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## **Boekbespreking van: Continuity and Change in Contemporary Capitalism**

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Market and the Single European Act (SEA) is a neo-liberal economic order, and that the EU is not merely a scaled-up version of the nation-state. Laffan, O'Donnell and Smith cleverly reject all of the above. Instead they characterize the Union's economic policy as a new model of internationalization: they focus on the *amount* of policy competence at the EU level, and also on the *pattern* of policy-making and implementation. The volume intelligently refuses to stereotype EU economic policy into neat analytical compartments in the way that many previous analyses have tended to. Indeed, by focusing on practical policy – as opposed to neat rational economic theorizing – the authors produce an end product that is both intelligent and revealing of the practice of EU economic policy-making and implementation. More significantly, however, the economic is subtly interwoven with the political and the sociological to produce a realistic version of economic reality.

The idea of the EU as a new model of internationalization expresses both its systemic and novel nature. This is prescient when considering the role of the economic and monetary union (EMU) in the international political economy. While open economy macroeconomics tells us a certain amount about international economic interactions, it retains the traditional macroeconomic notion of the national economy. The authors of the study under review reject the above view, and instead argue that the path to EMU is more akin to the political economy of the international monetary system. In line with the rest of their conclusions, the authors argue that it is the theory rather than the practice of international economic relations that requires scrutiny and revision. Neat economic theories fail to pragmatically view Europe as an experimentalist union that is essentially unsettled.

As an international actor the EU is ambiguous. The EU has always, and inescapably, been a foreign policy project, but that does not mean that it is cast in the constraining mould of the statist version of foreign policy. The Union's status as a kind of 'great experiment' has clearly had an impact on the wider Europe, and on the international arena through processes of emulation and diffusion. To return to the theme raised by the volume under scrutiny, the EU foreign policy project is unsettled, both in the sense that it has dynamism and fluidity, and in the sense that it lacks a definitive outcome. As such, it is a metaphor for much international action in the global arena of the early 21st century.

In conclusion, the authors set out to rewrite the bible. The authors were guided by the conviction that we all need to take seriously the notion that it is the experimental and innovative nature of the EU that enables it to respond to multiple agendas and Europe's diversity in a flexible manner. In this view, the EU is a harbinger of trends in political and economic order, locked as it is between modernity and post-modernity. The Union represents a form of deep regionalism in contrast to other regionalisms in the world.

The real contribution of this important and original book is as follows: the *possibility* of a triple transition – from constraint to opportunity, from transfer to transformation, and from the particular to the general – is an important part of the authors overall

interpretation of European integration. Some would say this approach is novel and original. The present reviewer is of the opinion that the volume under review is thought-provoking, highly original, and as was stated above, naggingly discursive to the point that this reviewer was forced to question his core beliefs on the process of European integration. The volume is lucidly written and is extremely accessible to the specialist and generalist alike: this is undoubtedly a great achievement considering the complexity of the subject matter under scrutiny. Just one minor caveat needs be added to this otherwise positive conclusion: this reviewer is unsure to what extent the authors have managed to rewrite the bible.

Neil Winn

Herbert Kitschelt, Peter Lange, Gary Marks and John D. Stephens (eds.), *Continuity and Change in Contemporary Capitalism*. Cambridge University Press, Cambridge 1999, ISBN 0521634962, £ 16.95.

This edited volume presents itself as a follow-up to *Order and Conflict in Contemporary Capitalism*, published in 1984 under the editorship of John H. Goldthorpe. Both books focus on the changing patterns of political governance in advanced capitalist democracies. *Order and Conflict* argued that the combination of centrally organized systems of industrial relations and social democratic parties facilitated the development of mixed economies which promoted economic growth and the development of comprehensive welfare states. Moreover, centrally organized interests and leftist parties appeared to be the most effective formula for dealing with the stagflation and high unemployment that followed the oil crises of the 1970s. *Continuity and Change* picks up where *Order and Conflict* left off and investigates whether and how the political and economic trajectories of advanced capitalist states have changed since the early 1980s. As the editors note, the book's 'intellectual point of departure' is the end of the post-war 'Golden Age' of stable economic growth, price stability, welfare state expansion, and high levels of employment. All of the 15 chapters in the book seek to establish what the end of the 'Golden Age' means for the political economies of the advanced capitalist democracies.

Part I of the book investigates to what extent the external environment has changed, within which national political and economic strategies are pursued. McKeown examines the domestic political and economic consequences of increased trade openness and finds similar coping strategies among the advanced capitalist states. These coping strategies include making trade with each other more liberalized than with other states; protecting groups that do not have comparative advantage, such as farmers; shifting to non-tariff barriers to trade (NTBTs), and moving towards regional trading blocs. Simmons' chapter on the internationalization of capital is an insightful analysis of the impact of integrated capital markets on domestic politics in the OECD



countries. In the Bretton Woods agreement, capital controls were considered a key tool for domestic economic management. Since the mid-1970s, nearly all capital controls have been lifted, with significant consequences for domestic politics. Now, autonomous monetary policy is only possible at the cost of currency instability. Simmons also provides evidence that integrated capital markets constrain national fiscal policies. Hooghe and Marks also trace the impact of international economic change, arguing that the end of the Golden Age contributed to recent efforts to further European integration. The increased scope and competence of the EU have led to a shift in decision-making from national states to the European level and to the market. As a result, EU decision-making has taken on a more politicized nature, as a multilevel set of actors, including governments, supranational actors, and interest groups, compete to define the economic and political development of the EU.

Part II analyses changes in the domestic political economy, including production regimes, the welfare state and labour market institutions. In an important chapter, Soskice analyses the roles of different 'production regimes,' which provide the institutional rules of the game influencing the behaviour of micro-agents such as firms, customers, workers, investors, etc. Soskice argues that globalization has led to changes in production regimes, although the impact varies across countries. Thus, more coordinated economies have resisted the effects of globalization better than others, and, paradoxically, organized business has pushed for re-regulation and not deregulation in order to respond effectively to the pressures of globalization. In one of the best chapters in the book, Peter A. Hall provides a survey of theoretical approaches to the study of the political economy in Europe, asking whether and how social scientists need to revise existing theoretical concepts in order to explain current political and economic developments. Hall maps out a general institutionalist model for explaining domestic change, which he calls 'policy paths' and 'adjustment paths'. According to the model, socio-economic changes will restructure domestic coalitions. Whether and how this realignment affects domestic political choices depends on the domestic economic and political structures.

Stephens, Huber and Ray investigate the extent to which welfare states have been reduced during the past two decades and whether partisan differences continue to influence social policy choices. The authors find only moderate cutbacks, and that partisan differences continue to play an important role. Overall, however, states appear to have lost some policy freedom compared with the Golden Age. Golden, Wallerstein and Lange examine whether the organizational strength of unions has declined as much as many analysts claim. Although the authors find significant declines in union strength, the process has varied across states. Thus, the authors find more diversity and less convergence in union decline than is often asserted. Moreover, the authors argue that unions still retain many of the most important institutional mechanisms for defending wage earner interests, even though overall union strength has declined somewhat. Moene and Wallerstein's analysis of social democratic labour market institutions in the Nordic countries confirms many of Golden et al.'s conclusions.

Moene and Wallerstein document the decline in social democratic strategies based on centralized wage bargaining and active labour market policies, but note their considerable success, especially in reducing poverty.

Jytte Klausen investigates the impact of two types of structural change on labour unions. First, the entrance of large numbers of women into the paid labour market means that unions are no longer dominated by male workers. Second, the increasing importance of part-time and flexi-time work in the service sector means that full-time manufacturing workers no longer dominate the labour movement. Klausen finds that unions have responded differently to increased labour market diversity. Some countries have been successful in mobilizing female workers (for example, Scandinavia and Great Britain), however, this process has led to the rejuvenation of old conflicts and the emergence of new ones, especially concerning European integration.

Part III addresses shifts in political alignments, including the changing salience of class, the role of social democracy, the weakening of corporatist institutions, the rise of neo-liberal ideology, and the emergence of new social movements. Like Klausen, Esping-Andersen takes up the issue of class structural change and, like other authors, identifies considerable variation in national responses to structural economic change. Esping-Andersen finds that it is too early to talk of a 'death of class' as a salient political category. In fact, the working class appears to be as leftist in outlook as ever, despite the dramatic structural change. Thus, electoral support for most socialist parties in Europe appears to be stable, even in the wake of public versus private sector cleavages and the dilemmas created by the existence of labour market insiders and outsiders. Kitschelt analyses the responses of social democratic parties to structural economic and social changes and finds that the opportunities to pursue traditional social democratic policies have declined. This change in opportunity structure creates a dilemma for social democratic parties in government. Whether the parties respond with a market liberal policy strategy depends on how they deal with the electoral dilemma of vote versus office maximization and whether they can mobilize support within the party for their policies.

Van Kersbergen investigates the impact of secularization in religious parties, especially Christian democratic parties, and finds that secularization is not the only cause of Christian democratic decline. The weakening of conditions favourable to 'the politics of mediation,' (the ability to pursue cross-class coalitions within the movement and with other parties), which are typically pursued by Christian democratic parties, is just as important in explaining this decline. Despite these structural changes, individual Christian democratic parties have responded in different ways, resulting in variation in electoral fortunes for different national parties. King and Wood analyse political parties at opposite ends of the political spectrum, the neo-liberal projects pursued by conservative governments in the USA and UK in the 1980s. King and Wood explain these two neo-liberal policy agendas in terms of the organizational characteristics of the political economies of the USA and UK, particularly the structure of organized capital and the organization of the polity. Finally, Kriesi investigates the



politics of new social movements of both the left and right. Although both kinds of movement have not contributed to fundamental change, their influence has nevertheless been important. They have put new issues on the political agenda, promoted the recruitment of new elites on the left, and contributed to the enhanced knowledge of citizens. Moreover, movement politics has been institutionalized to the extent that it provides an arena for political action alongside more conventional groups such as political parties. In explaining the variation in mobilization of new social movements across the advanced capitalist states, Kriesi argues that the mobilization of political movements is embedded in the national political opportunity structure.

The concluding chapter by Kitschelt, Lange, Marks and Stephens draws on the arguments of the individual chapters to address the question of whether changes in capitalist development during the past 15 years have led to convergence or divergence. Although the authors find some evidence of convergence, they emphasize the persistent institutional diversity across advanced capitalist states and regions. Thus, despite similar pressures for change, individual countries have responded in partially path dependent ways, depending on the structure, persistence and embeddedness of national institutions.

One major strength of the book is that it brings together a distinguished group of North American and European scholars to analyse a wide range of issues within comparative political economy. The range of topics covered in the book means that it will appeal to scholars interested in various subject areas, including the labour market, the welfare state, party systems, social democracy, European integration, and international trade and finance. Despite such a diversity of topics, the chapters all address common questions and incorporate a broadly similar institutionalist approach. As such, the book provides a valuable 'big picture' analysis of capitalist development during the past 15 years. However, the broad focus could mean that readers who are interested in detailed book-length analyses of specific countries and policy areas are disappointed. A weakness of the book, albeit a minor one, is that it focuses primarily on developments in Western Europe. Although some chapters include Japan, the United States, Canada, Australia and New Zealand in their analyses, the book does not provide enough systematic comparisons across *all* advanced capitalist democracies. Aside from these very minor criticisms, readers who are interested in social, political, and economic developments 'after the Golden Age' will find much to inspire further debate and research.

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