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The Changing Worlds and Workplaces of Capitalism

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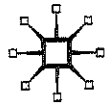
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Having seen how organisational change is embedded in the work process, Shire and Tunte's analysis in Chapter 10 shows how work and employment are transformed in these new organisations, through case studies of software and media labour markets in Germany. New market uncertainties generate dilemmas that cannot be addressed by firm-specific skill formation so that firms are now responding with deep inter-firm technical divisions of labor and with a greater reliance on external labor markets for specific skills and competencies. The forms of external employment vary significantly across the software and media industries and neither flexibility nor risks map easily onto the standard segmentation theories and their core distinctions between internal/external labour markets, functional/numerical flexibility, or core/peripheral workforces. There are considerable contradictions in the emerging practices as non-regular work becomes the regular form. However, new forms of labour politics and institutions are required as there is no return to the past forms of regulation. The flexibilities of the meso level institutions are grounded in the transformations of work, organisations, and the production process itself.

In Chapter 11, McGinnity and Russell examine the outcomes for individuals of these changes – linking together new forms of employment, workplace flexibilities, and macroeconomic crisis in an examination of how people reconcile work and family life. Using individual-level data from 18 European countries in 2004 and 2010, this chapter found that a wide variety of work and family factors influence work-family conflict experienced by employees in couples in Europe. The overall picture is of a modest rise in the four-item index of work-family conflict between 2004 and 2010. Various factors play a role in understanding this – most noticeably the rise in work pressure between the two years, but also the rise in unsocial hours and working overtime at short notice, and the rise in job insecurity. Other factors – like a rise in the proportion of employees with supportive work colleagues and a fall in working hours – counteract these changes somewhat, but play a much more minor role. Nordic economies experience least work-family conflict, explained largely by less exposure to recession, lower working hours, and better working conditions and experiences. The interacting factors of macro-level change, meso level shaping of employment and micro level work processes together are configured into quite different national regimes, with highly consequential outcomes for workers.

In the concluding chapter, we return to the key questions raised here in light of the intervening chapters and their analyses across multiple levels of the intertwining of political economy and work.

2

A Varieties Approach to the Varieties of Capitalism

Lars Mjøset

1 Introduction

The Cold War world of systems competition between socialism and capitalism is long gone. Today we have only varieties of capitalism. It is thus all the more important to develop the study of these varieties. The Varieties of Capitalism (VOC) school is content to demonstrate, by means of handy constrained optimisation models, that there is an alternative to the liberal market economy model (LME). LME and its opposite, the coordinated model (CME), are defined by different complementarities (Hall and Soskice 2001). While it is comforting that there is an alternative to liberal models, it is regrettable that the study of varieties has been reduced to the study of a crude dualism.

We shall approach the question of the varieties of 'advanced', Western capitalism from a position that is methodologically and theoretically opposite to this dualist approach (Mjøset and Clausen 2007). We start from the methodology of macro-qualitative comparisons, implicit in the late work of Stein Rokkan. We investigate whether this methodology can help us build a framework of analysis even though we ask the research questions of contemporary political economy, rather than Rokkan's political sociological ones. We find that while Rokkan's own, substantive study of mass politics can be part of this framework, we also need to draw on other macro-historical frameworks. We then consider other frameworks – within political economy, historical sociology, and international relations – that allow us to investigate political economy research questions while maintaining sensitivity to more than two varieties of capitalism. In this chapter, we critically rework two additional frameworks: Karl Polanyi's work on mobilisation and transformations, as well as Carlota Perez' work on long surges. At the end, we briefly sketch

a synthetic macro-comparative framework that integrates elements from Polanyi, Rokkan, and Perez. This is surely just a tentative, first cut scheme, but we conclude by briefly indicating how it may be used to address core research questions in contemporary political economy.

Rather than approaching history from the vantage point of thought experiments and simple stylised facts (Iversen and Soskice 2009), our study of varieties is bottom-up: grounded, macro-historical, and comparative. The number of varieties is open. If we are to establish broader typologies (such as Nordic welfare states, or Anglo-American LMEs, or Southern European countries), they must be grounded in a study of the various units within such types, as well as on specified comparisons with cases *outside* of that group.¹ Even the smallest of these countries are *huge* and *complex* cases, and their internal processes are important to and a function of the interplay between organised social groups. We work with typologies and periodisations that may guide comparisons in such cases. The main units are states, but analysed in a broader context of world economic development.²

2 The Rokkan style of macro-qualitative comparison

Pursuing a grounded, macro-comparative study of varieties, we can learn from one of the pioneers of post-war political sociology, Stein Rokkan (1921–1979). His substantive work is highly appreciated, but there has been much less attention to the methodological peculiarities of his style of macro-qualitative research.

Rokkan's (1999: 140) approach to state formation and nation building was 'multidimensional', combining economic (Marxian traditions), political/territorial (Weberian traditions), and cultural/ethnic/religious factors (Durkheimian traditions). In methodological terms, his emphasis on typology construction brought him closest to Weber. However, while Weber's typologies were only partly regional, Rokkan included geographical features more systematically. His most ambitious methodological tool was the definition of a *regional grid*, a periodised list of explanatory factors which he developed for Europe ('The Model of Europe', Rokkan 1999: 136f). He called the grid a 'checklist for the construction of typologies' (Rokkan 1999: 126), since it can generate a large number of typologies, tailor-made for explanations of state formation and nation building processes in a particular region.

Rokkan's grid starts from a historical periodisation on the vertical axis and classification into economic (E), political (T – territory) and cultural (C) factors on the horizontal one. It has three modules: (1)

ECT-periodisation of European developments from the Middle Ages to ca 1800, (2) 'intervening process variables', that is the interaction of the national and industrial revolutions to the 1950s, also specified as E, T, C, and (3) outcomes, specified as the variety of political systems, or as he liked to put it: *the structuring of mass politics* in Western Europe. He worked with 16 Western European case countries: Iceland, Norway, Sweden, Finland, Denmark, Germany, Belgium, France, Netherlands, Austria, Switzerland, Italy, Spain, and Portugal.

Rokkan had a strict criterion for inclusion of factors in (1) and (2): '[...] no variable can justify its position in the scheme simply because it helps to describe the conditions in one particular system at one particular stage: to qualify for inclusion in the analysis a variable must specify a necessary or a sufficient condition for a patent difference in later-stage outcomes between at least two distinct systems' (Rokkan and Hagtvet 1980: 136; Rokkan 1999: 141). The outcomes (3) are organised as a six-fold table of dependent variables: processes that – between the 1930s and 1950s – led to the 'frozen' party systems of Western European mass politics in the 1950s and 1960s.

This analytical approach is grounded in the *history of the area in which the state system evolved*. Generalisations are not proposed in the form of general theory, but in the form of contextualised patterns, specific to the historical region studied. Rokkan wanted 'to balance contextual totality against systematic parsimony. No single explanatory or intervening variable can be linked up with a dependent variable in isolation from the context: whether across systems or across stages' (Rokkan and Hagtvet 1980: 136; Rokkan 1999: 141).

Rokkan invented the regional grid just before he died. He had earlier worked with typologies that he called 'conceptual maps'. These two-dimensional maps combine a limited number of explanatory factors: 'a schematized system of co-ordinates generated through the combination of one territorial, one economic and one cultural variable' (Rokkan and Hagtvet 1980: 136; Rokkan 1999: 141) *chosen from* the grid. All Rokkan's maps related to European geographical and historical peculiarities: the horizontal dimension always involved the 'seaward/city belt/landward' distinction, while different variables were chosen for the vertical dimension. Rokkan's (1999: 142, Fig. 13) 'master' map represented 'the fundamental asymmetry of the geopolitical structure of Europe' (Rokkan 1999: 143): a horizontal, socio-geographical east/west dimension combined with a north-south dimension depicting church/state-relations as conditions of nation-building (Protestant in the north, religiously mixed in the middle and Catholic in the south).

The map allowed Rokkan to sketch answers to the research questions he most frequently posed. But in some of his last writings, he posed slightly different research questions. For instance, he investigated cases such as the Weimar republic, Italy and Spain, aiming to explain why democracy broke down into authoritarian rule in the 1930s (Rokkan 1999: 235–243). On these occasions, he derived modified versions of his master map from the grid (Rokkan 1999: Figure 44–45).

The conceptual maps are typologies that plot cases into a conceptual space. They are strengthened empirically by comparisons, either in pairs or of larger selections of political units. These comparisons rely on both quantitative data and historical process tracing (historical monographs and area study cases). In ‘any concrete comparison’, Rokkan (1999: 127) stated, the primary task is to single out the ‘most parsimonious configurations of variables required in the explanation of the differences on the given dependent variable’.

The regional grid is Rokkan’s most original methodological innovation. Certainly, Weber’s enormous catalogue of typologies can be used in the same way as the conceptual maps, but Rokkan’s principle of a typology-generating grid is new. He also captures the dynamic between typologies and case-work that allows comparative historical social science to address quite specific developments in singular cases, by means of comparison with selected other cases (for this, see Mjøset 2006).

Given the scant attention to the methodological peculiarities of Rokkan’s late work, there is much left to develop and clarify. However, our question in the following is whether we can work with this kind of comparative-historical methodology even if we switch from Rokkan’s topic of mass politics structuring to the research questions that are driving the political economic study of Western ‘advanced’ varieties of capitalism.

3 Political economic research problems

Any decent social science study of macro-developments displays a certain elasticity with regard to the research questions asked. Political economists can specialise in the minute adjustments of economic policy making, decisions made in networks involving policy making elites (ministers, bureaucracies, parliaments, experts) within countries of interest. They may deal with the details of production regimes in one country, in selected countries, or in a region over the last decades. But political economists are also interested more broadly in the fate of the West, of the Rest, of the world economy as such. Shifting the

emphasis from the details of their cases to the overall context, they may for instance ask whether all CMEs eventually will be transformed into LMEs, or alternatively, whether complementarities will reproduce this dualism in the long run (Thelen 2014).

Rokkan’s substantive work on party systems certainly does not give us the whole political element in political economy. The same goes for economists who try to model political business cycles by means of simple ‘maximise votes’ constrained optimisation models. There are several other crucial institutions in between government and the dynamics of the real economy. Furthermore, economic performance is not just a function of domestic institutions, it must also be linked to international economic processes that are more or less beyond governments’ control. Finally, although parties play an important role in mass politics, there are also the mass movements mobilising ahead of, or in spite of, the parties.

The term that synthesises these political elements is *legitimacy*. The broadest research problem in contemporary interdisciplinary political economy is the extent to which governments, parties, and social partners are able to combine the concerns for legitimacy and accumulation.³ In the high growth post-war Golden age this was posed as the question of *adjustment capacity*. Could the governments cope with the ‘democratic capitalism’ challenge that arose as mass politics stabilised? Did they have the capacities to pursue flexible adjustment to square the imperatives of socio-political legitimation and socio-economic restructuring?

The accumulation/legitimation research problem can be connected to two distinctions: structure *versus* institutions and national *versus* international. The latter distinction is obvious. ‘Structure’ and ‘institutions’ is a relative distinction, as in ‘inert’ versus ‘less inert’. Institutional patterns *may* change very rapidly, while structural ones change more slowly. Given the tension between legitimacy and accumulation, we can specify the distinction as such: The layer of private firms play an important role, one that is not entirely dictated by the firms’ national institutional surroundings. If we study small open economies, their integration in the world economy through a limited set of predominantly resource-based export sectors, responding to terms of trade movements, illustrate the notion of national economic structure. We must consider both institutions and structure at the national level. At the international level, there is adjustment pressure from structural change due to changing technologies and uneven development. But even at that level there is a layer of institutions, international regimes (Ruggie 1982), covering issue areas such as monetary matters, trade,

security, human rights, and environmental risk. This yields a simple fourfold table.

Rokkan's substantive work on his 16 cases gives us just one set of national institutions, one out of several items in Table 2.1's lower right-hand cell. Party systems are but one among several potential explanatory factors of relevance to the political economy accumulation/legitimation outcome.⁴ Conversely, within political economy we find explanatory factors that will help explain Rokkan's structuring of mass politics outcomes. In his regional grid for Europe, the preconditions period is thoroughly periodised, but not the long period where the 'effects' of the industrial revolution is supposed to 'intervene'. For the periods after the industrial and national revolutions, Rokkan argued in minute details about party systems, linguistic culture, and mobilisation of subordinate groups to pass the thresholds blocking their full representation and influence of government (see Table 2.5, mass politics column). But he ticked the whole history of modern capitalism into one out of six boxes of 'intervening process variables', which cover the 'interaction of national with industrial revolution'. That box is briefly characterised as 'rapidity, localisation of *industrial growth*' (Rokkan 1999: 137). In other words, for the industrial period, *Rokkan had no regional grid*, despite the fact that this might have turned out to be important for his analysis of the shift from a turbulent (1930s) to a frozen and stable (1950s) kind of mass politics.

Given that we ask political economy research questions, this neglect of economic development phases *after* the industrial revolution must be corrected. We need at least four additional frameworks, one for each cell in Table 2.1. They are linked to local research frontiers on techno-economic paradigms, hegemony in international relations, national

Table 2.1 Basic elements of a systematic framework

	Structure	Institutions
International	Adjustment pressure as a result of structural change (techno-economic paradigms)	International regimes and hegemony – presence or absence of one superior 'stabiliser' among the great powers
National	Country insertion into the international division of labour, development blocks	Complementarities between institutional complexes

Note: This is a simplified version of Table 2.1 in Mjøset (1990).

innovation systems, and institutions connected to the defence of labour, money, and resources at the national level (see also Table 2.5, below). Since this chapter is a brief, programmatic sketch, we shall have to be even more selective. Our main focus will be international structures and national institutions. While international institutions and national structures will be discussed, those frameworks are not presented in great detail.

4 Techno-economic paradigms – international structure

We need to consider frameworks that help us specify how the industrial revolution diffused across the Western economies, including Rokkan's 16 case countries. Research in this area has traditionally combined Marx's focus on productive forces and relations of production with Schumpeter's emphasis on turning points in the history of radical technologies. The most synthetic present contribution to this local research frontier is Perez's (2002) study of long surges, which specifies both techno-economic and financial aspects of the external challenges and constraints on nation state adjustment. Perez enriches the neo-Schumpeterian tradition with an inclusion of the financial sphere in line with Minsky's analysis of financial instability.

Perez reconstructs the Schumpeterian long waves as *long surges* (cotton, railway, heavy engineering, auto-industrial complex, and ICT), summarised in Table 2.2. She disaggregates each surge into four phases. When a new radical technology is installed (see Table 2.3), it first irrupts, then a frenzy phase sees financial capital divorcing entirely from production capital. Following a major crisis, a turning point leads to regulation, so that during the deployment phase of the new radical technology, there is synergy ('Golden Age') in which financial and production capital combine to generalise the new techno-economic paradigm. Such paradigms are the set of best practice principles – in terms of technology, economics, management, and institutions – that guides the diffusion of each new radical technology (Perez 2002: 7). Finally, in the maturity phase, financial capital again goes off on its own, now searching for new radical technologies as the old ones mature. The most recent historical case was venture capital searching for new high-profit outlets as the auto-industry had reached its mature phase, discovering ICT.

This is a substantive-qualitative model (see Mjøset 2009), like the Rokkan models. It provides a condensed summary of structural changes in the core countries of the world economy. These changes – related to the diffusion of a techno-economic paradigm – represent structural

Table 2.2 Five great surges of growth and five major technology bubbles

Big bang: year and core country	Great surge (S1–5)	Major technology bubble(s) in installation	Collapse year and country	Deployment
1771 England	The Industrial Revolution (mechanisation and water transport)	Canal mania	1793 England	Great British leap
1829 UK	The age of steam and iron railways	Railway mania	1847 Great Britain	Victorian boom
1875 UK, USA, Germany	The age of steel and heavy engineering (civil, chemical, electrical, and naval). First globalisation	Multiple bubbles from build-up of world infrastructure for global trade in commodities (steel railways, steamships, ports, telegraph, etc.) financed mainly from the City of London	1890–1893: Argentina (Baring crisis), Australia	Belle Époque (Europe), Progressive Era (USA)
1908 USA	The age of the automobile, oil, and petrochemicals	Roaring twenties	1929 USA	Post World War II boom
1971 USA	The age of information and digital communications. Second globalisation	Double bubble: internet mania followed by financial boom of the 2000s	2000 and 2007–2008 USA	A sustainable global knowledge society boom?

Source: Perez 2009: Table 1.

challenges that all countries must face whether they are early or late developers, large or small economies.

The institutional order in international relations (Table 2.1, upper right cell) impacts on the world economy. Within political science, international relations studies whether the international 'anarchy' of states can be tempered by institutions. The sub-specialisation of international political economy has brought this study to bear on world-economic developments. Perez's model works best for periods of undisputed hegemony in international affairs, as one dominant great power is the

Table 2.3 Dating of the sub-periods of the five long surges

	Installation			Deployment	
	Irruption	Frenzy (mania)	Turning point	Synergy	Maturation
S1	1770s/1780s	Late 1780s, early 1790s	1793–1797 [FRW]	1798–1812 [NW]	1813–1829
S2	1830s	1840s	1848–1850	1850–1857	1857–1873
S3	1875–1884	1884–1893	1893–1895	1895–1907	1908–1918* [WWI]
S4	1908–1920*	1920–1929	1929–1933 (43*) [WWII]	1943–1959	1960–1974*
S5	1971*–1987	1987–2001	2001–?		

Note: * Overlaps; Shaded area, see comments in text. In brackets: great power wars: FRW – French revolutionary wars 1792–1802; NW – Napoleonic wars 1803–1815; WWI 1914–1918; WWII 1940–1945.

Source: Perez (2002): 57.

closest one gets to a world state. In the long surge periodisation, S2, as well as the deployment phase of S4, and well into S5, are such periods of hegemonic strength (Britain globally, the United States in the Western world) and global integration.

But in periods of unequal developments between two or more great powers that aspire to dominance, elements of international 'anarchy' gain importance. Such periods of fragmentation (war, blockades, and protectionism) are also periods of hegemonic transition. The shaded area in Table 2.3 – the era from S3 maturation (end of Belle Époque/Progressive Era) through S4 irruption and frenzy – represents such a period. It is hard to discern a clear cut transition between the two techno-economic paradigms through that sequence of world wars and fragmentation. Britain was losing its dominance in the real economy, challenged by the United States in the Atlantic area, and by Germany on the European continent. These three great powers competed for hegemony with different 'models' representing three distinct varieties of capitalism (British liberal, US Fordist, and German state interventionist models). To understand this international situation, we must combine Perez's scheme with a hegemonic cycles model tracing hegemony-shifts through unstable periods of great power war and unequal developments (Goldstein 1988; Modolski and Thompson 1988; Mjøset 1990; Arrighi 1994). We know that warfare is related to technological breakthroughs (McNeill 1982). We also know (Tilly 1990) that warfare is related to extension of citizens' rights. This provides a connection to Rokkan's types of democratic mass politics.

5 Polanyi's self-defence of society – national institutional complexes

Although Rokkan did discuss institutions of importance to economic policies and planning in some of his more detailed country studies (Rokkan 1966), he prioritised research problems that made it unnecessary for him to define a place for such institutions in his conceptual maps. Many strands in recent institutional literature are relevant to compensate in this respect (Thelen 2014). Here we shall only discuss a framework based on Karl Polanyi's *The Great Transformation*, published as far back as 1944. Pending certain revisions, Polanyi's analysis of institutions relating to labour, money, and resources proves a valuable contribution even to the analysis of present-day varieties of capitalism.

Polanyi did not conceive of 'liberal' economy as a type opposed to 'coordinated' (as in VOC), but as a program pursued by more or less influential networks of policy makers and intellectual experts. Introducing terms he did not employ himself, a *transformation* can be understood as a sequence of institutional designs. He specified it as a *double movement*, one that in our terms can be defined as follows: The first, 'liberal' movement is any attempt at institutional design that implicitly or explicitly applies the ideal of the self-regulating market as the sole benchmark. The second movement is the response: acts of social mobilisation and/or elite/expert-based proposals that lead to institutional designs that embed the market in redistributive institutions that defend labour, money, or resources – thus responding to the imperative of legitimisation.

The term 'institutional design' may sound awkward. It is more common to analyse the second phase with reference to social mobilisation, which gives a special meaning to the term movement. Even for the first phase, one can argue that a political alliance suggesting liberal schemes reflect a socio-political movement. Mostly, it is an elite offensive. It also includes an element of expert knowledge, in complicated ways blended with ideological convictions. As we shall soon see with reference to the management of monetary systems, this is frequently also the case for one type of second phase movement. For this reason, we stick with the awkward term, and frequently also use 'response' rather than 'mobilisation' when discussing the second phase.

Portraying the ideas behind liberal visions of institutional reform, Polanyi referred to classical British liberal voices around the Napoleonic wars, as well as to the Austrian neo-liberal school of the twentieth century interwar period (Mirowski and Plehwe 2009). The overarching classical liberal idea (as stated by Adam Smith) was that markets ('truck

and barter') are natural. God had created an overall natural order, and the study of political economy showed how human nature, left to itself, spontaneously created order in human householding activities. The generalisation of market principles was a natural movement, only to be corrupted by special interests, by the interests behind mercantilism in Smith's case. As the liberal, anti-mercantilist program was launched in Britain in the late eighteenth century, the market was for the first time in history turned into a generalised ideal.

The Austrian neoliberals of the early twentieth century understood that the liberal vision depended on state action. If humans did not live up to their alleged 'nature', the state should pursue institutional design with the self-regulating market as the sole benchmark. While Smith had feared the old state, the neoliberals feared the new class, and if mass democracy allowed that working class to gain executive power, political philosophers should think about ways to restrain democracy. The intellectual right-wing here gave an early statement of the core political economy research problem outlined above.⁵

Polanyi challenged such individualist perspectives by turning the neoliberal position on its head: He claimed that liberal designs emerged under highly peculiar historical circumstances, while the response was general. Whenever a liberal reform was proposed and to the extent it was implemented, a response would necessarily arise, without exception, since liberal institutional designs would threaten the 'substance of society'.

Polanyi wrote *The Great Transformation* as an émigré Hungarian intellectual in the Anglo-American sphere at the end of World War II. This extraordinary situation led him to state some of his insights in too extreme terms. The book was hurried into print in 1944 because Polanyi wanted to warn against the neoliberal diagnosis, spread by Hayek (1944) in *The Road to Serfdom*. Hayek argued that any program for post-war planned, mixed economies would self-destruct into authoritarian, Soviet-like regimes.

Eager to counter this analysis, Polanyi in some statements aggregated all his evidence on liberal offensives and regulatory responses into a broad picture of *one great transformation*. This strengthened his message that in the near post-war future, a regulatory movement would displace any liberal offensive, since mass democracy was compatible with capitalism. This prediction was spot on, Hayek was wrong. But some of the long lines that Polanyi drew, were not sound contextual generalisations.⁶

This makes Polanyi's work a strange mixture. It contains some exaggerated, dated claims, hurried efforts to support his all-out attack on the

neoliberal position, but also a sound analysis of institutional embeddedness in complex, industrial societies. We can use his main concepts today, but three revisions must be made. First, we must specify his own disaggregation of the term 'substance of society'. Secondly, we must turn his claims about *one* great transformation into an analysis of several transformations. Thirdly, we must abandon the artificial/natural distinction, instead treating both phases of the double movement symmetrically as results of specific historical processes. In the following, these three revisions are specified.

At his most moralistic – he was a Christian socialist with Quaker sympathies – Polanyi held that liberal strategies would destroy 'the substance of society'. The *first revision* is necessary because this Durkheimian streak is a theoretical deficiency of his framework, forcing him to conceive of society as an organism that can die. The point, however – commonplace in all criticisms of functionalist social science – is that societies do not die, they change, and any 'threat' will lead to some kind of response.

Polanyi specified the substance of society as consisting of three elements: labour, money, resources (land). While labour and resources can be seen as the substance of any society, Polanyi added the element of money to get at the fundamental elements of any industrial society. His famous formula is that none of these elements can be turned into commodities. Just like labour (children) were not born to be supplied to the market, neither did our planet and its resources evolve for that purpose. With reference to money, the argument is different. It brings out the importance of credit for the maintenance of the techno-economic substance of modern societies, whether we are dealing with capitalism or non-capitalist varieties of industrial development. In any such society, there must be institutions that manage the supply of credit to finance huge, inert material structures of machinery and infrastructure. Liberals wanted to stabilise monetary economies by linking the supply of credit to the supply of the commodity gold. In contrast, Polanyi argued that the history of gold standard periods (in Britain and internationally), showed that such a liberal design would undermine these basic industrial structures.

Polanyi provides an interesting twist on the classical opposition between sociology and economics: labour, money, and resources are critical areas in complex, industrial societies. They become issue areas for the formation of institutions of crucial importance for the accumulation/legitimation-tension in any variety of capitalism during the rise and consolidation of mass democracy. His crucial argument was that these fundamental elements had to be protected from the market mechanism.

In earlier times, markets had always been embedded in social institutions reflecting principles of reciprocity, redistribution, and householding. Since Polanyi emphasised the peculiar circumstances in which liberal programs emerged, he implied that non-liberal types of capitalist, industrial societies could emerge directly. In VOC terms: besides LMEs, CMEs could also develop. Historically, this was known as the idea of 'selective decoupling' to nourish infant industries (linked to the name of Friedrich List, cf. Senghaas 1991), pursued by both Germany and the United States, acting as latecomers challenging the first mover and hegemon, Britain. Bismarck's Germany is the most famous case, even before mass politics. In this variety of capitalism, early, paternalist welfare arrangements were crucial measures *from above*. They aimed to protect labour while trying to bar the autonomous political organisation of labour, as in Bismarck's 'socialist laws' 1878–1890.

Principally, if labour, money, and resources are protected by decommodifying institutions,⁷ the market mechanism may well serve transactions involving all other elements, since these are products actually produced for the market. This was also Polanyi's general vision of the post-war period. Given the way mass politics had developed, the organisations of the labour movement would play a major role in the development of the organised capitalism that he correctly predicted.

As for the early efforts to establish LMEs, Polanyi agreed with his neoliberal opponents. While in a theoretical definition, a self-regulating market is one that turns labour, money, and land into commodities, even the closest real life approximation to this ideal requires extensive political intervention. Since markets for labour, money, and resources had historically always been 'embedded' in institutions, attempts to 'disembed' them were just other ways of embedding them. Before mass politics, this was done as institutions (often legislation) certified by the state (with its monopoly of legitimate violence) clamped down on efforts to resist commodification (e.g. the British post-Napoleonic attempts to prevent workers from resisting the 'iron law of wages').

Our first revision seemingly rescues the LME/CME-dualism, but the next two revisions require us to search for more variety. The *second revision* does away with Polanyi's aggregation of 150 years of history (from the industrial revolution to World War II) into *one* great transformation. From the early liberal offensives in Britain during and after the Napoleonic wars, liberal offensives created a multitude of double movements. Once we distinguish responses in the three critical areas of institutional design, we see that double movements depend on the area studied and on the result of earlier transformations. Responses to

commodification came both from below and from above, or in some combination of the two (cf. also Table 2.5, below).

The labour movement's struggle for the right to form unions and later for collective bargaining are important instances (an early case was Chartism in Britain) of responses in the form of mobilisation from below. While some welfare state institutions of social protection were established from above (cf. Bismarck), under mass politics (Rokkan's topic) mobilisation from below became very important, pushing in favour of institutions that secure redistribution.⁸

Other responses were elite actions, in response to unanticipated consequences, as when situations of economic turbulence and frenzy forced central banks to pursue monetary policies (open market operations, management of interest rates) in order to prevent the wiping out of too much productive capacity.⁹ Even the early British Peel Bank Acts (1844) had such features. In the early post-war period, the Bretton Wood gold-dollar system organised international payments in a way that displaced the gold standard restrictions. These were responses from above, to some extent they remain more exclusive, economic-technocratic routines, less correlated with party-political differences.

Responses from above or below may also be combined, as in cases where the state agrees with primary sector interest groups to regulate for example agriculture. An example is post-war Golden age non-liberal policies to sustain the agrarian sector, despite the growth in secondary and tertiary employment.

Interpreted in this way, protection of the three critical elements is about running capitalism in a *legitimate* way. Although his analysis was published in 1944, Polanyi foresaw a win-win coexistence of democracy, interventionist economic policy making, and capitalism. Some scholars today retrospectively judge that period as the one in which democracy and capitalism was as compatible as never before or after (Streek 2011). What Polanyi did not predict was that such a coexistence would thrive under the institutional umbrella of Cold War geopolitics. His terminology was later borrowed by Ruggie (1982), who labelled the 1945–1975 period as one marked by *embedded liberalism* in the Western/Atlantic international sphere, pointing to institutions such as Bretton Woods and the political integration of the labour movement in Cold War Western Europe.

Table 2.4 illustrates the relevance of Polanyi's threefold distinction for the analysis of post-war developments. For each of Polanyi's elements (critical areas), it first lists some famous liberal ideals. It then specifies properties of the 'self-defence' (second) phase of the double movement

with reference to relevant aspects of post-war advanced capitalist economies.

This brings Polanyi's core point about labour, money, and resources as non-commodities to bear on the political economy research question sketched above. If decisions in economic, social, and environmental policies are pursued with the sole aim of enforcing pure markets for

Table 2.4 Specifying Polanyi's 'self-defence' of labour, money and resources

	Liberal ideals of the self-regulating market	What specific threat of destruction are at the root of the self-defence?	Extent to which social movements are involved in the self-defence?	What types of institutions (public policies, regulations, and legislation) are influenced by the self-defence?	What expert-knowledge/disciplines are consulted/mobilised?
L	'Iron law of wages', subsistence wage.	Destruction of labour, the human basis of industrial production	Labour movement, a classical social movement: strong, well institutionalised. Later also the women's movement	Welfare state, incomes policies, work life regulations, fiscal policies, innovation policies	Social science, work life research, welfare research, economics
M	Money supply anchored in gold supply (national level or globally)	Destruction of the techno-industrial basis of growth and transformation	Concern voiced by state and elite groups responding to unanticipated consequences. Popular mobilisation secondary	Central bank, fiscal policy, monetary policy, financial supervision authorities	Economics
R	Nature is at unregulated disposal for use by private business interests ☺	Destroys the natural basis of industrial production, creating waste that eco-systems cannot recycle. From local to global (warming) problems.	The environmental movement. A 'new' social movement. Not as strongly institutionalised as the labour movement. Also voiced by the state and by international institutions (regimes).	Climate policies, industrial policies	Physics, meteorology, social science

labour, money, and resources, the legitimacy deficit will spur mobilisation and/or regulation, weakening the ruling elites or mass parties that pursued such reforms. Democratic mass politics allows parties that win elections to move into executive positions, and elite/expert views support new interpretations of current developments. Historically, we know that the whole Keynesian revolution and neoclassical synthesis of early post-war economics went against Hayek, trusting the compatibility of democracy and capitalism.

The *third revision* concerns the symmetry of the double movement. Both Polanyi and the liberal political philosophers he opposed saw the double movement as asymmetric. They only differed in the question of whether the first or the second phase is 'natural'. But we must untie Polanyi from principal struggles in political philosophy. If both phases are programs of institutional design, they are both historically specific.

Double movements are not just specific to elements, but also in time and space since the industrial revolution. Polanyi's claim that responses to 'artificial' liberal designs are inevitable, allows him to move *too flexibly* between various levels. In the various parts of his book he analyses national British developments since the industrial revolution (part 2), international relations during the classical gold-standard period (part 1), and regional central and eastern European developments (part 3) in the interwar period. He never pursues systematic comparisons disciplined by reference to historical periodisation.

Clearly, one transformation builds on the accumulated results of earlier transformations, since these are not fully reversible. Early nineteenth century liberal Ricardians and Malthusians in Britain would model workers as animals who would breed a surplus population creating famine and disaster if they were granted more than a subsistence wage. In contrast, Norwegian liberals in the twenty-first century understand that the central trade union movement is not a force that can be banned, it rather plays a stabilising role in complex wage settlements. Obviously the two are different cases of capitalist industrial societies. While there are present day Tea Party activists in the United States who insist that world monetary instability can only be solved by a new gold standard, the decision making liberal elites behind US monetary policies are only too relieved that they may be able to inflate the country out of indebtedness by quantitative easing (QE) and a downwards floating dollar with no gold anchor.

In sum, we must think in terms of a matrix, with resources, money, and labour horizontally, and various periods vertically. Since the diffusion of leading technologies is an uneven process, we must also consider

regions and groups of countries in their specificity. Our discussion here has been limited to the Western Atlantic area.

Revising Polanyi as indicated above allow us to study just the national institutions that Rokkan did not include in his framework. To the extent we are interested in the study of clusters of countries – say, the five, small Nordic countries, or maybe some of the large economies, say the US as the older, and China as the present 'workshop of the world' – we also need frameworks to analyse the internal economic structures of these economies. This, as noted, is a topic we cannot pursue further here.¹⁰

6 Combining comparative frameworks

Table 2.5 provides a tentative combination of the frameworks we have surveyed above, with a focus on the analysis of national institutions (Table 2.1). International structures and institutions are reduced to a

Table 2.5 A periodised combination of national institutional frameworks

International		Institutions/national			
Structure	International institutions	Social movements (from below)		State/elite action (from above)	
Surges	GPW	Mass politics	Labour	Money	Resources
S1 1810s on	FRW NW	Legitimacy	Assembly/petition	Domestic gold standard	Mobilisation of farmers/peasants
S2 1840s on			Associationism		
S3 1880s on	WWI	Integration/representation	Labour unions Collective bargaining	The international gold standard, inter-war failure	Concessions, national protection
S4 1930s/1950s on	WWII	Executive power	Reforms from above Economic experts Middle class mobilisation	Repressed finance, interventionism ('Keynesian')	Primary producers included in national corporatist structure.
S5 1970s on			EU single market	Deregulation of domestic and international capital flows. EMU. Frenzy	Global warming, UN international regimes

Notes: GPW – great power wars, see note to Table 3 above. *Mass politics*: Rokkan 1999: III.2 on thresholds that have to be passed by the mobilisation of subordinate groups. *Money*: Gold standard in S3, S4 are international institutions, but we refer to the domestic repercussions, such as the tensions around 'Treasury view' kind of economic policies. Shaded area: see the text.

periodisation that combines a revised version of Perez's long surges with cycles of global wars. The development of national institutions is specified with reference to Rokkan's analysis of mass politics and Polanyi's three non-commodities (land, money, and resources).

All along, our aim has been to suggest a framework that allows us to compare a real variety of 'varieties', not just two formalised models of capitalism. Following the critical survey of candidate frameworks above, our program can now be stated as follows: We need to compare *transformations* created by elite offensives and mobilisation/responses from both above and below, relating to the three non-commodities labour, money, and resources before and after mass politics in the case countries we sample. These comparisons of national institutional complexes must be further underpinned by accounts of national structures. For reasons of space, these structures cannot be covered in this presentation.

This framework does not imply 'methodological nationalism', since the international context can – when necessary, at any point in the analysis – be included through the periodisation to the left of Table 2.5. This periodisation also aids the analysis of how earlier transformations often represent irreversible changes that condition later transformations. It should be noted, however, that crucial features of the international context can only be understood through studies of case countries of particular importance to the world economy. As we have briefly indicated above, these are 'workshop of the world' and/or hegemonic countries such as the UK, the US, and China.

Further specification of Table 2.5 would enable us to systematically integrate a number of studies of relevance to the comparative study of political economy models in the Atlantic/Western region, and to suggest relevant typologies. Here, we only have space to very briefly sketch three such specifications. They concern the long term, historical comparative analysis of capitalism in this region, the analysis of present-day developments, and the analysis of hegemony.

First, concerning the historical development of capitalism, we can briefly indicate some broad lines as we move forward in time and across the national institutional elements in Table 2.5. Referring to the shaded fields, the lightest one (mass politics/labour S1–3) covers the interaction of popular mobilisation and the structuring of mass politics, both mobilisation for universal suffrage and for the right to assemble and form unions and other associations. The end point is the S4 constellation, the result of worker mobilisation under mass politics conditions in the beginning of the post-war Golden Age. Mobilisation within mass democracy from then on relied on a set of 'frozen' institutions. State

interventionist capitalism had more elements of management from above. Labour became extensively involved in governments (coalitions or alone), at least in Western Europe (Korpi 1983 provides a differentiation with reference to working class strength). The international framework was Cold War 'embedded liberalism' (Ruggie 1982), and these were also the pioneering days of the mathematical economics/econometrics expert culture.

The somewhat darker field (money/S3–5) provide hints at the evolution of twentieth century interventionist, mixed economies. We could specify the emergence of modern monetary (and later fiscal) policies in conjunction with the transition from the fragile (interwar) to the stable (post-war, Bretton Woods) international monetary regime. There is no space for a more detailed account here. We can also relate the analysis of these institutions to the social protection and social partnership institutions analysed in conjunction with labour/mass politics, getting to institutional complementarities (virtuous circles) or institutional inconsistencies/tensions (vicious circles).

Finally, the darkest field (resources/S5) of Table 2.5 take us from the Atlantic/Western-European area back to the global level. It points to an entirely new development. Since the 1980s, and especially after 1990 in a post-Cold War setting, humankind has been made aware of ecosystem limits to the development of industrial society. The basic points are given in Table 2.4, and the role of natural science/social science experts is clearly even more important than the earlier responses related to labour and money. The science/UN-based climate change panel (IPCC) is a main feature of the present environmental regime. Since the S3 deployment phase, a fossil energy system (Siefert 1990) has been a core feature of the resource base of the industrial system. For a long time, waste from the burning of such fossil fuel only had local consequences, one could always exit or tidy up, although for example the London smog in the 1950s involved excess deaths.

Since the 1980s, however, it is well known that reliance on fossil fuels have global repercussions in terms of climate change, possibly affecting conditions for life on earth.¹¹ Thus, if today's Beijing smog is not tackled faster than the London smog was (it took 30 years), the planet may pass tipping points with dire consequences for world climate. However, these effects threaten humankind only in the medium term, a time horizon too wide to affect the daily decisions of politicians in democratic political systems, at least given the way these have so far been organised. We recognise here how the basic research problem of democracy and industrial capitalism reappears in the contemporary setting.

Second, concerning the analysis of present-day developments, the framework can be employed with reference to many specifications of political economy research questions. The simplest formal structure of Rokkan's grid is this: a set of preconditions, 'intervening processes' (some form of marked structural change, not necessarily as broad as those quoted by Rokkan), and a set of outcomes. Recent comparative political economy initially focused on the 'shocks' of the 1970s (ICT 'big bang', but also oil crisis and the entry into a 'phase of cautious objectives' marked by lower average growth rates, Maddison 1991: 121). Recently the frenzy/turning point (financial meltdown) of 2008 emerges as a new candidate, but it should be understood in conjunction with changes in the international division of labour, notably the rise of China's economic power. However one defines the 'intervention', the specifically comparative task is to compare how the political economy models within a specific region have responded to recent changes (intervening processes). In some cases (the Nordic countries), it seems that virtuous circles have dominated recently, while in other cases (the Southern European countries), vicious circles have clearly prevailed.

Many findings in recent political economic studies of this region can be summed up using this scheme, and this could be a modest contribution to more cumulative research in the future. Many strategies of further research may be indicated. Here we shall just mention a few, narrowly restricting our examples to studies directly in the Rokkan tradition. Detailed nationally focused studies can employ Polanyi's approach to institutional analysis.¹² The framework can also be used to study a region such as for example the Nordic countries,¹³ or to pursue paired comparisons.¹⁴ The more ambitious goal, however, should be to develop more comprehensible, non-dualist typologies.¹⁵

Thirdly, as noted earlier, some of Perez's turning points are associated with hegemonic transitions. Presently, complicated unequal developments are going on: China has replaced Britain and the United States as 'workshop of the world'. Its financial relations to the US form a major axis of the world monetary relations. At the domestic level, China's non-democratic state coexists with capitalist dynamics 'on the ground'. Just like earlier 'growth miracle' countries, China experiences grave problems of local pollution related to fossil fuels (coal and oil). Reduced dependence on the fossil fuel regime will be absolutely crucial for the upcoming S6. Here one should ask what the chances are that China (a fourth of world population) will make a difference in terms of climate change policies. Success at the Chinese national level will matter for the global situation, both directly and indirectly, as it will set an example for others.

7 Conclusion

If Table 2.5 is a rudimentary grid, a political economy model of the Western-Atlantic economies, it differs from the grid that Rokkan established in a number of respects. First, it covers the period of industrial capitalism, not European early modern history up until the industrial revolution. The time difference between outcomes (present adjustments) and prehistory is less than in Rokkan's model. Second, it includes at least the United States, but perhaps also other countries connected to the West (e.g. the OECD-countries). Third, the intervening processes are less 'grand' than Rokkan's industrial and national revolutions. They are rather transitions within the Atlantic/Western system that was created by these changes. Fourth, as already discussed, it includes an international dimension that is relevant for more than just the Western European region.

More narrowly conceived, however, Table 2.5 is not a grid, not even a rudimentary one. The 'strict criterion' quoted above (early in section two) has not been applied. Rather than meticulously chosen 'necessary or sufficient' conditions for differences in the outcome phase, the items listed in the national sections of Table 2.5 are turning points that help us understand the formation of institutions in various fields. Table 2.5 cannot be seen as a conceptual map either, since Rokkan's maps combine variables from his grid to classify present day cases.

We reach the paradoxical conclusion that our efforts to apply Rokkan's methodology to political economy research questions have yielded a framework that does not directly fit either of his main methodological tools (grid, map). As it stands, it seems a hybrid between a highly stylised and compact history of (Western) capitalism and some kind of 'comparative catalogue' of its present varieties. It is in any case not much more than a sketch, although we have tried to account for both its methodological and conceptual analytics. Hopefully, we have still been able to give the reader a sense of the many interesting comparative options that present themselves when one pursues the Rokkan style of substantive-qualitative modelling as an alternative to currently dominant approaches in political economy.

Notes

1. We can think of this as a program relying on strong comparisons. At least four criteria must be satisfied: First, one must compare along a set of specified categories, reflecting properties of the cases, relative to the research question (which may be defined in broader or narrower terms). Secondly, other cases

- of the same must be sampled. If the starting point is two cases (say, the U.S. and Germany), other cases of advanced capitalist countries should be systematically sampled and original findings (say the dualism LMEs versus CMEs) should be critically evaluated (considering the development of a typology). Third, one must conclude in terms of periodised, contextualized generalizations that maintain, improve and extend initial typologies. Fourth, a mixed methods strategy, that is a combination of qualitative and quantitative social research, is required.
2. It is possible to integrate both levels in the analysis. The social-philosophical criticism of 'methodological nationalism' (Beck 2000) obscures that simple point.
 3. Interdisciplinary political economy – as contrasted with 'pure' disciplinary economics – has in the post-war period mostly been pursued in disciplines such as sociology, political science, and economic history. Crucial early statements on the accumulation/legitimation-tension are O'Connor (1973) and Habermas (1973). There are connections here to comparative welfare state studies (Korpi 1983, Esping-Andersen 1990, Huber and Stephens 2001), as well as to international political economy (Katzenstein 1985) and historical institutionalism (Thelen 2014).
 4. It goes without saying that Rokkan's substantive analysis must be upgraded with reference to later research on the periods that he dealt with, as well as with reference to later periods. For instance, the question of new cleavages (possibly related to immigration and to environmental problems) is a crucial one.
 5. Mirowski (2009: 446) quotes Hayek's 1981 statement that he would prefer 'temporarily to sacrifice, I repeat temporarily, democracy, before having to do without freedom, even if temporarily.' Mirowski provides an extended analysis relating present-day neoliberal offensives – using all the technologies of the ICT-era – to Hayek's concept of non-objective knowledge and his attempt at founding ideas of natural order in evolutionary reasoning.
 6. Based on his Central and Eastern European experience, for instance, he claimed that liberal strategies were responsible for the fascist turn (and thus for the world war), since attempts to force the interwar gold standard system on this region had destabilised the young democracies, leaving the stage open to authoritarian and/or fascist political forces. Polanyi obviously wrote this as a warning to politicians and experts that would have a say during Europe's post-war reconstruction, but more recent comparative history provides a more nuanced interpretation, cf. Kommisrud (2009).
 7. This notion was introduced (with direct reference to Polanyi) in Esping-Andersen (1990: 36). For a critical survey that in some important instances corrects Polanyi's analysis of crucial historical transformations (such as the Speenhamland legislation of 1795), see Block and Somers (2014).
 8. Here is a link to the large social mobilisation literature (Tilly 1978, McAdam, Tarrow, Tilly 2001), as well as to the less homogenous, and often quite technical literature on economic policy making. There is even a connection to very contemporary challenges around global warming, as we show below.
 9. This is where Perez's inclusion of financial instability into a neo-Schumpeterian framework matches Polanyi's focus.
 10. We shall here only refer to some concepts we have found useful in our own analyses: Senghaas' (1985) notion of auto-centered development (cf. Mjøset 2007), related to the comparison of European core and periphery in the nineteenth century (Berend & Ranki 1982); Hirschman's concepts of forward and backward linkages (1977), anticipated in Dahmén (1950); neo-Schumpeterian notions of 'national innovation studies' (Lundvall 2002).
 11. Polanyi certainly did not predict global warming. But he (Polanyi 1944: 184) noted 'the disastrous effects of the mobilisation of land' during S3, the high tide of Western imperialism. Free traders, he argued, had forgotten about the importance of land and agriculture for a country's geopolitical security concerns. He extended this argument to 'the conditions of safety and security attached to the integrity of the soil and its resources – such as the vigor and stamina of the population, the abundance of food supplies, the amount and character of defense materials, even the climate of the country which might suffer from the denudation of forests, from erosions and dust bowls, all of which, ultimately, depend upon the factor land, yet none of which respond to the supply-and-demand mechanism of the market.'
 12. For a detailed application of this framework in a single case study, see Mjøset and Cappelen (2011), on Norway through S5.
 13. Cf. Mjøset (2015). Given Rokkan's research problems, the way he analysed the Nordic countries as a module within his 'master' conceptual map (mentioned above), can be seen as paradigmatic, cf. Rokkan (1981).
 14. In this respect, still given Rokkan's research problems, his paired comparison of Finland and Ireland may serve as an exemplary study, Rokkan (1970).
 15. So far, many non-dualist typologies tend to converge on Esping-Andersen's (1990) threefold typology (in the study of welfare states), cf. Amable (2003), Thelen (2014), Pontusson (2005), and even Iversen and Soskice (2013).

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