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GLOBAL VARIETIES OF CAPITALISM*

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Abstract:

This article analyzes the prospects for globalizing the Varieties of Capitalism debate. It identifies and compares firm-centered, governance-centered and state-centered approaches to extending the debate on capitalist diversity and discusses the distinctive contributions of each approach as well as the trade-offs between them. It draws on three agenda-setting books that engage with the varieties of capitalism framework and study capitalist diversity in three regions not usually covered by this literature, namely East Central Europe, Latin America, and East and South East Asia. As these regions play an increasingly important role in the world economy, this article examines what these books imply about the current state of knowledge about global varieties of capitalism. This article argues that the extension of the Varieties of Capitalism debate to these parts of the world is important for advancing our understanding of economic institutions and that this approach can reinvigorate research on capitalist diversity and the institutional foundations of economic development in the current era of globalization.

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Dorothee Bohle and Béla Greskovits. 2012. *Capitalist Diversity on Europe's Periphery*, Ithaca: Cornell University Press, 287pp

Ben Ross Schneider. 2013. *Hierarchical Capitalism in Latin America: Business, Labor, and the Challenges of Equitable Development*, New York: Cambridge University Press, 237pp

Andrew Walter and Xiaoke Zhang (eds). 2012. *East Asian Capitalism: Diversity, Continuity, and Change*, Oxford: Oxford University Press, 331pp

The debate inspired by Peter Hall and David Soskice's seminal volume on Varieties of Capitalism (henceforth VoC) has generated one of the most influential literatures in comparative politics and political economy in recent years, and the introductory chapter by the editors is the foundational statement of this approach.¹ VoC is widely perceived to be the dominant approach to the comparative political economy of the OECD.² Scholars in other disciplines, including sociology, geography, and business studies, have also engaged with these issues – both independently and in reaction to the VoC literature.³

The VoC framework focuses on the distinction between two kinds of market economies, in which a particular form of economic coordination predominates: market coordination in liberal market economies (LME), like Britain and the USA, and strategic coordination in coordinated market economies (CME), like Germany and Sweden.

While this literature has spurred great controversy, much of this debate has been limited by its focus on Western Europe, North America and to a lesser extent Japan and the

Antipodes. It remains an open question whether this framework can shed light on market economies in other parts of the world.

Traditionally developing countries have been studied separately. Two analytical strategies have dominated the literature on the political economy of development in political science and sociology. On the one hand, dependency theory and world systems theory have focused on the external economic environment and offered a more skeptical analysis of the prospects for economic development, as developing countries have been seen as locked into structurally unfavorable positions in the global economy.⁴ These ideas also served as a justification for import-substituting industrialization (ISI) and more selective engagement with the world economy.⁵ On the other hand, the rise of Japan and the East Asian miracle contributed to greater interest in state-led development, including theories of the developmental state, which also have some affinities with classical development economics.⁶ These bodies of literature have challenged development thinking associated with the Washington consensus as well as much of neoclassical development economics, which has focused on strengthening markets and minimizing the scope for government failure.⁷

The focus of this article is on three agenda-setting books that engage with the VoC framework in three regions not usually covered by the VoC literature: East Central Europe, Latin America and East and South-East Asia.⁸ These are the most influential and compelling recent book-length studies of capitalist diversity in these regions.

Schneider focuses on Latin America, a region which has inspired important theoretical contributions to political economy, such as dependency theory.⁹ There has been extensive research on import-substituting industrialization as well as the move to neoliberalism and the subsequent left turn of the early 2000s,¹⁰ but until recently there

have been few attempts to incorporate Latin America into the contemporary comparative capitalism debate.¹¹ East and South East Asia, the focus of Walter and Zhang's book, has received extensive attention in the literature, though much of this research concentrates on the East Asian miracle and the East Asian financial crisis, and is often related to the logic of developmental states.¹² The analysis of these countries from a comparative institutionalist perspective has been surprisingly limited, and most existing analyses have focused on Japan.¹³ The study of East Central Europe, covered by Bohle and Greskovits, raises some unique challenges. As markets played a very limited role until the collapse of communism in 1989-91, these countries have generally been viewed as transition economies. While the early literature was focused on the political economy of reform, towards the turn of the millennium sociologists began to explore how different elite configurations and class coalitions produced reforms that led to a variety of capitalist systems. The most influential typology of this kind is King and Szelényi's distinction between capitalism from above, below and without.¹⁴ Bohle and Greskovits's important book demonstrates that there is considerable variation in economic arrangements even among East Central European countries that embraced global markets and introduced capitalism from without.

Countries in these regions have introduced a variety of market reforms in recent decades. Most countries that were once committed to ISI policies are now highly integrated with the world economy and full members of the WTO. While there has not been a uniform rollback of the state, it now plays a very different role than in the heyday of the developmental state.¹⁵ Some have even joined the OECD, the club of rich countries. Therefore, there has been extensive debate about the contemporary relevance of these traditional perspectives to our understanding of the political economy of development.¹⁶ The

time may have come to consider these economies in relation to broader debates about varieties of capitalism and to bridge the divide between the literatures on developed and developing/transition economies. This article argues that the VoC framework provides an excellent starting point for developing a global political economy of capitalism, which also incorporates some of the concerns of the classical development literature. It examines what these three seminal books imply about the current state of knowledge about global varieties of capitalism and identifies questions for future research.

The core goal animating this article relates to the question how global capitalist diversity should be theorized. More specifically, it asks whether the VoC framework is a suitable starting point for studying capitalist systems beyond the traditional OECD countries. If so, how does the globalization of the VoC framework relate to traditional concerns in the political economy of development, such as the role of the state and external dependency? Do such perspectives imply that a globalized VoC framework should be less firm-centered and adopt a different analytical strategy? To what extent can global VoC analysis contribute to a better understanding of key challenges of the global economy, such as economic development in an era of globalization? This article analyzes the key VoC models identified by these three books and their distinguishing features. It argues that the three books can be seen to represent distinctive approaches to globalizing the study of Varieties of Capitalism, which this article classifies as firm-centered, governance-centered and state-centered. This article discusses the trade-offs between these approaches and their contribution to understanding capitalist diversity, but it also suggests that these approaches are ultimately complementary, as they address distinct challenges.

The debate surrounding VoC is extensive.¹⁷ Many critics have argued that the dichotomous typology of the VoC framework is overly narrow and parsimonious. In fact, it may not even capture the full range of political economic systems in the advanced OECD countries. As the Southern European countries (including France) are hard to classify as either coordinated or liberal market economies.¹⁸ Extending the VoC debate beyond the traditional OECD countries constitutes a compelling strategy to address these issues and to refine our understanding of capitalist diversity and the VoC debate itself.

However, the debate about VoC has also featured some more specific criticisms, and this article focuses on three of them. First, some critics have suggested that the VoC framework is incomplete given its excessive focus on firms.¹⁹

Second, it has also been argued that the VoC framework is too focused on efficiency.²⁰ The emphasis on efficiency relates to the principal research objectives of the original VoC volume, as Hall and Soskice sought to demonstrate how different institutional frameworks in the OECD are consistent with economic success over prolonged periods. To the extent that variations in economic performance are considered, they are usually related to the absence of complementary institutions.²¹ While the emphasis on the institutional foundations of comparative advantage is an important insight, a global perspective provides an opportunity to consider the effects of different institutions on economic performance. Indeed, it is hard to examine the effect of institutions on development by looking just at the OECD, which includes relatively successful economies and hence a relatively limited range of outcomes.²²

Third, another set of critics see the relative neglect of the state as the main shortcoming of the VoC framework.²³ This is often combined with a related criticism, which suggests that the social and political underpinnings of capitalist systems are underspecified.

This article demonstrates that these issues can be addressed by globalizing the VoC debate, but it is unclear whether all of them can be addressed at once. This article shows that there are trade-offs between the approaches developed in these three books, in that each of them is particularly successful at addressing one of the three criticisms. As will be shown, this reflects different analytical strategies which also relate to different forms of institutional analysis.²⁴ Walter and Zhang's framework is governance-centered. It goes beyond the firm and integrates a variety of governance mechanisms into the study of capitalist systems. Schneider's model is firm-centered and relates primarily to formal institutions, such as ownership, labor market and corporate governance institutions. It extends core ideas of the VoC framework to account for differences in economic performance. This enables VoC analysis to move beyond its focus on efficiency. Finally, Bohle and Greskovits's monograph is state-centered and analyzes the politics of capitalist diversity, which contributes to a better understanding of the social and political embeddedness of market institutions.

This article is structured as follows. The next section discusses how the three books conceptualize capitalist systems beyond the core OECD countries. The following section compares these approaches and illustrates key strengths and trade-offs between them in the context of three examples, Thailand, Brazil and Hungary. The conclusion reflects on the main findings and some broader implications of this analysis for our understanding of VoC and economic development.

GLOBAL VARIETIES: HOW MANY?

The VoC approach builds on previous contributions to the study of capitalism, such as state traditions, corporatism, and social systems of production schools.²⁵ However, the greatest intellectual debt may be to new institutional economics and new institutionalism more generally.²⁶ At its core the VoC framework is an institutionalist theory of capitalism based on a relational theory of the firm as the key actor in a market economy. Firms can manage key relationships with employees, financial institutions, and other firms by means of different coordination mechanisms. The main premise of the VoC framework is that a certain coordination mechanism tends to predominate in a given economy because of institutional complementarities. Hall and Soskice define institutional complementarities in the following way: 'two institutions can be said to be complementary if the presence (or efficiency) of one increases returns from (or the efficiency of) the other'.²⁷ They also argue that clusters of complementary institutions constitute a source of comparative institutional advantage by promoting certain kinds of economic specialization, notably related to incremental innovation in high quality manufacturing in CMEs and rapid innovation in LMEs. There are two important implications of this framework. First, it stresses the importance of studying the relationship between institutions and economic activity. Second, it highlights that there is more than one type of institutions that are consistent with economic success, but economies with complementary institutions tend to be more successful than hybrid economies with incoherent institutional configurations.²⁸

It is unclear to what extent VoC analysis can shed light on capitalism beyond the OECD, as the authors of the original volume did not claim that their theory applied to other parts of the world. And even if the main insights of the VoC literature extend beyond these countries, it seems clear that it is not possible to fit all political economies of the world into the binary distinction between liberal and coordinated market economies without very considerable conceptual stretching. This raises important challenges, not least because every political economy has some unique features. In other words, how could an augmented VoC model balance descriptive accuracy with the theoretical rigor and parsimony of the VoC framework? There are no easy answers, as many theories are useful for different purposes. Nölke and Vliegenthart suggest three criteria for identifying a new VoC: '(1) the existence of an alternative overall economic coordination mechanism closely related to (2) a relatively stable set of institutions based on marked institutional complementarities, that leads to (3) a set of specific comparative advantages (...) and a superior economic performance over comparable, but less pure, socioeconomic systems.'²⁹ This is a useful benchmark, though the assumption of superior economic performance in the third criterion may be too restrictive, if we accept that not all political economies are equally efficient and successful. Therefore, this article argues that it would be more helpful to consider *distinctive* rather than superior performance. If one views VoC as ideal types, then these varieties should be seen as theoretical constructs capturing core logics of economic organization, and it is then an empirical challenge to assess just how closely a particular economy comes to a given ideal type at a particular moment and whether there is change over time.³⁰ Empirical analysis can demonstrate the usefulness of the theory as well as the degree to which specific cases conform with or deviate from a specific VoC and what kind of economic performance they are associated with.

The three books considered here adopt different strategies for extending the VoC framework and analyzing the role of the state in the economy. While all of them focus on the relationship between economic activity, economic institutions and the political underpinnings of market economies and share the view that there are systematic national differences across capitalist systems, the analytical strategies and emphases differ. This article shows that each of the three books corresponds to one of the three forms of institutional analysis beyond the study of actual economic transactions that were identified by Williamson.³¹ First, institutional analysis can focus on the governance of economic action – this includes a variety of governance mechanisms that are typically quite close to market action, such as the nature of contractual or organizational ties. Second, institutional analysis can also analyze formal institutions, such as property relations or regulatory frameworks. In the context of VoC, labor market and corporate governance frameworks are also important formal institutions. Third, institutional analysis can also focus on an even higher level related to the general social embeddedness of economic action, including norms, values and culture. As Williamson notes, such issues are key concerns of social theory.³²

This article shows that each of these books approximates one of these forms of institutional analysis. Walter and Zhang's approach is governance-centered, as they analyze differences across East and South East Asia with respect to patterns of economic governance and the actors shaping it. Schneider's approach is firm-centered and closest in spirit to the original VoC framework, given that firm behavior is also related to a variety of formal institutions, such as ownership and corporate forms, and key regulatory institutions.

Bohle and Greskovits's book is state-centered and can be seen as an example of the third approach, since it focuses on the social and political embeddedness of economic activity.

The following discussion explores the insights into capitalist diversity provided by these three books in more detail.

Schneider, *Hierarchical Capitalism in Latin America*.

Among the books discussed here, Ben Ross Schneider's approach is closest in spirit to the original VoC framework. It maintains the focus on firms and market institutions and considers the core building blocks of this approach, such as coordination mechanisms and institutional complementarities. Schneider proposes two new varieties of capitalism based on distinct logics of coordination: hierarchy and trust. He labels the economies where these two logics of coordination predominate hierarchical and networked market economies respectively.

The hierarchical market economy model is the main focus of his book and shown to characterize the principal Latin American economies, though Schneider suggests that it could apply to other countries as well, including Turkey, Thailand (and possibly elsewhere in South East Asia) and South Africa (p. 5). In hierarchical market economies (HMEs), the main actors are multinational enterprises and diversified business groups which manage economic activity largely by means of hierarchical relationships, where decisions are made at the apex of the business group (often by the dominant figures in an extended family) or at the corporate headquarters of the multinational corporation in the home country.

In networked market economies (NME) repeated exchange in the context of long-term network relations create a very different kind of dynamic – not based on bargained adjustment as in CMEs, but implicit long-term contracts or norms, as exemplified by the traditional commitment to lifelong employment and long-term inter-firm network relations in Japan. The NME model is discussed more briefly, and Schneider offers less evidence to demonstrate its applicability, though he views Japan and also Taiwan as good examples (Schneider, p. 29). He also notes that several East Asian economies contain elements of CME, NME and HME institutions (p.30).

TABLE 1 HERE

A key strength of Schneider's approach is that it is theoretically elegant and parsimonious. Instead of inductively classifying a wide range of institutional arrangements, it proceeds deductively to identify analytically distinct coordination mechanisms based on organizational theory and shows how institutional configurations reflect complementarities between different institutional domains in the context of a firm-centered view of markets and capitalism. (p.21). This framework also incorporates multinational corporations as key actors, which highlights the importance of globalization and the extent to which developments in HMEs depend on decisions of external actors.

Another strength of this approach is its explanatory potential. Schneider convincingly demonstrates that limited incentives to invest in skills and innovation and associated outcomes, such as inequality, growth, patterns of skill acquisition and corporate governance, relate to these institutions. Schneider shows how an institutional logic underpins these

outcomes, in that HME institutions shape incentives and actor strategies. His approach also helps advance the VoC agenda beyond the focus on efficiency as it demonstrates that institutions can shape performance not only in positive ways, but also in adverse fashion. The logic of institutional complementarities reinforces strategies and outcomes, but many of them, including corporate diversification, are not primarily based on maximization of efficiency, but on the goal of managing and reducing risk (p.49). In Schneider's framework, the logic of complementarities can help lock in unfavorable outcomes, such as low-skill traps, weak corporate governance arrangements and high levels of inequality, all of which makes sustainable growth associated with improvements in human development hard to achieve (pp. 90-138). These outcomes can also be understood as manifestations of the middle-income trap, which is common in HMEs.³³

In Schneider's conceptualization, the underlying politics of capitalism revolves around interest representation, and the incentives and influence of powerful actors are the main explanation of key outcomes. As in the original VoC model, Schneider stresses lock-in effects that contribute to the durability of key institutions and their long-run effects on Latin American political economies. He does not focus on the historical roots of these arrangements, as his emphasis is on understanding continuity and mutual reinforcements. This is important, as key corporate forms, like diversified business groups, and hierarchical coordination mechanisms have largely survived Latin America's transition to democracy and economic neoliberalism intact (p. 9).

Like many contributions to the study of the politics of VoC in OECD countries, which have shown that LMEs tend to have majoritarian electoral systems and that CMEs tend to have proportional representation systems³⁴, Schneider puts great emphasis on electoral systems and

especially the combination of a strong presidency (elected according to a majoritarian logic) and legislatures elected according to proportional representation (PR) in HMEs (pp. 141-149). He argues that PR systems facilitate the representation of specific interests, which in the absence of strong encompassing associations of the kind common in European CMEs means that individual firms and sectors are often well represented. To account for the influence of these interests, it is essential to consider not only their access to power, but also their strategies and preferences. These actors are generally interested in safeguarding existing privileges and favorable regulations. The most powerful economic actors, notably business groups, have a strong interest in the status quo, as it supports their competitive advantage. Since Latin American presidents rarely enjoy majority support in the legislature, they often make deals with other parties and sometimes individual legislators (who often represent the interests of specific sectors or firms) to get support for key initiatives.

Nevertheless, despite the overarching emphasis on continuity, Schneider's account is not deterministic. He considers both actual and potential institutional change. Schneider notes that after 2000, Latin American political economies have developed along three distinct paths – continued neoliberalism (Mexico and Chile), nationalist developmentalism (Argentina and Brazil) and left populism (Venezuela and Bolivia) (p.161). Schneider does not discuss the left-populist path of Venezuela and Bolivia, arguing that these countries have moved towards a form of state or political capitalism beyond the remit of his book, but he offers a detailed discussion of the other two trajectories and the prospects for institutional change that might help them escape the low-skill trap. The argument he develops to explain institutional change is complex and contingent, stressing a combination of favorable legacies and luck (rising commodity prices) as well as strategic investments by firms and governments. However, globalization is another

important factor, as it is primarily global market conditions related to the rise of China and resulting increases in the demand for natural resources that drive these changes by pushing up commodity prices (p.168). The upshot of this analysis is that a combination of factors could help countries, like Chile and Brazil, break out of the low-skill trap by investing more in research and development and upgrading technologies. If this happens on a larger scale and over a prolonged period, it may be possible to move away from the HME model of capitalism in Latin America. Although Schneider notes important differences between Chile and Brazil, he argues that they are the most likely candidates to achieve greater economic success, partly facilitated by increasingly programmatic parties and relatively good governance (p.162).³⁵

Walter and Zhang, *East Asian Capitalism*

Walter and Zhang's typology departs from the original VoC framework in several respects, most importantly by focusing on economic governance. They consider two dimensions of economic governance: social coordination and state organization of the economy. These dimensions capture the degree of involvement by a variety of social actors and the state in the governance of the economy. While economic activity and firm behavior are expected to follow from this, the framework is less firm-centered than the original Hall and Soskice model or Schneider's model.

Given that both dimensions of economic organization identified by Walter and Zhang can be either high or low, this generates four types of VoC based on distinct logical combinations of organizational attributes (see Table 2): state-led, co-governed, networked and personalized market economies.³⁶

TABLE 2 HERE

This typology has several distinctive features. First, Walter and Zhang's emphasis on the social connections between economic actors is different from the kind of institutionalized bargaining between unions and employers' associations which characterizes strategic coordination in CMEs, but which is rare in East Asia given the nature of unions and other collective actors.

Second, Walter and Zhang explicitly incorporate the state as a core dimension into the basic typology of capitalism, though they allow the role of the state in economic governance to vary between high and low. Third, given that Walter and Zhang's analysis is governance-centered, their framework is well placed to extend the focus beyond the firm and consider the role of multiple economic governance mechanisms.

While Walter and Zhang are very successful at characterizing intra-regional variation in their overview chapter (an objective to which Schneider pays more limited attention), their analysis raises several challenges. First, while every classificatory framework involves borderline cases, the fact that Walter and Zhang's framework is not based on typological distinctions, but on dimensions that vary by degree raises questions about cut-offs between 'high' and 'low'. The cut-off between networked and co-governed VoCs is particularly hard to define, since there is some state involvement in every economy. This ambiguity is reflected in the fact that Schneider defines both Taiwan and Japan as networked market economies (p.29), whereas Walter and Zhang see the former as co-governed and the latter as networked (p.17). While it may be almost impossible to define specific numerical cut-offs, the discussion of the typology is couched in terms of general tendencies with many sentences incorporating words like 'may' or 'likely'

(Walter and Zhang, p. 18). This reinforces the challenge of identifying how much involvement there would need to be for an economy to shift from one of these categories to the other. To this one might add the general controversy surrounding Japan, which is sometimes classified as a coordinated market economy.³⁷

Second, the fourth VoC they identify, namely personalized capitalism, also raises analytical challenges. Since it is characterized by only modest state organization and weak social coordination, economic activity is effectively defined with respect to what it lacks and almost by default described as personalized. The chapters of the book identify a variety of regularities and demonstrate that personalized activity is not idiosyncratic but shaped by institutions, norms and specific profit incentives. Yet the analytical logic of personalized economic activity is somewhat underspecified. It seems that certain kinds of social ties, such as relational finance or hierarchies within family-owned firms, are essential to the functioning of personalized capitalism (pp. 18-19, see also chapters 4 and 9). Given the importance of such hierarchies, Schneider classifies Thailand as an HME, while Walter and Zhang categorize Thailand as personalized capitalism.

Third, there is some tension between chapters in the book. While the editors classify Thailand and the Philippines as personalized and Indonesia and Malaysia as state-led, Pepinsky's chapter proposes different classifications for the financial systems of these countries (apart from the Philippines). Pepinsky classifies the financial systems of Indonesia as personalized, Malaysia as co-governed and Thailand as networked (Pepinsky in Walter and Zhang, p. 191). While Pepinsky agrees with the editors' overall classification of these political economies (Pepinsky in Walter and Zhang, p. 180), such differences are potentially quite significant. As some of these differences in classification also relate to institutional fields within single economies, this might require paying more attention to sub-national and sectoral VoC

(Schneider, p. 22; Walter and Zhang, pp. 270-273). If there is extensive sub-national and sectoral variation, this raises important challenges for theories of institutional complementarities, which assume that economic performance is enhanced by complementary labor and financial institutions based on the same logic of coordination. How much can a core institutional domain like the financial system differ from other key institutions of the political economy without undermining the coherence of the system?³⁸ In this context, the logic and interrelations of different logics of coordination within individual economies warrant further attention, not least since this could shed light on the debate about different kinds of complementarities. There is some disagreement in the existing literature about the economic advantages of coherence and hybridity.³⁹ Similarly, the literature has also raised the possibility of complementarities that serve other purposes, such as risk minimization or political objectives, as well as looser relationships between institutional domains based on synergies.⁴⁰ Walter and Zhang's inductive approach of exploring the evolution of governance mechanisms across different institutional fields is a valuable intermediate step towards a more systematic theorization of complementarities and synergies in these economies.

While there is some variation across chapters, Walter and Zhang develop a helpful overarching framework for understanding the politics of institutional stability and change. Their analysis focuses on three sets of variables, namely coalitions of interests, state actions and capacity, and policy discourses. This framework analyzes economic institutions as a reflection of power relations shaped by the interaction of state actors and other interest groups and where power is rooted in both material and ideational factors. For

example, Walter and Zhang note that political and economic actors may make strategic use of dominant discourses to justify policy reform and weaken opposition to it (p.24).

The same factors can be used to study the politics of both continuity and change, as it is effectively the balance of forces that determines the degree of institutional change. Walter and Zhang explicitly build on recent historical institutionalist research to conceptualize institutional change as gradual and stress that change rather than stability is the norm.⁴¹ Individual chapters offer more detailed explorations of these issues. For example, the chapter by Zhang on Northeast Asia focuses on the centrality of dominant interest group coalitions. In his chapter on financial development in Southeast Asia, Pepinsky observes that economic institutions have multiple effects – notably, financial development strengthens political elites by fostering economic growth and simultaneously weakens them by empowering other actors. This observation goes to the heart of the debate about the politics of capitalist diversity, namely the degree to which institutions are maintained for efficiency reasons as opposed to other socio-political goals. Pepinsky's analysis demonstrates how sophisticated comparative case studies can illustrate the interaction of different effects and causal processes over time, thereby contributing to varying degrees of stability and change.

Despite considerable institutional change, Walter and Zhang argue that the four East Asian VoC have been remarkably resilient (p. 274), but they note that the politics of institutional change may vary across key institutional domains (p.277). As the chapter by Sako and Kotosaka highlights, there has been more extensive institutional change in Japanese labor market institutions than in financial markets in recent decades, but it remains unclear whether this will ultimately lead to systemic change (Sako and Kotosaka in Walter and Zhang, p.156). This

raises important challenges for theories of institutional complementarities: if there is more change in some areas than others, does this mean that the system as a whole loses its overarching coherence (p. 278)? The existing literature suggests different possibilities. First, change in one area could trigger further changes eventually leading to the emergence of new kind of VoC, especially if the process of change originates in an institutional domain that is central to the functioning of political economies, such as corporate governance.⁴² Second, some change could also be essential for maintaining existing institutional arrangements. Nonetheless, the significance of such processes remains controversial. Labor market dualization in CMEs can be seen either as underpinning the existing model by enhancing flexibility or as the source of new contradictions and tensions that could ultimately undermine it.⁴³

Future research could build on these insights. It would be interesting to learn more about the interactions and relative influence of the three factors identified by Walter and Zhang. For example, it might be worth considering whether the state contributes more to institutional change in state-led and co-governed VoC than in other systems where the state plays a more limited role, and whether the discursive dimension matters more in some periods, like economic crises, than under other circumstances. Such a refinement of Walter and Zhang's framework could be an important contribution to theories of institutional change.

Bohle and Greskovits, *Capitalist Diversity on Europe's Periphery*

Bohle and Greskovits's book seeks to challenge earlier scholarship on capitalist diversity in East Central Europe, much of which has engaged with VoC theory in recent years. Some scholars have

sought to build on classical VoC analysis and identified 'emerging VoC' in East Central Europe, though such scholarship has also stressed that only a small number of post-communist economies, notably Slovenia and Estonia, are likely to come close to fitting the basic Hall and Soskice typology.⁴⁴

Therefore, others have sought to build new models in the spirit of VoC analysis. For example, Markus and Mendelski have complemented the analysis of economic coordination with detailed attention to governance institutions related to the rule of law.⁴⁵ Myant and Drahokoupil proceed more inductively to analyze patterns of global integration and highlight five forms of post-communist capitalism: foreign investment-based, peripheral, oligarchic-clientelistic, order states and remittance-based economies.⁴⁶ The most influential post-communist VoC model is Nölke and Vliegenthart's Dependent Market Economy (DME) model, which was developed to analyze the four East Central European economies of Poland, Hungary, the Czech Republic and Slovakia.⁴⁷ It resembles Schneider's HME model, in that it highlights the centrality of foreign direct investment and multinational enterprises and how this shapes these economies and their institutions. However, there are two crucial differences. First, the DME model focuses only on foreign direct investment and not on diversified business groups, as such groups have not developed in the post-communist world on a scale comparable to Latin America. Indeed one could view the DME model as a special case of an HME, in which only one of the two core corporate forms, namely multinational enterprises, is prominent (Bohle and Greskovits, p. 11). Second, compared to the HME model, the DME model is perceived to be more successful. The strategy of attracting foreign direct investment could be viewed as an effective way of stimulating growth and structural change, although Nölke and Vliegenthart raise questions about its medium-term viability. It is possible that the DME model will eventually turn out to be less

successful, because it could be undermined by its own success (if higher wages and costs induce foreign investors to move elsewhere) or because it does not facilitate upgrading and more sustainable growth.⁴⁸

The book by Bohle and Greskovits builds on this earlier literature on post-communist diversity, but it also seeks to depart from VoC analysis in a more radical way. Bohle and Greskovits attempt to rethink capitalist diversity in post-communist East Central Europe by basing their analysis on the premise that there is only one core logic of capitalism.⁴⁹ Therefore, the main factors differentiating political economies are political, and this article classifies their framework for understanding capitalist diversity in East Central Europe as a state-centered approach. Building on Polányi's analysis of capitalism in the *Great Transformation*, they argue that every state in a capitalist economy faces the core challenge of balancing markets, social cohesion and political legitimacy (p. 15) and that there are multiple and historically specific ways of doing this.⁵⁰ It may not be possible to identify such logics purely on theoretical grounds without considering particular countries and historical contexts (p. 15). Like the literature on the developmental state, Bohle and Greskovits identify variation in the role of the state as the key factor shaping the functioning of economies. In post-communist East Central Europe, Bohle and Greskovits identify three kinds of political economies.

First, the three Baltic states of Estonia, Latvia and Lithuania are defined as a relatively pure form of neoliberalism, where social spending and state intervention in the economy are limited. Bohle and Greskovits relate this outcome to the reestablishment of Baltic independence after half a century. Given that the majority populations have been preoccupied with rebuilding the nation state, they were willing to accept neoliberalism as long as the nationalist social contract was satisfied (pp.96-137).

Second, the 'embedded neoliberalism' characteristic of the Czech Republic, Hungary, Poland and Slovakia also belongs to the general category of neoliberalism, but it is underpinned by more activist social and industrial policy. These policies can be said to embed markets in that they induce the populations to consent to neoliberalism and foreign investors to invest in these countries (pp. 138-181).

Finally, like various other scholars, they view the Slovenian political economy as the only example of neocorporatist policy-making in the region (pp 182-222).⁵¹ The Slovenian model is based on an inclusive and negotiated agreement between the government and key social actors and associated with relatively egalitarian outcomes that has also facilitated growth and investment.

It should be noted that many aspects of the institutional and policy differences they uncover have some affinity with traditional VoC analyses of these countries, including their labor markets, with countries in the three groups classified as approximating key features of liberal, dependent and coordinated market economies.⁵² The most important difference between such VoC analyses and Bohle and Greskovits's Polányian framework relates to the role of the state (pp. 16-17, p.182). For Bohle and Greskovits, capitalist systems do not reflect institutional complementarities. The emergence of such institutions should be viewed as a profoundly political process where politicians seek to balance a variety of economic objectives and to maintain popular support for existing policies that give markets a free rein or seek to re-embed them in various ways. Each of the three models of capitalism they identify is based on a distinctive political settlement.

The origins of each model of capitalism are attributable to three sets of factors. First, Bohle and Greskovits emphasize the central importance of the initial reform choices in the

early 1990s after the collapse of communism (p. 80). Decisions by policy makers were unusually significant as institutions were in flux. New institutions were being crafted, and considerable policy autonomy also derived from the fact that many conventional interest groups did not exist or were less active than usual. Second, Bohle and Greskovits discuss the importance of uncertainty and crisis, which implies that policy-makers did not have the luxury of devising long-term strategic plans, as they had to respond to shocks and unexpected events (p. 4). When this happens on a large scale, then the cumulative effect of a variety of crisis management tools on institutional arrangements is considerable. Finally, Bohle and Greskovits also put great emphasis on the transnational dimension of politics. While they stress that domestic agency was ultimately most important and judiciously avoid any claims suggesting international determinism, they note the influence of international models and the limits to pursuing growth without promoting exports and FDI (p. 82).

The Bohle and Greskovits framework could constitute a more profound challenge to the study of institutions, in that it shifts the focus away from studying stability and change and instead towards contradictions and fragility and how such tensions are reconciled at certain moments in time. These models are therefore best understood not as equilibria, but as what Jessop has termed fragile 'spatio-temporal fixes' that can break down either due to economic contradictions or a loss of political support.⁵³ Therefore support for existing arrangements cannot be taken for granted and must be constantly recreated, which also implies that the model can be used to study institutional change. While Bohle and Greskovits describe a variety of pressures and changes, the causal mechanisms underpinning change are not entirely clear. Change seems to result from at least three different processes – changes in elite strategies (either autonomous or coerced by circumstances, such as the shift away from nationalist

mobilization to financialized growth in the Baltic States) (p. 228), exogenous pressures (such as the global financial crisis) or endogenous pressures, related to exhaustion of previous models, such as unsustainable debt levels related to financialization (chapter 6). While each of these explanatory factors is plausible, there is no explicit theory of institutional change, perhaps because Bohle and Greskovits see institutions as inherently fragile.

COMPARING THE THREE APPROACHES

The three books illustrate distinct strategies for extending and modifying the VoC debate. These approaches reflect core ideas of VoC scholarship, notably that economic action is embedded in institutions. The core challenge of extending VoC beyond the OECD relates to the need to theorize a wider range of economic action and institutions, and as the overview of the three books has demonstrated, they approach this task in distinctive ways. These differences can be illustrated by briefly discussing three case studies, including an example from each of these regions (Thailand, Brazil, and Hungary), where the analysis of these frameworks diverge.

TABLE 3 HERE

Schneider defines both Thailand and Brazil as hierarchical market economies. This reflects Schneider's firm-centered approach, which leads him to emphasize the centrality of business groups in both economies. Schneider discusses several influential Brazilian business

groups, such as Votorantim, Embraer, and Villares, and he offers a nuanced assessment of their importance to the Brazilian economy in terms of investment and employment across multiple sectors. Schneider argues that Thailand should also be seen as an HME (p. 5).

Though he provides less evidence, this assessment is consistent with a significant body of literature on the centrality of business groups to the Thai economy.⁵⁴

However, based on Walter and Zhang's approach, these two economies would be classified as different kinds of capitalist systems. Walter and Zhang regard Thailand as a personalized market economy, given the weakness of state and social coordination, especially since the 1990s. Social coordination has declined over time, as manifested by a weakening of business associations and especially inter-corporate networks in recent decades.⁵⁵

While Walter and Zhang do not consider countries beyond East and South East Asia, Brazil could be classified as a state-led market economy (or possibly a co-governed market economy) based on their typology. This is consistent with other studies that view Brazil along with China and India as a 'state-permeated market economy'⁵⁶ or simply as a form of 'state capitalism'.⁵⁷ While there is broad agreement that contemporary Brazil does not fit the traditional developmental state model, the coordinating role of the state remains important.⁵⁸ Key examples of this include state ownership in a few strategic sectors, an active role as a minority shareholder in some other firms and perhaps most importantly the centrality of BNDES as a strategic investor and funder of investment projects.⁵⁹

These classificatory differences are not contradictory, as they are based on different levels of analysis. Walter and Zhang focus on market governance, whereas Schneider focuses on the key market actors and institutions. While more research would be needed to

explore the interconnections between these frameworks, the comparison of these two cases suggests some possible lessons. First, business group dominance can coincide with different forms of economic governance. This is an important finding, not least since the HME model captures key elements of many political economies across the Global South.⁶⁰ Therefore, more attention to economic governance could help distinguish between sub-types and identify variation within this large category. Second, this also raises questions about the specific logics of interaction between business structure and governance, which are likely to vary across such cases. The Thai case shows that the influence of business actors can be substantial in the absence of coherent state control of the economy. On the other hand, the roles of the state and of business groups could be seen as complementary or mutually reinforcing in the Brazilian case, as many state policies support domestic business groups. This relates to Richard Carney's suggestion that both the state and business groups are hierarchical actors and that state-led and family business group-led market economies could be viewed as two sub-varieties of hierarchical capitalism.⁶¹ However, if the role of the state overshadows private business, this raises the possibility of a form of state capitalism that is distinct from hierarchical market economies. Schneider suggests that this has been the case in Venezuela (p. 39).

We can also compare Schneider's approach to the framework developed by Bohle and Greskovits. Although they do not cover the same countries, dependent market economies (DME) are a special case of HMEs dominated by multinational enterprises, but without any significant role for business groups (Bohle and Greskovits, p. 11). Schneider also mentions the DME model and also suggests that HMEs in which the role of business groups

is weakening could be converging on the DME model, as seemed to be the case in Argentina around the turn of the millennium (p. 75).

As noted above, the DME model was developed to account for the economic structure of Hungary and other East Central European economies. It analyzes the significant contribution of FDI to exports, growth and employment in these countries and highlights the high dependence of the Hungarian economy on foreign investment. It also explores the complementarities between economic institutions and the economic strategies of multinational enterprises which constitutes the general context in which any Hungarian government has to operate and formulate economic policy.⁶²

While Bohle and Greskovits also view foreign investment as central to the functioning of the Hungarian and other Central European economies, they analyze the presence of multinational enterprises as the outcome of the embedded neoliberal policies pursued by the state. The multinationals have responded to positive inducements offered by the state, and strategic use of welfare policies has ensured popular support for this policy regime as well. Therefore, a key strength of Bohle and Greskovits's framework lies in their political account of the emergence of the dependence on foreign investment. Building on the economic transition literature, they show how strategic government decisions have shaped the economy by attracting foreign investment – thereby also responding to Nölke and Vliegenthart's plea for more research uncovering the class and state configurations leading to the emergence of a DME.⁶³ Bohle and Greskovits's framework can also shed light on the politics of change – given that any institutional arrangement is fragile and support has to be recreated at various times, it opens up the possibility for agency by political leaders, who seek to craft new settlements. Since coming to power in 2010, Hungarian

Prime Minister Viktor Orbán has been able to build support for a strategy that has sought to attenuate dependency on Western Europe, notably by drawing on a more nationalistic legitimization strategy that contests some aspects of EU and Western influence. On the one hand, this involves promoting domestic capitalists loyal to the regime.⁶⁴ On the other hand this also entails a strategic opening to the East to deepen political and economic ties especially with Russia and China. While these initiatives have not fundamentally challenged the overwhelming economic predominance of Western firms and investments, they highlight a different legitimization strategy that changes the political underpinnings of the Hungarian economy and are designed to signal that the government has greater political autonomy.⁶⁵

More generally, this comparison suggests that there are trade-offs between the strategies that these books adopt. While each of them analyzes the institutional embeddedness of capitalism, the particular strategy for extending the VoC debate that each of them adopts has consequences for the kinds of questions they can answer. Each of these studies can be related to different levels of analysis, broadly corresponding to Williamson's distinction between three forms of institutional analysis that focus on governance (Walter and Zhang), formal rules of the game, such as the nature of property (Schneider) and social embeddedness (Bohle and Greskovits).⁶⁶ This means that it may not be possible to address the three challenges to the VoC framework at once, and each book opens up a distinctive research agenda.

First, Schneider's book is most faithful to the original VoC framework, given its firm-centered approach. For Schneider, capitalism and market institutions is best understood as analytically separate from the state (pp. 3-4). This means that it is possible to study the influence

of the state and the political sphere on the functioning of the economy as well as the ways in which market institutions constrain politics.

It is the most successful of the three books in terms of developing a nuanced theory that can explain variation in economic performance by showing that institutional complementarities can have negative effects in terms of limiting investments in skills and innovation. It also integrates some concerns associated with the literature inspired by dependency theory, namely the contradictory effects of globalization. It highlights the ways in which reliance on foreign direct investment can make beneficial contributions to economic growth, but also contribute to locking in certain structural disadvantages that could perpetuate the middle-income trap.

More generally, Schneider's book also relates to recent debates about economic development, which have emphasized the importance of institutions to economic growth. A key insight of the VoC agenda relates to the fact that the economic effects of institutions also depend on complementary institutions, which means that there are multiple paths to economic success and also that institutions cannot necessarily be assessed in the abstract without considering other institutions. This also resonates with the ideas advanced by some proponents of the post-Washington consensus within the World Bank, namely that economic success depends on a variety of contextual factors and local conditions.⁶⁷ In a similar vein, Dani Rodrik has analyzed successful economic reform as a process of removing binding constraints on growth.⁶⁸ By studying various institutional logics and complementarities, a global VoC approach could help to advance this research agenda and analyze such binding constraints in a more systematic way. As such binding constraints vary across countries, it becomes essential to study specific

institutional contexts that shape them. The focus on interactions between institutions inherent in the VoC tradition could offer opportunities to define and operationalize such contexts in ways that are amenable to comparative study. For example, in HMEs there are both supply and demand constraints on skill investments, as neither workers nor employers expect any significant returns, though increasing public investment in skills and education could change this calculus. In state-led market economies, the binding constraint is most likely to be related to state action or inaction, as the state plays a crucial role in economic coordination and also in setting expectations.⁶⁹ Future work could develop these ideas by means of systematic comparisons of institutional contexts across different VoC, which could also help refine our understanding of the conditions under which complementary institutions are most likely to be efficiency-enhancing and when they are more likely to serve other goals, such as risk minimization or the maintenance of political power.

Second, Walter and Zhang's approach offers the most fine-grained analysis of economic coordination in that it does not analytically privilege either firms or the state, thereby avoiding firm- or state-centeredness. This framework makes it easier to capture empirical variation across cases and identify subtypes of HMEs, as demonstrated in the discussion of Thailand and Brazil. Their volume focuses on the stability and evolution of these governance mechanisms, but it does not systematically relate institutions to comparative economic performance, innovation or patterns of specialization. Since it does not systematically theorize institutional complementarities and comparative institutional advantage, more work is needed to relate their models of capitalism to questions of economic performance and growth. Therefore, Walter and Zhang's framework is most

useful as a complement to Schneider's framework and could be used to distinguish between subtypes of HMEs. In future work, there would be scope for more systematic integration of these frameworks. In particular, it would be interesting to explore whether the economic governance mechanisms analyzed by Walter and Zhang can be related to the performance of HMEs, for example, by stimulating innovation or skill investment.

Finally, harking back to the study of the state in classical development theory and Polanyi's account of embedded markets, Bohle and Greskovits show that capitalist diversity can be theorized as resulting from different state strategies, which partly reflect other factors, such as geographical proximity to Western Europe and historical factors. State strategies can be expected to shape growth during large-scale transformations, like the introduction of markets and market-supporting institutions in East Central Europe. While Bohle and Greskovits highlight some trade-offs between growth, macroeconomic stability and distributional outcomes, their framework implies that the most successful economies (except for the outlier of Slovenia) are those that attract the largest stock of foreign investment, especially into the most advanced forms of manufacturing. This is an insightful contribution to our understanding of post-communist economies, as foreign direct investment has certainly shaped their growth performance over the past 25 years. Yet this does not provide a full explanation of the productivity of these investments or even their long-term viability. In particular, questions related to medium-term comparative advantage, upgrading or innovation receive little attention in Bohle and Greskovits's book. This raises question about whether foreign investors are likely to stay in these countries or look for new opportunities in lower cost economies.⁷⁰ Would new inducements be necessary and sufficient to attract new investments or to retain pre-existing multinationals, or are there

other foundations of comparative advantage that relate to the firms' strategies and sectoral specialization? And to what extent can firm performance and strategies be explained by government industrial policy and the promotion of FDI? While the emphasis on the role of the state in shaping growth strategies has some affinities with the classical developmental state literature, Bohle and Greskovits place greater emphasis on how elites build support for reform strategies. The most important contribution of the book is the comparative historical account of the processes and outcomes of the structural transformation of these post-communist countries and the diverse ways in which their governments managed to maintain political support for these processes. While the insights about the political construction of these reform trajectories are important, more research would be needed to show how generalizable these pathways are. A similar kind of analysis could potentially be used to analyze the origins of other forms of capitalism, including the HME model. For example, the strategic government responses to the Great Depression in Latin America, including the move towards import-substituting industrialization and the promotion of domestic businesses, could potentially be analyzed by drawing on Bohle and Greskovits's approach. Given that the Great Depression is widely seen as a critical juncture in Latin American development, this might provide some further insight into the historical and political roots of the hierarchical market economies analyzed by Schneider.⁷¹

CONCLUSION

This article has explored three seminal contributions to globalizing the VoC debate and identified three key lessons from these books - both for the VoC debate and for studying emerging markets and economic development.

First, these books suggest that the development of a global VoC perspective has great potential. If adapted in appropriate fashion, the VoC framework can be extended and shed light on the functioning of capitalism and the structure of economic institutions in the Global South. A global VoC approach can offer valuable insights into the political economy of development. This constitutes an exciting research agenda for scholars interested in the Global South, including opportunities to explore institutional variation and its effects on a wide range of outcomes, including growth, inequality, crises, innovation, and development. By going beyond the focus on the traditional OECD countries, this global approach can reinvigorate the VoC framework more generally. This has methodological advantages, as it allows the literature to consider a wider range of institutions and outcomes, such as output levels, growth and inequality as well as within-case variation of a larger number of countries. A global perspective on VoC can provide a richer account of a wider range of capitalist diversity, which contributes to a more nuanced assessment of the success and political underpinnings of the multiple manifestations of capitalist institutions.

Second, these books demonstrate that traditional concerns of the development literature on the developmental state and dependency theory can be integrated into VoC analysis. While the state is a key analytical category in Walter and Zhang's framework and an important background factor in Schneider's framework, its centrality is particularly pronounced in Bohle and Greskovits's work, which focuses on the role of the state in embedding and legitimating capitalism. External constraints are also integral to these books. Bohle and Greskovits show how attracting foreign investment is generally a necessary condition of successful post-communist growth. Schneider's framework stresses the role of multinational enterprises in HMEs and the ways in which they promote investment, while

simultaneously constraining development, given that they may perpetuate the middle-income trap due to limited innovation and upgrading.

Third, there are trade-offs between the approaches adopted in these books. Taken together, the three books represent an important advance in our understanding of the global diversity of capitalism, and they address common criticisms of the VoC approach related to the role of state, excessive firm-centeredness and a limited account of variation in economic performance. While the three approaches have different strengths, they can ultimately be viewed as complementary, as they do not address the same challenges. Schneider's firm-centered approach builds on the core strengths of the VoC approach and shows how it can be extended to explain other kinds of capitalist systems. Its main strength is that it enables VoC analysis to go beyond the efficiency focus by offering a compelling account of the institutional underpinnings of varying degrees of economic success. Walter and Zhang's approach considers further dimensions of economic coordination, which shows how firms, interest groups and the state interact in shaping economic governance and the institutional context of economic activity. The main contribution of this approach is that it provides a more fine-grained account of numerous governance mechanisms in economic systems, including the state. The main strength of Bohle and Greskovits's approach involves demonstrating how political processes and state actors can shape the economy, especially during periods of profound transformation, and highlighting the importance of popular legitimacy to maintaining economic institutions. This suggests that each of these approaches enriches the VoC debate and makes distinctive contributions to it. Given the trade-offs between these approaches, there are no obvious grounds for favoring any of them, as they are useful for different purposes. Since firm-, governance- and state-centered

approaches can make distinctive contributions to the understanding of institutions, Williamson's plea for pluralism in institutionalist research also applies to the global VoC debate.⁷²

While these books make a significant contribution to our understanding of global varieties of capitalism, they point to several issues that should be explored in future research.

First, more systematic analysis of connecting different varieties of capitalism to various economic outcomes, such as growth, sectoral specialization, innovation and inequality, would be necessary to assess the full potential of global VoC to contribute to debates about economic development. This would clarify the extent to which institutional arrangements are related to distinctive patterns of economic performance. There might be scope for connecting this literature to recent attempts to integrate these regions into the comparative welfare state literature as well.⁷³

Second, the theorization of non-OECD varieties needs to be further refined. Schneider makes important points in his discussion of the hazards of excessive multiplication of models and of going down an inductive route. Although Schneider argues that his extension of the VoC model offers the potential for theoretical closure (p. 22), it is not clear whether his framework exhausts the universe of varieties. Indeed, his own observations about state-dominated or political capitalism could be incorporated into a VoC type model (p.39), not least given the insights about state coordination of the economy in the Walter and Zhang volume.⁷⁴ It is also important to refine the analysis of under-theorized varieties, like personalized capitalism (Walter and Zhang) that is largely defined with reference to what it lacks (but which Schneider would analyze as examples of

the HME model). As noted above, differences in economic governance across institutional domains within economies would also warrant further study, as they could shed further light on the nature and significance of institutional complementarities. Disagreements about categorizing key cases across different frameworks suggest that more research is necessary before we achieve anything approximating a tentative consensus on classifying capitalist systems on a global scale, which is why more comparative analysis of economic governance across multiple institutional fields is an important task for future research.

Third, and perhaps most ambitiously, future studies could explore whether it is possible to bridge the approaches discussed in this article. Given the analytical differences between them, it seems unlikely that a complete merger of these approaches would be desirable, but elements of these approaches could be used to complement the others. As suggested above, Bohle and Greskovits's approach could potentially be applied to other regions to analyze the origin of capitalist diversity, including the political roots of the HME model. Walter and Zhang's distinction between different forms of economic governance could be used to distinguish between subtypes of hierarchical market economies. Given the dominance of business groups alongside the importance of foreign direct investment across much of the Global South, understanding both commonalities and differences in economic governance and performance within this group is a very important task.⁷⁵

In conclusion, this article argues that there are important reasons for embracing the study of global varieties of capitalism and not keeping developing and developed countries separate as a matter of principle. In an increasingly global economy, many challenges, such as managing capital flows, attracting foreign investment and finding a niche in the global division of labor that harnesses domestic capacities and institutions, are common to most

countries. Important differences between the most productive and richest countries in the world and developing countries obviously need to be theorized, but capitalist systems are increasingly interdependent and interconnected in global markets as well as global financial and production networks. As Schneider demonstrates, growth in Latin America cannot be understood without considering the investment strategies of US multinationals active in the region, and US growth and current account deficits can arguably not be fully understood without considering Chinese surpluses and lending.⁷⁶ This article has shown that a global VoC framework can shed light on the diversity of capitalist systems across the world, and it has highlighted three different analytical strategies for extending this debate beyond the OECD and the trade-offs between them.

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¹ Hall and Soskice 2001a.

² Pontusson and Raess 2012 15.

³ For a few representative studies, see Amable 2003; Morgan and Whitley 2012; Whitley 1999; Coates 2000.

⁴ Wallerstein 2011; Cardoso and Faletto 1979.

⁵ Hirschman 1968.

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- ⁶ Johnson 1982; Woo-Cumings 1989; Kohli 2004. See also Rosenstein-Rodan 1943; Nurkse 1952.
- ⁷ Krueger 1990; Little, Scitovsky, and Scott 1970.
- ⁸ For a path-breaking study comparing welfare states across these three regions, see Haggard and Kaufman 2008.
- ⁹ Cardoso and Faletto 1979; Evans 1979.
- ¹⁰ Hirschman 1968. Armijo and Faucher 2002; Remmer 2012.
- ¹¹ For a pioneering attempt to reflect on these issues, see Huber 2002.
- ¹² Perkins 2013; Stiglitz and Yusuf 2001; Rajan and Zingales 1998; Woo-Cumings 1989.
- ¹³ Estévez-Abe 2008.
- ¹⁴ King and Szelényi 2005.
- ¹⁵ Minns 2001.
- ¹⁶ Minns 2001; Heller and Rueschemeyer 2009.
- ¹⁷ For a few representative examples, see the following: Bohle and Greskovits 2009; Howell 2003; Streeck 2009.
- ¹⁸ Culpepper 2006; Schmidt 2003.
- ¹⁹ Bohle and Greskovits 2009; Howell 2003.
- ²⁰ Becker 2007; Streeck 2009.
- ²¹ Hall and Gingerich 2009.
- ²² King, Keohane, and Verba 1994.
- ²³ Hancke et al. 2007; Schmidt 2009.
- ²⁴ Williamson 2000 597.
- ²⁵ See the discussion in Hall and Soskice 2001, 2-4. On state traditions, see Shonfield 1965. On corporatism, see Goldthorpe 1984; On social systems of production, see Hollingsworth and Boyer 1997. See also Albert 1993.
- ²⁶ Hall and Soskice 2001b, 6.
- ²⁷ Hall and Soskice 2001b, 17.
- ²⁸ Hall and Gingerich 2009.
- ²⁹ Nölke and Vliegenthart 2009, 676.
- ³⁰ Bandelj 2016; Morgan 2007.
- ³¹ Williamson 2000.
- ³² Williamson 2000.
- ³³ Doner and Schneider 2016.
- ³⁴ Cusack et al. 2007.
- ³⁵ On institutions and Latin American development, see Kingstone 2011. It should be noted that Schneider's monograph appeared before the crisis surrounding the impeachment of President Dilma Rousseff and the conviction of former President Lula, but it is not clear whether these crises would affect Schneider's assessment in the medium term.
- ³⁶ See also Hancké, Rhodes, and Thatcher 2007b, 25.
- ³⁷ Song 2014, 21. On Japan as a "segmentalist CME", see Thelen 2009.
- ³⁸ Culpepper 2005.
- ³⁹ Hall and Gingerich 2009; Campbell and Pedersen 2007.
- ⁴⁰ Crouch et al. 2005.
- ⁴¹ Mahoney and Thelen 2010.
- ⁴² Culpepper 2005.
- ⁴³ Palier and Thelen 2010.
- ⁴⁴ Feldmann 2006.
- ⁴⁵ Markus and Mendelski 2015.
- ⁴⁶ Myant and Drahokoupil 2012.
- ⁴⁷ Nölke and Vliegenthart 2009.
- ⁴⁸ Nölke and Vliegenthart 2009, 695. See also Doner and Schneider 2016.
- ⁴⁹ Bohle and Greskovits 2009.
- ⁵⁰ Polanyi 1944.
- ⁵¹ Crowley and Stanojević 2011; Feldmann 2014.
- ⁵² Feldmann 2006; Nölke and Vliegenthart 2009
- ⁵³ On spatio-temporal fixes, see Jessop 2011.
- ⁵⁴ Suehiro and Wailerdsak 2004. Carney and Gedajlovic 2002. Bertrand et al. 2008.
- ⁵⁵ Zhang and Whitley 2013, 321.
- ⁵⁶ Nölke et al. 2015.

- ⁵⁷ Kurlantzick 2016.
⁵⁸ Ban 2013. Hochstetler and Montero 2013.
⁵⁹ Musacchio and Lazzarini 2016.
⁶⁰ Hertog 2016. See also Fligstein and Choo 2005.
⁶¹ Carney 2016.
⁶² Nölke and Vliegenthart 2009
⁶³ Nölke and Vliegenthart 2009, 673.
⁶⁴ Szelenyi 2016.
⁶⁵ Jacoby and Korkut 2016.
⁶⁶ Williamson 2000.
⁶⁷ Hayami 2003.
⁶⁸ Hausmann, Rodrik, and Velasco 2008; Rodrik 2003.
⁶⁹ Culpepper 2006, 35.
⁷⁰ Nölke and Vliegenthart 2009: 674.
⁷¹ Soifer 2012; Thorp 1998.
⁷² Williamson 2000.
⁷³ Haggard and Kaufman 2008.
⁷⁴ For an example of such a model, see Nölke et al. 2015.
⁷⁵ Hertog 2016.
⁷⁶ Walter 2011.

Table 1: The Schneider typology of capitalist diversity (p.23)

	Liberal Market Economy	Coordinated Market Economy	Networked Market Economy	Hierarchical Market Economy
Allocative principle	Markets	Negotiation	Trust	Hierarchy
Characteristic interaction among stakeholders	Spot exchange	Institutionalized meeting	Reiterated exchange	Order or directive
Length of relationships	Short	Long	Long	Variable
Representative case	United States	Germany	Japan	Chile

Table 2: Walter and Zhang typology of East Asian capitalism (p. 15)

		Social coordination of economic action	
State organization of the economy		Strong	Weak
	Extensive	Co-governed	State-led
	Modest	Networked	Personalized

Table 3: Comparing the three approaches to extending the VoC debate

Author	Schneider	Walter and Zhang	Bohle and Greskovits
Approach	Firm-centered	Governance-centered	State-centered
Principal form of institutional analysis	Formal institutions	Governance mechanisms	Socio-political embeddedness
Analytical strategy	Comparing new coordination mechanisms: hierarchy, networks	Comparing the degree of state organization and social coordination in economic governance	Comparing state strategies for balancing markets, social cohesion and political legitimacy
Principal empirical focus	Latin America	East and South East Asia	East Central Europe