

Capitalist diversity and variety: Variegation, the world market, compossibility and ecological dominance

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Abstract

This article critiques institutionalist literature on varieties of capitalism and the more régulationist comparative capitalism approach. It elaborates the alternative concept of variegated capitalism and suggests that this can be studied fruitfully through a synthesis of materialist form analysis and historical institutionalism within a world-market perspective, highlights the role of institutional and spatiotemporal fixes that produce temporary, partial, and unstable zones of stability (and corresponding zones of instability) within the limits of the crisis-prone capital relation, and illustrates this from the crisis of crisis-management in the Eurozone crisis.

Keywords

critical institutionalism; form analysis; variegated capitalism; varieties of capitalism;

Introduction

Classical political economy noted important variations in the world market. This tradition continued in studies of primitive accumulation, mercantilism, imperialism, colonialism, and so on. These studies considered economic spaces from the urban through to the emerging world market. Recent research on varieties of capitalism (notably the Hall-Soskice school and its epigones) has less historical depth, more limited comparative breadth, and a narrow theoretical focus. This article builds on the earlier tradition, especially its historical materialist and régulationist versions, to present a critical alternative to more mainstream institutionalist accounts.

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Studies of diversity and variation

No consensus exists on schemes for exploring the unity *and* heterogeneity of capitalism. Table 1 shows four methods used to develop such schemes: taxonomy, ideal-types, cluster analysis, and logical-historical analysis. Taxonomists distinguish several ‘families of capitalism’, often focusing on advanced capitalist economies, with less work done on other families, let alone their subordinate genera and species. Typology is most useful when just a few ideal types are used to disclose hybridity, impurity, ‘cocktails’, and other forms of real world complexity. Cluster analysis uses statistical induction to produce a set of clusters (sometimes with sub-clusters) and, perhaps, outliers, based on the within-cluster similarity of members on multiple selected criteria and/or on similarities in the weight of revealed latent factors. Finally, the logical-historical approach uses theoretically-informed comparison to move stepwise from abstract-simple categories to concrete-complex analyses of cases. This method is quite common in the Marxist critique of political economy.

All four methods can be used to reveal key features of individual varieties, the extent of within-type diversity, and the overall heterogeneity of capitalism. The first three are less useful, however, for an integrated and dynamic analysis of uneven accumulation on a world scale because they tend to treat each variety, ideal-type, or cluster separately rather than exploring interdependencies, complementarities, contradictions, and co-evolution. This article advances the logical-historical method by introducing some interconnected concepts that are largely missing in other methods: variegation, the world market, compossibility, and ecological dominance.

The first three methods share a broad institutionalist hypothesis that economic performance is likely to be better in the presence of the institutional conditions for effective strategic coordination and adaptation among relevant stakeholders. The list of these conditions and explanations for their emergence and survival varies with the theoretical focus as well as which of four kinds of institutional analysis is adopted.

Rational choice institutionalism shares many failings of neo-classical economics and, when it yields interesting results, often does so in terms of the logic of situated action (cf. Katznelson and Weingast 2010). This is seen in the Hall-Soskice firm-centred ‘explanation’ for the lesser efficiency of hybrid cases compared to pure liberal *or* pure coordinated regimes.

Table 1: Analytical strategies for studying the variety/diversity of capitalism

Analytical strategy	Key features	Examples
Taxonomic classification	Empirical observation of actual cases, aims to be complete, and includes horizontal and vertical ordering of <i>taxa</i> . Different taxonomic principles produce different taxonomies. A <i>taxon</i> is pure.	Taxonomies produced by international agencies (e.g., IMF, World Bank, OECD). Myant and Drahokoupil (2011)
Heuristic typologies	Theoretically-guided ideal types built for heuristic purposes. Number of types varies with purpose. Different purposes produce different typologies. Implies impurity and hybridity of cases.	Weber (1968); Albert (1993); varieties of capitalism; business models; social structures of accumulation
Statistical induction	Induction from statistical analysis of a population or a purposive sample of cases to identify more or less distinct clusters, their relative proximity, and their nesting in given property space.	Amable (2003); Kogut and Ragin (2006); Hall and Gingerich (2009); Pryor (2010)
Theoretically-informed comparison	Theoretically-guided reconstruction of actual cases; concepts may be modified during analysis. Number of types depends on concreteness-complexity of given research object	Historical materialism; early <i>régulationist</i> work; historical institutionalism; some comparative political economy

Sociological institutionalism explores the social embedding of economic action, the key role of extra-economic institutional supports to economic action, and, recently, the effects of the neo-liberal disembedding of market forces from their social integument. Such work offers a useful counterfoil to studies that consider the market economy in isolation (or abstraction) from its wider social context (e.g., Streeck 2010) and can also provide a useful supplement to the form-analytical approach developed below.

Historical institutionalism in turn combines evolutionary and institutional concerns with interest in path-dependency and path-shaping and is more common in work on the diversity of capitalism than on its distinctive varieties. Noting that history and

temporality matter, it examines institutional inertia, institutional transformation, and institutional rupture (e.g., Pierson 2004). For this reason, it partly overlaps with 'middle-range' or more concrete-complex logical-historical analyses. Some studies also explore forms or stages of capitalism (and their variation and diversity) and contribute thereby to comparative and historical studies of capitalist formations. This approach can also clarify how institutional and spatiotemporal fixes help to stabilise specific regimes (see Jessop 2001 and below).

Lastly, the discursive or ideational approach is a late, somewhat opportunistic, arrival. It can mean little more than that ideas matter as much as (if not more than) institutions. More substantially, it claims that ideas mediate institutional effects; that institutions filter the role of discourses; and/or that they reflect, embody, or reproduce particular social imaginaries, discursive practices, and projects (e.g., Schmidt 2010). These claims could help to advance the critique of political economy, which, starting with Marx, also criticised the socially constitutive 'categories' through which classical and, later, vulgar political economists construed bourgeois society. To realise this potential, however, these claims must be related to the diverse factors that shape the variation, selection, retention, and re-contextualisation of 'ideas' in specific conjunctures.

In sum, these four institutional approaches imply that economies perform well, respectively: (1) to the extent that the conditions for capitalist economic rationality are present; (2) the market economy is embedded in a market society; (3) chance discoveries and/or gradual or punctuated evolution select the right set of institutional complementarities or isomorphism; or (4) for whatever reason, 'the ideation is right'. In contrast, the alternative proposed below regards continuing accumulation in a specific economic space as improbable thanks to capital's inherent contradictions, dilemmas, and antagonisms. Even when an economic space dominated by capitalist social relations seems to perform well according to prevailing capitalist criteria (and, therefore, would be diagnosed as effective in mainstream work), this outcome is necessarily provisional and depends on specific institutional and spatiotemporal fixes that succeed, for a time, in displacing and/or deferring crisis-tendencies. The latter will sooner or later intensify, change their forms of appearance, produce 'blowback' effects, or generate resistance that undermine these fixes, overwhelm crisis-management routines, or, in the case of resistance, weaken, neutralise, or overthrow prevailing forms of exploitation and domination. This approach leads to major

differences about the spatiotemporal horizons of analysis of diversity and variety as well as about crisis dynamics. In particular, it posits the world market as the ultimate horizon of analysis and considers these topics from this perspective.

Diversity, variety, or variegation?

Mainstream sociological and historical institutional research on diversity and/or variety tends to adopt a methodologically nationalist (or, less often, a local or regional) view on instantiations of 'capitalism'. The scare quotes around capitalism are to warn that many studies fail to define this crucial concept, taking it for granted. Apart from this, there are four other problems that pervade mainstream research.

First, in isolating distinct families of capitalism (via taxonomic classification, the construction of ideal types, or cluster analysis), it often neglects their interrelations. Second, in listing the institutional complementarities or isomorphisms that underpin 'good' economic performance (usually measured by one or more macroeconomic indicators), it focuses on factors internal to a given type of capitalism. Third, given the rather brief historical periods studied in mainstream work, it does not relate short- or medium-term secular or cyclical performance to longer-term dynamics (such as hegemonic cycles, Kondratieff waves, transitions between regimes such as the rise of finance-led accumulation, or long-term shifts in regional or global growth poles).

Fourth, this literature tends to assume that all varieties of capitalism (VoC) are analytically equal – they just happen to occupy different places on a continuum, in a two-dimensional property space, or in a more complex, n-dimensional matrix. Or, if one type proves superior to others in a given time frame on relevant indicators, competitive pressures will oblige less successful regimes to 'adapt or die'. This sometimes leads to prescriptive remarks on the efficiency and desirability of a neo-liberal turn or, less often, the ability of a coordinated market economy to avoid the worst aspects of its more crisis-prone, inequality-generating (neo-)liberal counterpart.

The variegated capitalism approach proposed here is informed by the Marxist critique of political economy. Based on this, my responses to the four problems just identified are indicated in Table 2 but, for brevity's sake, not elaborated individually (for more detail, see Jessop 2011b, 2012). Their interconnections are nonetheless explored when I consider variegation at different scales in the world market.

Table 2: Varieties of capitalism vs variegated capitalism

Varieties of capitalism	Variegated capitalism
Examine distinct (families of) local, regional, national models as rivals on the same scale or terrain for the same stakes	Study complementarities and tensions among models <i>across</i> scales in a tendentially singular, global but variegated capitalism
Describe forms of <i>internal</i> coherence of distinct VoC on the false assumption that they can and do exist in relative isolation from each other and, hence, that stability is also endogenous	Study how zones of relative stability are linked over time to instability in or beyond given economic spaces in a complex ecology of accumulation regimes and modes of regulation
Study temporal rhythms and horizons of VoC as internal, specific, short- or medium-term, unrelated to the longer term dynamics of the world market	Analyse the costs associated with uneven capacities to displace or defer contradictions, conflicts, and crisis-tendencies
If one variety is more 'productive', 'efficient', or 'progressive', it will expand via competition and/or be imitated, exported, or even imposed elsewhere	Some varieties are more equal (or ecologically dominant than others). The dominant model cannot be adopted everywhere.

The logical-historical approach and critical institutionalism

I now suggest how form-analysis and institutionalism can be combined in a logical-historical approach to produce a more powerful account of variegated capitalism as an alternative theoretical object to the understanding of capitalism posited in the VoC literature. This synthesis can be justified by noting that (1) specific social forms can be studied as **conflictual** social relations (Poulantzas 1975) and (2) profit-oriented, market-mediated accumulation is an *instituted process* (Polanyi 1957). More precisely, they can be examined in terms of how the changing institutional matrix through which social forms are instantiated is a product of past social conflicts and past institutional developments and, as such, entails a selective terrain with specific

structural and strategic biases favourable to some social forces rather than others (Poulantzas 1978). This also holds for the capital relation. The latter involves a nexus of institutions that express, and articulate, its different forms and that, in certain conditions, may help stabilise this relation by facilitating and consolidating compromises within and among the dominant classes, supporting classes, dominated classes, and other forces (for a similar starting point plus conclusions on policy analysis, see Kannankulam and Georgi, this issue). For example, a key aspect of securing the conditions for capitalist reproduction is the ability of dominant forces to confine conflicts generated by the capital relation within this institutional matrix and postpone the moment when they overflow these constraints.

More generally, this issue can be related to institutional and spatiotemporal fixes. An institutional fix is a complementary set of institutions that, via institutional design, imitation, imposition, or chance evolution, provides a temporary, partial, and relatively stable solution to the challenges of securing economic, political, or social order. It is not purely technical but rests, at best, on an unstable equilibrium of compromise and, at worst, on open use of force. The concept of spatiotemporal fix overlaps *in part* with institutional fix and concerns the capacity to secure order within a given spatiotemporal framework by displacing and/or deferring crisis-tendencies and other potentially destabilising challenges and threats.

This said, analyses of accumulation should not be confined to its institutional matrix, whether this is analysed from rational choice, sociological, historical, or ideational perspectives. Critical institutionalism cannot limit its theoretical horizons to institutions for at least three reasons. First, mainstream institutional analysis typically presupposes the generic features of capitalism, tends to ignore the fundamental roots of crisis in the basic, incompressible contradictions of the capital relation, with all that this implies for the temporary, partial, and unstable nature of prevailing accumulation regimes patterns and their dependence on institutional and spatiotemporal fixes. And, if it does note these contradictions, it assumes they can be harmonised more or less effectively, at least in advanced capitalist formations with sound institutions. This assumption was strongly criticised in classical Marxism even if it is now adopted in later currents, such as some versions of neo-Gramscian IPE (for a critical evaluation of this, see Bieling, this issue). Second, any tendencies associated with particular accumulation regimes (or modes of growth) operate only in so far as the institutions, institutional separations, and institutional complementarities

with which they are associated are reproduced. Because institutionalisation is an improbable feat, this requires attention to the projects and struggles as well as emergent mechanisms involved in the contested reproduction-régulation of these features. In short, agency matters – and is often conflictual. And, third, however well entrenched particular institutions or sets of institutional complementarities might be, they cannot prevent social conflicts from overflowing them.

These three points can be illustrated from the ability to maintain the institutional separation between the economic and the political and, on this basis, to confine the economic struggles of subordinate classes within the logic of market forces and their political struggles within the competitive logic of electoral majorities. In this way, important conditions for bourgeois hegemony or, at least, domination will be secured. This is why the forms and development of class and class-relevant conflict are crucial to bourgeois domination and must be integrated into detailed analyses of differential accumulation (cf. Kannankulam and Georgi, this issue).

These comments provide one way to distinguish historical materialist research from classical and vulgar political economy, neo-classical economics, and the economic sociologies that build on these traditions. In his critique of political economy, Marx developed a logical-historical analysis that moved from the abstract logic of the basic forms of the capital relation to their overdetermination through specific institutions and social relations. He focused on the categories, dynamics, and substantive irrationality of a mode of production in which the commodity form is generalised to labour-power so that workers must sell their capacity to work in the labour market. Paradoxically, this is also the focus of the mainstream VoC literature – albeit without the explicit recognition of the fundamentally exploitative nature of a relation in which it appears that ‘here alone rule Freedom, Equality, Property and Bentham’ (Marx 1967: 172). Marx criticised this superficial appearance by exploring the duality of labour power as use-value and exchange-value and the duality of the labour process as a process of material appropriation and transformation of nature *and* as a process organised to valorise labour power and appropriate surplus-value.

The failure to dig beneath the surface of the capital relation to take account of these dualities leads to the typically one-sided mainstream analyses of capitalist diversity and variety. Drawing heuristically on régulationist categories, we discover that mainstream work tends to view labour either as a passive factor of production or as human capital and treats production as a positive-sum game in which capital and

labour could (and should) cooperate against nature, competing firms, networks of firms, regions, or nations in order to maximise the wealth available for division among the cooperating parties. Thus institutionalised compromises, if examined at all, are treated as obtaining among market agents or producer groups rather than among class forces. This neglects the dual nature of the labour process as material production and exploitative valorisation and, *a fortiori*, misses its emergent logic. The latter works behind the backs of the producers, is not reducible to micro-level 'games' with representative agents whose identities and interests are pre-given, and subjects all social forces, even the currently most powerful, to its (tendential) laws of motion. In ignoring the contradictory and crisis-prone nature of this emergent macro-logic, mainstream work on capitalist diversity/variety engages at best in meso-level historical and comparative studies of production, distribution, and exchange.

Such research addresses topics such as the mobilisation and allocation of money capital to different sectors and activities; the education, vocational training and skill profile of the labour force; the role of trade unions (as one producer group among others) in economic coordination; the organisation of production as the deployment of concrete labour in a particular production process using more or less specific assets to produce particular goods and services for sale, and employees' ability and motivation to cooperate to advance a firm's objectives; the logistics of circulation and distribution; the organisation of trade in the markets for such commodities; and questions of corporate governance (Table 3).

This work also tends to focus on the rational organisation of production and trade in free markets rather than on capitalist speculation and finance, including control fraud and financial 'criminnovation', which have been so central in the rise of finance-dominated accumulation from the 1980s. It also tends to ignore the role of political capitalism, referring at best to 'crony capitalism' in emerging or dependent market economies. In some cases, stable types of capitalism are seen as trial-and-error, co-selected, mutually beneficial, efficient solutions to substantive coordination problems that promote macro-economic performance as well as corporate competitiveness and profitability. This latter claim is especially clear in the dominant VoC approach of recent years (Hall and Soskice 2001a: 37; cf. Kang 2006: 11f; Hall and Gingerich 2009). In general, this one-sided approach is largely silent on how labour power is exploited in the labour process and neglects capital's market-mediated appropriation of surplus-value, the multi-layered complexity of competition, cooperation, and

conflict within and between capital and labour as economic forces, and the sometimes violent antagonisms of the capital-labour relation (Gough 1992).

Table 3: One-sidedness of VoC research

Social form	Focus of VoC studies	Neglected in VoC studies
Commodity	Asset specificity of use-values and price formation of particular commodities	Exchange value, price formation in relation to composition of capital and average rate of profit
Wage relation	Individual and social wage; pay design; industrial relations; role of supervisors and managers in techno-economic efficiency; fit between managerial incentives and corporate performance	Determinants of real pay; labour-power as a fictitious commodity; absolute and relative surplus-value; management as the exercise of the functions and powers of capital
Labour power	Skill and skill formation, vocational training, education, human capital, asset specificity	Abstract labour; value theory of labour; socially necessary labour time
Firm	Core competences and assets; nexus of contracts; firm size and market power; clusters, networks; global value chains; forms of competition; corporate governance	Firm as capitalist enterprise and node in circuit of capital; market dominance and monopoly profit; place in world market; monopoly capital; state monopoly capital
Knowledge	Human capital; R&D; tech transfer; radical or incremental innovation	Abstract labour; general intellect; intellectual property rights
Capital	Assets to be valorised in given time and place; realised profits available for re-investment	Capital in general available for allocation to any productive (or unproductive) purpose
State	Provides efficient solution to some coordination problems; focus of stakeholder pressures to enhance comparative institutional advantage	Institutional separation of market and state causes problems for accumulation; ditto, the disjunction of world market and many states

These risks can be avoided by studying how various forms of the contradiction between use- and exchange-value differentially impact (different fractions of) capital

and on (different categories and strata of) labour at different times and places. Thus, productive capital is abstract value in motion (notably in the form of realised profits available for reinvestment) and a concrete stock of already invested time- and place-specific assets undergoing valorisation; the worker is an abstract unit of labour-power substitutable by other such units (or, indeed, other factors of production) and a concrete individual (or, indeed, a member of a particular collective workforce) with specific skills, knowledge and creativity for producing particular goods and services; the wage is a cost of production and a source of demand; money circulates as potentially world money (in stateless space) and as national currencies subject to some measure of state control (with the currency of the dominant economy tending to become the reference point for world money); land is both a form of property (based on the private appropriation of nature) allocated in terms of expected rents and a natural resource (modified by past actions) that is more or less renewable and recyclable; knowledge underpins intellectual property rights and is a collective resource (the intellectual commons). And so on (Jessop 2002; 2013).

Given the incomplete, contradictory and dilemmatic nature of the capital relation, its dependence on extra-economic factors and forces, and the key role of inherently unstable institutional and spatiotemporal fixes, the requisite conditions for continued accumulation and/or successful crisis-management in specific conjunctures are opaque, indeterminate, and variable. Capital is not an automatic subject: its expanded reproduction depends on real subjects. This gives a special force to the role of semiosis, imaginaries, and discourses in shaping, mediating, and guiding the trial-and-error efforts of different social forces to govern accumulation. For, while capital's contradictions cannot be permanently reconciled in all respects, social forces can moderate them provisionally through specific visions, projects, and strategies that selectively reconcile some particular interests rather than others and link them to an inevitably partial construal of the general interest. Spatiotemporal fixes also matter here. They mean that the dominant social forces treat some contradictions as more important than others, prioritise one or another aspect of a given contradiction (e.g., the wage as cost of production or source of demand), handle different contradictions and their primary and secondary aspects at different sites and scales of action, and switch between concern with this or that aspect or contradiction as its perceived urgency alters (these arguments are elaborated in a companion piece in this journal, Jessop 2013).

Such fixes also involve building support in and across many conflictual and contested fields for a given accumulation strategy, its associated state project(s) and, where relevant, hegemonic visions. They contribute by displacing the material (*stofflich*) and social costs of zones of stability elsewhere (into zones of instability) and/or deferring them ('kicking the can down the road'). Further, because the capital relation is reproduced – when, where, and to the extent that it is – through social agency and entails specific forms, stakes, and sites of conflict and struggle, these fixes are not purely technical but linked to patterns of institutionalised conflict and compromise, different forms of inclusion, marginalisation, exclusion, and oppression. Lastly, when the circuit of capital breaks, however causes, space opens for struggle over different trajectories, vitiating unilinear accounts of capitalist development.

Compossibility and ecological dominance

To study the world market in terms of 'variegated capitalism' improves on the claims that: (1) there is a single world system in which competition pushes all capitals and their related 'space economies' to converge on a single model of capitalism; or (2) distinct varieties of capitalism can co-exist in an inevitably heterogeneous world economy. Growing world market integration makes it ever less appropriate to study 'varieties of capitalism' as separate regimes that will prove more or less efficient and competitive according to the ruthless, *ex post* audit of market forces. This underlines the importance of structural coupling, co-evolution, and mutual complementarities-exclusivities among VoCs and their impact on differential accumulation at a world scale. In short, not everything that is individually possible is *compossible*. We must ask whether different varieties can co-exist in the same economic space and, where they are compossible, whether this has benign, neutral, or negative effects on their individual and collective economic performance. Two negative examples are the pathological co-dependence of the USA and China at a world market level and the increasingly dysfunctional articulation of the neo-mercantilist *Modell Deutschland* with the rest of the Eurozone, especially Southern Europe (on the latter, see below).

Compossibility is related in turn to the claim above that some varieties are more equal than others. In part, this involves the differential capacity of the state and political forces to use soft power, force, and domination to impose specific patterns of valorisation, appropriation, and dispossession. VoC literature ignores this insofar

as it assumes that the market and state are separate (at least in advanced capitalist economies) and also overlooks the role of violence in accumulation (whether in primitive accumulation, colonial conquest, plundering resources, imposing unequal treaties, or maintaining dependent development in a 'variegated imperialism').

Variegated capitalism also involves 'ecological dominance'. In general, this refers to how far and how, in a self-organising ecology of systems or institutional orders, one system or order is a *problem-maker* for the others rather than a *problem-taker*. This can be studied in terms of the relative weights of different varieties and/or the uneven impact of different circuits of capital. Recall here that these weightings are not an automatic, mechanical outcome of market forces but depend on specific economic and political strategies, which may include the use of violence as well as rigging market rules. Thus one could investigate the conditions making for uneven development and structural coupling of capitalist regimes in a regional or global division of labour (e.g., the Rhenish, Nordic, and liberal market models in Europe or the global dominance of the liberal market model); or, again, examine the weight of commercial, industrial, or financial capital in capitalist circuits at different scales. These issues are related. For example, the ecological dominance of neo-liberalism reflects the politically-engineered predominance of finance-dominated accumulation regimes in the world market plus the ecological dominance of financial capital more generally in global capitalist circuits (Jessop 2011a). Neither statement entails that financial capital, let alone capital as property (fictive capital), has been fully and permanently detached from the need for valorisation in the 'real' economy. On the contrary, the greater and longer its seeming independence, the greater and longer are the crises created by the forcible assertion of the organic unity of different phases of capital's metamorphosis (cf. Marx 1968: 509). Last, while the ultimate horizon of accumulation is the world market, variegation, compossibility, and ecological dominance are *fractal* phenomena, i.e., they emerge and interact in (self-) similar ways at many sites and scales.

Their fractal nature can be seen in European economic space as rival economic and political forces seek to restructure and integrate national economies and states in the hope of solving structural 'problems' of competitiveness within regions, national economies, and wider European economic space. When founded in 1951, the European Iron and Steel Community involved six mostly 'Rhenish' (or 'coordinated market') economies. The 'Monnet mode of integration' aimed to create a

European political regime supportive of various national Fordist modes of development (Ziltener 1999). The spillover effects of market integration were expected to consolidate *regulated* capitalism and deepen political integration.

The European Communities initially developed as relatively compatible, indeed, in key respects, already interlocking, variants of regulated capitalism, each with its own institutionalised compromises. Each enlargement created more heterogeneity, making it harder for positive integration to promote convergence, secure economies of scale, and harmonise economic and social policy. Measures to promote the free flow of goods, capital, labour, and services damaged the coherence of the respective cores of coordinated market economies and advantaged mobile capital. More flexible methods of governance, combining centrally agreed targets and decentralised implementation, did not offset the growing heterogeneity in accumulation regimes, modes of *régulation*, and insertion into European and wider economic spaces.

This trend is reflected in what are termed, in technocratically-inclined governing circles, ‘misaligned economic structures and lost competitiveness’. More bluntly, these problems emerge from significant micro- and macro-economic divergences in productivity, unit labour costs, competitiveness, and foreign trade, which are often rooted in inherited, but now superseded, economic structures and roles in regional and global divisions of labour. These imbalances and disproportions are linked in turn to variations in local, regional, and national restructuring and steering capacities, in capacities to displace and defer contradictions and crisis-tendencies, and in the uneven capacities of weaker capital fractions and subaltern classes to resist the imposition of neo-liberal crisis-management panaceas. Unsurprisingly, efforts at EU meta-governance have become another site for struggles among member states and outside forces about the strategic direction of the EU and/or over specific policies.

Thus, rather than offering an adequate institutional architecture for governing an increasingly heterogeneous European Union and facilitating convergence, negative integration plus more flexible coordination methods created a variegated free market without strong governance capacities, especially in crisis periods. This problem was reinforced with the adoption of the formally demanding Stability and Growth Pact followed by Monetary Union – innovations that were expected to produce convergence in economic performance through political action to extend (supposedly) efficient free markets. Yet no credible institutional arrangements were established to enforce long-term fiscal discipline, compensate for uneven development and

economic performance, or coordinate crisis-management when conventional crisis responses, such as devaluation, were ruled out in advance. This structural flaw was obscured during the 1990s 'Great Moderation' (linked to US monetary policies and to deflation imported from China) and the initial stimulus (notably in Southern Europe) that followed the Euro's introduction. Failure to address this flaw in the good times made crisis-management harder with the outbreak of the North Atlantic Financial Crisis, the surfacing and intensification of the Eurozone crisis, and issues of sovereign debt. Indeed, each new shock further reveals the structural incoherence of the Eurozone and the contagious impact of the world market's crisis-prone dynamics.

This has produced a crisis of crisis-management at many sites and scales with open fights among state managers and business lobbies (reflecting broader disputes around capitalist strategies) over how to rescue the Eurozone and the European project and/or promote the broader world-market interests of transnational capital regardless of particular fallout and blowback effects in European economic and political space. There are wider struggles over the balance of sticks and carrots, the distribution of gains and losses, and the best way to manage political fallout. The crisis has also underlined the contrasting interests of different fractions of capital, centre and periphery, deficit and surplus economies, capital and workers, insiders and outsiders. This is intensifying the institutional crises in European governance structures and undermining the legitimacy of the European project. Efforts at crisis-management are aggravated in turn by political crises at different scales, including splits in national and transnational power blocs, representational and legitimacy crises, loss of temporal sovereignty, and institutional failures. This produces a continued 'muddling through' process reflected in a chaotic sequence of *ad hoc* and poorly coordinated emergency measures, taken in response to successive shocks, declining confidence, and the debt-default-deflation dynamics that ensure that austerity measures are counter-productive and spread the Eurozone crisis to northern economies (on the 'Sixpack' legislation, for example, see Wöhl, this issue).

Three conclusions

First, research on its diversity/variety requires a robust definition of capitalism. Yet mainstream work rarely refers to the historical specificity of the CMP as opposed to the market economy more generally, let alone offers a definition that admits that

accumulation depends on substantive economic exploitation and class domination. Even when capitalism is defined, its listed features rarely extend beyond private ownership, wage labour, competition, and an orientation to profit. This makes it hard to explain capital's contradictions and crisis-tendencies and how its always relative stability in some places depends on displacing problems into zones of instability elsewhere and/or on postponing the eventual onset of crises.

Second, work on diversity/variety has only recently turned from the positive role of finance in the productive and commercial circuits of capital to the distinctive features of finance-dominated accumulation and its eventual contributions to economic and political instability. Revisiting analyses of finance capital, financial capitalism, or money manager capitalism can generate useful insights about financialisation but may miss novel features rooted in the greater integration of the world market, the changing forms of money as functioning capital and as property, and the links of finance-dominated accumulation to new forms of political capitalism.

Third, rather than focus on local, regional, or national varieties of capitalism, future work should consider the hierarchical orderings, centre-periphery relations, and patterns of adhesion and exclusion that emerge from the contingencies of the world market. While today's variegated world market is largely organised in the shadow of neo-liberalism, the variegated economic space of the European Union operates mainly in that of *das Modell Deutschland*. This confirms the importance of studying the variegation, compossibility, and ecological dominance of different capitalist regimes and doing so with regard to the fractal nature of such processes.

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