress of military campaigns. If highest rewards are expected to come from piracy, actors will acquire skills and knowledge that will make them better pirates. If a perception of production as the most profitable activity prevails, actors will invest in skills and knowledge needed to increase productivity. If highest payoffs are expected to come from the

<sup>5</sup> Whenever in this article we speak of North's theory, we refer to this particular source.

service sector, actors will seek those skills and knowledge that improve provision of services. And if actors perceive occupying influential positions – from which public funds can be used in order to build clientelist networks enabling further ascendance in the social hierarchy – as most profitable, then they will tend to acquire those skills and knowledge that will facilitate navigating the networks of patron-client relationships. In each of these cases perception of certain types of skills and knowledge as the most profitable ones stimulates their acquisition on the part of increasing numbers of social actors and facilitates the emergence of a “knowledge society” of a sort, although societies based on pirate economy or clientelism are certainly not the knowledge societies in the commonly assumed meaning of this term. In order to retain this distinction, throughout this article we use the term “pseudo knowledge society” to refer to such “deviant” knowledge societies.

We believe, in particular, in the possibility of a “genuine knowledge society” wherein deeply and essentially human qualities, such as curiosity, creativity, diligence, caring for public goods, a sense of meaning and value, would be regarded as “most profitable” ones. The authors of a recent position paper of the League of European Research Universities are of a similar conviction, seeing deeper human values as themselves “rational”: “They form a bedrock that enables the practical skills needed by society to be most intelligently deployed (...) The combination of deep, personal understanding and technical skill is a powerful alchemy that sustains a creative and innovative society” (Boulton and Lucas, 2008, p. 10).<sup>6</sup>

This line of thinking leads to a more general point. For the French sociologist Raymond Boudon (2001, p. 67), “social actors should be considered rational in the sense that they have strong reasons for believing what they believe, for doing what they do, etc.” In some cases these “strong reasons” derive from cost-benefit calculations aiming to find the most efficient ways to satisfy certain goals – to satisfy one’s own interest, for example. In other cases, however, the “strong reasons” are “non-consequential”, in the sense that actors do not endorse a belief or do not initiate action because of its expected consequences, but simply because “strong reasons” tell them the belief or action is good, true, fair, or legitimate. Boudon considers both these types of action rational, as they are both grounded in “strong reasons”. Drawing on the Max Weber’s (1922) seminal distinction, Boudon calls the former type of rationality “instrumental”, and the latter “axiological” or “value rationality”. The point is that, if deeper human values “form a bedrock that enables the practical skills needed by society to be most intelligently deployed”, then both the instrumental and the axiological rationality are indispensable for a genuine knowledge society – the fact that is often overlooked in one-dimensional discussions of knowledge society emphasizing only its instrumental rationality component.<sup>7</sup>

#### 4. Factors determining the type of knowledge societies

Another implication of North’s theory for the development of knowledge societies is that the factors influencing actors’ perception will also be among the key determinants of the type of a knowledge society that will emerge. According to North, actors’ perceptions of utility are influenced not only by the incentive structure, which, as we have already mentioned, derives from the “institutional matrix”, but also by the mental constructs that members of a society form in order to explain and interpret the world around them.<sup>8</sup>

<sup>6</sup> In this article the word “profitability” is often written under quotation marks in order to remind us that it does not always denote immediate financial or material profitability. “Profitable” is in a psychological sense anything that helps us feeling better, so that the material profitability is only one component of such a more generic “profitability”. Remorse after a materially profitable, but morally questionable act can decrease the total psychological “profitability” to such an extent that it may take on a negative sign.

<sup>7</sup> For a critique of instrumental conceptualization of knowledge society see Liessmann (2006).

<sup>8</sup> Political scientists James G. March and Johan P. Olsen see institution as “a relatively stable collection of rules and practices, embedded in structures of *resources* that make action possible (...) and structures of *meaning* that explain and justify behavior”

Institutional structure of incentives to actors and the mental constructs of the actors are therefore the key determining factors of the type of a knowledge society that will emerge. Both the incentive structure and the mental constructs are susceptible to change with time, and by influencing these factors one can also exert influence on the development of a knowledge society.

North does not elaborate the notion of mental constructs in detail, and only remarks that they result from actors' cultural heritage, local everyday problems the actors confront, and the actors' nonlocal learning (North, 1998, p. 17). If we assume that mental constructs roughly correspond to what we usually mean by "mentality", then some of its aspects, such as personality traits, for instance, are relatively fixed and not susceptible to much influence, while others, such as early socialization and lifelong social learning may be influenced, to some extent at least.

Power is another factor influencing the emergence of a particular type of knowledge society: "The institutional matrix reflects the bargaining strength of those able to make or change the rules" (North, 1998, p. 19). The power of an actor increases actor's bargaining strength, influence on the direction of institutional change, as well as the likeliness of enjoying distributional benefits from the resulting institutions. All this implies that the more powerful actors will be able to exert stronger impact on the development of a particular type of knowledge society than the less powerful ones.

Power can be concentrated in the hands of an individual, but most often only organizations can wield enough power to effect an institutional change: "While individuals are actors, it is typically individuals in their capacities as part of organizations that make the decisions that alter the rules of the game or gradually evolve new informal constraints in the process of human interaction" (North, 1998, p. 18). In the contemporary world powerful economic actors, such as multinational companies, stimulate particularly strongly acquisition of those skills and knowledge that have been recognized for their high commercial potential.

## 5. Hedström's theory of social mechanisms

We continue the search for answers on the questions of origin and evolution of mental constructs, as well as the interaction between mental constructs and incentive structures, by providing a brief overview of the theory of social mechanisms that was proposed by the Swedish sociologist Peter Hedström (Hedström 2005; Hedström and Swedberg, 1998).

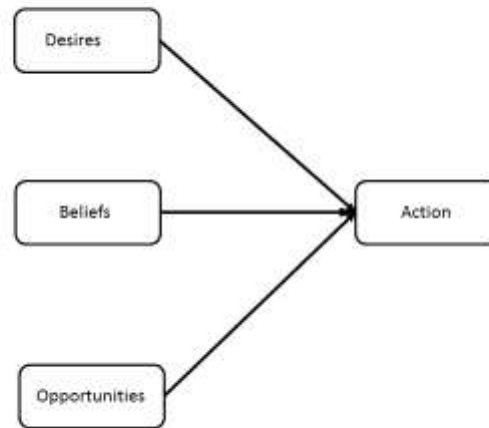
According to Hedström, the action of an actor is determined by his or her desires, beliefs and opportunities (Figure 2).<sup>9</sup> Using the terminology of North's approach, desires and beliefs can be said to roughly correspond to mental constructs, whereas opportunities can be regarded as reflecting incentive structures.

Social actors, however, do not exist in isolation – they continually interact with one another. DBO theory posits the mechanism of social interactions through which the actions of actors influence desires, beliefs and opportunities (and thus also actions) of other actors (Figure 3). In other words, by each own (in)action we exert influence on other people's mental constructs, as well as on their perceptions of the incentive structure.

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(March and Olsen, 2004, p. 5, emphasis in original). Note that structures of resources roughly correspond to incentive structures, whereas structures of meaning roughly correspond to mental constructs in North's theory.

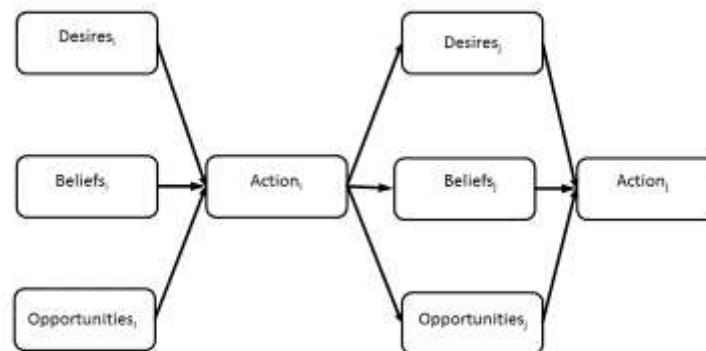
<sup>9</sup> The theory is also known as DBO theory or DBO model, after the initial letters of its key terms – *desires*, *beliefs*, and *opportunities*.



**Figure 2.**

The main components of Hedström's DBO theory (adapted from Hedström, 2005, Figure 3.1, p. 39)

In accordance with Hedström's approach, power can be conceptualized as a property of an actor that (1) his/her actions influence desires, beliefs and opportunities of a large number of other actors, and that (2) desires, beliefs and opportunities of other actors do not impact significantly on the actions of that particular actor.



**Figure 3.**

Dyadic interaction between actor  $i$  and actor  $j$  (adapted from Hedström, 2005, Figure 3.2, p. 44)

## 6. Connections between North's and Hedström's theories



The mechanisms of social interactions at the inter-individual, micro level “crystallize” with time into more or less formal rules of action at the social macro level – into institutions, which then further direct, enable and constrain inter-individual interactions, i.e. actions of actors, as well as ways in which actions of some actors influence desires, beliefs and opportunities of other actors. It can be therefore said that institutions both *reflect and constitute* mental constructs (desires and beliefs) and incentive structures (opportunities).

Two characteristic “institutional” patterns that we call “pseudo knowledge society” and “genuine knowledge society”, with their corresponding socially “dominant” desires, beliefs and opportunities are exemplified in Table 1.

Macro pattern / Characterization	“Pseudo knowledge society”	“Genuine knowledge society”
Desires	To be successful	To be successful
Beliefs	Success can be most expeditiously achieved by exploiting social connections to powerful actors	Success can be achieved only by investing an effort
Opportunities	No sanctions for clientelism, corruption, nepotism	Established system of rewards/punishments according to merits

**Table 1.**  
Two characteristic “institutional” patterns at the macro level

The pattern of a “pseudo knowledge society” roughly corresponds to the “corrupt society” described in the introductory section, whereas the pattern of a “genuine knowledge society” corresponds to the vision of a knowledge society described at the end of Section 3. The problem of institutional change in this particular case amounts to the question of possibility of a transition from a “pseudo knowledge society” to a “genuine knowledge society”.

## 7. How to effect institutional change?

Effecting institutional change is neither simple, nor easy, particularly due to high interconnectedness and interrelatedness of social actors. Once tightly intertwined, a yarn ball of desires, beliefs and opportunities proves to be extremely difficult to disentangle. Under such circumstances, the chances that certain individual actors, whose desires, beliefs and opportunities differ from those of the majority, succeed in bringing about change are not very high. More powerful actors, and particularly organizations, usually enjoy higher chances of success, but even they might not be able to effect all changes as they have intended.<sup>10</sup>

North points to two main ways of inducing institutional change: (1) by altering the rules, either directly – through political bodies, or indirectly – by economic and/or social organizations pressuring political organizations; and (2) by altering (either deliberately or accidentally) the kinds and effectiveness of enforcement of rules, or the effectiveness of sanctions and other means of informal constraint enforcement

<sup>10</sup> As an illustration of the scope of resistance that even powerful actors may encounter on their way to institutional reforms, let us note that American pharmaceutical industry spent hundreds of millions of dollars lobbying against healthcare sector reforms of the President Obama (McGreal, 2009) – the reforms that have been regarded in most parts of the world as a normal achievement of civilization.

(North, 1998, p. 16). In any case, institutional change is most often incremental because abrupt, "large-scale change would harm existing organizations and therefore is stoutly opposed by them" (North, 1998, p. 18).

Both of these ways of inducing institutional change aim at changing incentive structures (e.g., by changing targeted laws). However, a change of opportunities without a change in actors' mental constructs, i.e. desires and/or beliefs, is often not sufficient to effect an institutional change. Namely, an opportunity not desired by anyone, or not believed in in a sense that it really presents an opportunity, is not an opportunity at all, and a law that is not regarded as a norm, which is to be complied with in earnest, remains a dead letter. If, for instance, a belief that success can be most expeditiously achieved by exploiting social connections to powerful actors has taken roots within a society, then even the most stimulating regulative of entrepreneurship cannot be expected to change socially prevailing patterns of behavior.<sup>11</sup>

This seems to be a special case of a more general internal conflict – the one between support for principles and negativity toward practices (Lane, 2001, p. 228). People tend to be more willing to support general principles and noble ideals in the abstract, but much less prepared to apply them in practice, particularly if the application incurs concrete material or psychological costs to themselves.<sup>12</sup> This might explain why, in Croatia at least, people are often proud of good laws, but hesitant to put those laws into practice by ensuring adequate monitoring and enforcement. Only when supplemented with a change of actors' mental constructs, can a change of incentive structures (e.g. laws and regulations) become an effective means of a wider social transformation. Or, using the earlier mentioned Boudon's (2001) terminology, we may say that people need to have "strong reasons" in order to be able to change their beliefs.

Some authors point to the importance of narratives as a means to effect change in actors' mental constructs and thus hasten an institutional change. A recent report on the prospects of the European knowledge society, submitted by the Expert Group on Science and Governance<sup>13</sup> to the European Commission underscores that "[a]ll societies make use of characteristic, shared narratives that express wider imaginations about the world, how it functions, what is to be valued in it, and the place and agency of themselves and others in that world" (Felt and Wynne, 2007, p. 73). In such a context, construction and dissemination of appropriate narratives through various modalities of public discourse presents a means of gradual transformation of actors' mental constructs as part of the efforts to facilitate the emergence of a knowledge society of a particular type. The role of mass media in inciting nearly synchronous change of desires and/or beliefs of a large number of actors becomes particularly important, as such a change is necessary for an all-encompassing institutional transformation.

Although oriented more towards the change of actors' mental constructs, the approach to institutional change via construction and dissemination of narratives suffers from similar deficiencies as the

<sup>11</sup> Under such conditions, it is illusory to expect the "efficiency of market mechanisms" or the "evolution of the fittest", except if "the fittest" are assumed to be those most capable of malversation and manipulation. On the contrary, negative selection arises – those "fit" according to other criteria, such as high competency or subscription to ethical standards of matching rewards to achievement, are perceived as a threat to clientelist networks and eliminated. Clients need to be incompetent enough in order not to endanger their patrons on higher positions.

<sup>12</sup> The vast majority of Croatian MPs voted recently for abolishing their privileged pensions. However, they left an obscure legal "backdoor" for those who wanted to retain their privileges – they had to retire for just one day, prior to enactment of the new law. When asked why he decided to use this ethically questionable opportunity, one of the MP's said: „The whole of Croatia would laugh at me and think I'm stupid if I didn't do that." (Krile, 2012).

<sup>13</sup> The World Bank describes *governance* as "the manner in which authority is exercised in the management of country's economic and social resources for development" (Badun, 2004, p. 133).



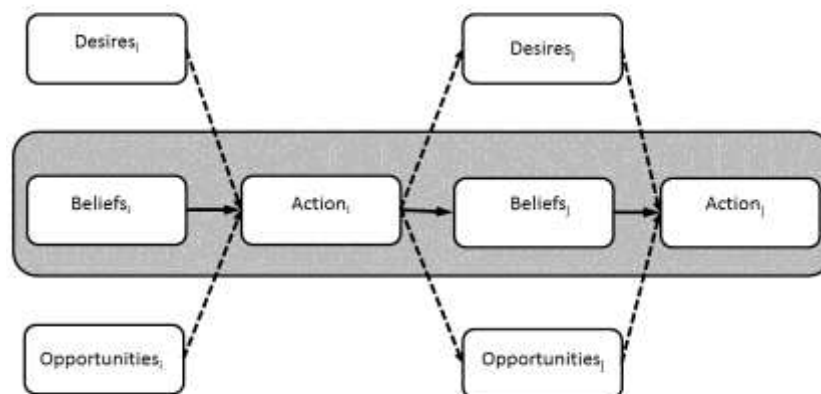
approach aiming at the change of incentive structures. Namely, without an appropriate enactment in social practices, narratives, as well as laws, remain merely a dead letter.

## 8. Action as a means to prove credibility

How to ensure that a change in incentive structures will be credible to social actors? How to prove credibility of concomitant narratives? How to achieve credulity of social actors with regard to a new law and the public statements of its intent? How to confer “strong enough reasons” to social actors to start changing their beliefs and actions?

Returning, for a moment, to the Hedström’s theory, let us remember that social actors continually interact with one another, and by each their *action* influence the mental constructs of other actors, as well as other actors’ perceptions of incentive structures. In short, one can hardly submit a more credible proof of a proclaimed intent than the action of carrying out the intent.<sup>14</sup>

The social mechanism of so-called “self-fulfilling prophecies” (Merton, 1968; Hedström, 2005, pp. 48–49) represents a model of interaction between beliefs and actions, which can help explain frequently observed, sudden avalanches of change in long-established patterns of belief and action of social actors. The model implies that actors by their own action provide example to other actors, inducing in them beliefs about the value/“profitability” of the action, so that other actors start acting in the same way (Figure 4).



**Figure 4.**

Representation of the social mechanism of self-fulfilling prophecy at the level of dyadic interaction between actor *i* and actor *j* – the shaded box highlights centrality of interaction between beliefs and actions

<sup>14</sup> See e.g. Schelling, 1980/1960, pp. 101–102.

As usual, the actions of more powerful individuals and organizations are more likely to influence desires, beliefs and opportunities of a larger number of other actors, and therefore more likely to induce a self-fulfilling prophecy. Whenever political and other leaders demonstrate, by their own action and its results, and not only by rhetoric, competencies for governing a country, an institution, or an organization, such action not only directly creates a favorable institutional framework (as, e.g., by enacting adequate laws), but also induces beliefs about the value/"profitability" of acquiring appropriate competencies and knowledge among other social actors. Therefore they may also find strong reasons to start acting in order to acquire new competencies and knowledge and a genuine knowledge society becomes more likely to emerge.

There remains, however, a problem of providing incentives or "strong enough reasons" to powerful actors for acting by example.<sup>15</sup> We have already noticed that more powerful actors are at the same time more insulated from other actors in the sense that desires, beliefs and opportunities of other actors do not impact significantly on the actions of powerful actors. What can, then, stimulate powerful actors to act by their own example and help bring into reality the vision of a genuine knowledge society?<sup>16</sup>

First of all, political actors in democratic societies must periodically undergo elections. However, it is hard to expect that constituencies, even if they would have wanted, can pressure political actors into acting by example. The instruments and mechanisms of accountability of political representatives to their constituents often do not afford means of effective monitoring and control (North, 1998, p. 23). An intrinsic complexity of political processes is reflected in: the lack of observable, unambiguous and quantifiable indicators of performance; lengthy, diffuse and barely traceable chains between choices and results; as well as the absence of corrective mechanisms that can be easily implemented (Pierson, 2000, p. 260). Apart from these problems inherent to political processes, constituents are often themselves members of clientelist networks and, as such, unlikely to require a change of *status quo* from their political representatives. A more proactive approach would mean that, in spite of all the difficulties and deficiencies of democratic procedure, one need not cease searching for possible ways of its improvement.<sup>17</sup>

Secondly, for each powerful actor, there is usually another, even more powerful one, if not within the same country, then abroad. Pressures from the international community can sometimes stimulate powerful actors to act by example, but this need to be taken with a grain of salt since pressures from abroad do not always coincide with the public interest of the local community.

Thirdly and finally, one needs to return to the earlier mentioned observation that human beliefs and action are often not merely instrumentally rational, but also motivated by axiological considerations. Indeed, the motivation of agents who endeavor to change entrenched social norms is often very difficult to explain "without reference to empathy, altruism, and ideational commitment" (Finnemore and Sikkink, 1998, p. 898),<sup>18</sup> which points to the conclusion that the vision of a genuine knowledge society can of itself be a

<sup>15</sup> In the words of an eminent Croatian political scientist: "How to prompt political class to adopt measures directed against itself?" (Kasapović, 2012, p. 33)

<sup>16</sup> The earlier mentioned case of MPs' one-day retirement in order to retain their privileged pensions is certainly antithetical to the practice of acting by example.

<sup>17</sup> A precondition of the more proactive approach at the micro level of interpersonal relations is awareness of the fact that by each instance of our (in)action we contribute to the construction of the society that we live in, with all the consequences that can possibly ensue. The more proactive approach should encompass, among others, insistence on the application of principles of accountable governance, which include transparency, liability, controllability, responsibility and responsiveness (Koppell, 2010; Johnston, 2010). Such an approach is both facilitated by, and itself facilitates development of civil society (Cohen and Arato, 1994).

<sup>18</sup> On the other hand, it is well known that those who are eager to promote partial interests often try to do so under the pretext of furthering general interest. Why would they need justification in terms of general interest, if people were merely instrumentally rational? Perhaps because it would be in their interest to convince others that what they aim to do is also in the interest of

source of inspiration for social actors, including also some of the powerful ones. Furthermore, by deliberate inclusion of a “more axiological” vision of knowledge society into incentive structures, public discourse and narratives, as well as demonstrating by own example how to bring such a vision into practice, one can also excite inspiration and motivation of agents of change. Conversely, by deliberate avoidance to consider value dimension when designing incentive structures and narratives, as well as by selective disregard of ethical consequences of one’s own actions, one can discourage prospective agents of change to a large extent.<sup>19</sup>

## 9. Conclusion

We have sketched an analytical procedure of dissecting a corrupt society, as well as a constructive way of bringing into reality a genuine knowledge society. The vision of such a society implies both instrumental and axiological or value rationality of human beliefs and actions. It also implies “coopetition” (Brandenburger and Nalebuff, 1996) – a creative combination of two human qualities – cooperativeness and competitiveness, which have often been conceptualized as mutual opposites. However, we do not see them as such. Coopetition would ideally, that is in a genuine knowledge society, imply mutual competition in ever more valuable contributions to a common good, as well as mutual cooperation in designing incentive structures and evoking mental constructs that enable equitable conditions of competition for all.

The analytical procedure that we adhered to rests on four basic principles: explanation; dissection and abstraction; precision and clarity; and action (Hedström, 2005, pp. 1–6). We deem precision and clarity to be particularly important for quality, open, argumentative discussion.

Yet, the vision of transition toward a knowledge society, elaborated in this article, is far from being complete. There is indeed ample room for its improvement, refinement and deepening, for comparison with other congruous visions and creative cross-fertilization between them. It also remains to be seen whether the ideas sketched in this article can facilitate establishment of a computational model. In any case, we hope that further developments will eventually enable a more comprehensive assessment of prospects and obstacles for the emergence of knowledge societies.

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others? But why should others falsely believe that something is in their own interest while it is actually not? Such beliefs would certainly not be in their own interest, i.e. entertaining false view of one’s own interests would be neither instrumentally rational, nor would it be instrumentally rational to expect from others to hold such false view. It seems to be more plausible that promoters of partial interests expect others to value the principle of furthering general interest in itself, no matter whether this general interest is in their own interest or not. In other words, they expect others, for good reasons, to be axiologically and not only instrumentally rational. See also Boudon (2001, ch. 7).

<sup>19</sup> Unfortunately, design of incentive structures often does not take into account, underestimates or even subverts “the moral sentiments” of creative human individuals (Bowles, 2008).

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