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**Expanding Policy Imagination in Political Economy:  
Three Fevers and Two Tonics from Historical Sociology**

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# Expanding Policy Imagination in Political Economy: Three Fevers and Two Tonics from Historical Sociology<sup>1</sup>

## **Abstract**

Much of the literature in political economy seeks to capture an essential insight into the evolution of political and economic systems to provide a foundation for policy advice. This article suggests that attempts to nut out the kernels of change often restrict rather than expand policy imagination. Three ‘fevers’ are identified as involved in the narrowing of policy imagination and two ‘tonics’ are offered to widen it. The three fevers are: 1. viewing the present as natural; 2. seeing history as overtly path dependent; and 3. viewing history as driven by ‘Great Men’. These fevers limit our capacity to see political, social, and economic changes that do not conform to conventional theories, as well as distorting our understanding of how the contemporary world works. What policymakers want, more than prediction or recitation of conventional theories, is context to understand how policy can be implemented. Historical sociology provides a way to generate information about contextual constellations through two ‘tonics’: intentional rationality and social mechanisms. With the assistance of these tonics, historical sociology widens political economy’s policy imagination.

## **Introduction: How Should the Economy Work?**

This article proposes that if political economy wishes to expand its policy imagination it should listen to historical sociology. I am not, of course, alone in this call. Indeed, British political economy scholarship has trumpeted the cause of ‘historicising’ the field of International Political Economy (IPE) for some time now (Amoore, et al. 2000). But ‘heterodox’ British scholarship has been less forward in arguing that historicising IPE would lead political economy to have greater policy relevance. And this is precisely where there is both a bridge to North American ‘orthodox’ IPE scholarship, as well as a broader claim on the relevance of the discipline as a whole (Murphy and Tooze, 1991; cf. Hobson and Seabrooke 2007).

It should be noted that many prominent scholars within North American ‘orthodox’ political economy have put forward the idea that the field suffers from limited policy relevance. In the late 1990s, Peter Katzenstein, Robert Keohane, and Stephen Krasner commented that increasing standards of social scientific rigour were leading to a situation in which IPE scholars could demonstrate that they can jump through a range of methodological hoops, but were not providing material with firm policy implications (Katzenstein, Keohane, and Krasner, 1998, 684). Most recently, Rudra Sil and Peter Katzenstein (2005) have argued that less emphasis should be placed on North American style ‘research programs’ because they have widened the gap between policy relevance and academia. Their solution is that we need to learn from scholars who embrace ‘analytic eclecticism’, that we need to follow in the footsteps of Norbert Elias, Albert Hirschman, and others, and that we need a historical sociological understanding of change (see also Sil, 2000; Katzenstein and Okawara, 2001/2). More generally, providing a ‘historical sociology’ of political economy has long been the aim of some scholars considered to be very much within the ‘orthodox’ North American camp

(Gourevitch, 1986, 221). So if 'heterodox' scholars are arguing for more sensitive understandings of historical change, and some 'orthodox' scholars are arguing for more policy relevant material, then we may have a loose consensus on political economy's need for historical sociology.

The first step towards bringing historical sociology into political economy is to cut off the 'I' in 'IPE'. If we are to treat historical and social change seriously it makes more sense to talk simply of 'political economy'. Political economy encompasses both studies of international and comparative political economies, and calls us to reject the arbitrary intellectual distinction between them, especially when considering that most scholars commonly blur these boundaries (see also Phillips, 2005). Moreover, maintaining an ontological distinction of the 'international' as a separate sphere of influence produces one of the 'fevers' that clouds policy imagination identified below; viewing the past through the lens of the present. We should therefore drop the 'international' to enhance political economy with historical sociology.<sup>2</sup>

In making the case on why political economy needs historical sociology I identify three fevers commonly committed within political economy scholarship that narrow policy imagination: 1. viewing the present as natural or within a cycle, 2. seeing history as overtly path dependent; and 3. viewing history as driven by 'Great Men'. Once these fevers have been examined, I present a case for how historical sociology can widen policy imagination in political economy through two 'tonics'. The first tonic is to seek to find an actor's *intentional rationality* rather than make an assumption of a 'natural' actor with a 'bounded' rationality (Beckert, 1996, 819-22; cf. Odell, 2002). This, I argue, requires us to start from a position of *idiographic* methodological individualism to stress how the individual's intentions, norms, and acts of legitimation must be historically specified. The second tonic is to link historical sociology and political economy together through the work on 'social mechanisms', to produce transferable lessons from specific historical contexts about types of behaviour that are relevant to understanding the contemporary world economy. Together these tonics widen policy imagination in political economy by enhancing the capacity for counterintuitive insight. The article is organised according to the three fevers and two tonics.

### **Fever One: Viewing the Present as Natural or Cyclical**

In making a case for the importance of historical sociology, Reinhard Bendix argued against viewing the past through the lens of the present:

By looking at past events from a contemporaneous viewpoint we create a dynamic picture, or by looking backward at the result we create a static picture. Looking backward always presents an overdetermined depiction of fate; by this perspective we leave out of focus the possibilities of action which existed at the time. I am only determinist in this methodological sense (Bendix, 1984, 56).

For Bendix, imagining placing oneself into the past to create a dynamic picture is primarily a concern with being open to the idea that there a range of policy options within the period that are not part of our current policy choice set. Such a view of historical sociological change is important because unlike, arguably, the natural sciences, knowledge in the social sciences does not accumulate and become 'better'. We therefore need to be open to the view that policy options are more fluid than we think, particularly to avoid the notion

that some policy choices have become natural while others are unthinkable. For Bendix, the spread of fascism in the twentieth century was in part created by an inability to see beyond what appeared to be a natural policy choice set (Bendix, 1984).

While we can easily identify historically sensitive work in political economy that seeks to tackle current policy issues by learning from the past (to name but a couple, Germain, 1997; Langley, 2001), much political economy considers current policy options as the only policy options. Akin to Bendix, John Hobson argues (in this issue and elsewhere, see Hobson 2002, 5-15) that much political economy scholarship falls into traps that he identifies as *chronofetishism* and *tempocentrism*. They are, respectively, that the present can only be analyzed by examining the present, and that past is viewed through the lens of the present. *Chronofetishism* leads to arguments that naturalise the present order and its institutions, exaggerating the specific characteristics of the present and neglecting alternatives to what is considered a natural order. *Tempocentrism* leads to a failure to appreciate historical difference by smoothing out discontinuities between historical epochs.

INSERT FIGURE 1 HERE

Figure 1 depicts a tempocentric scenario where history is viewed as a cycle, or within a climateric. On the y-axis we have a policy choice set (which may be infinite in their recombination and design, but restricted to  $\pm 10$  here). On the x-axis we have eight time periods, representing the past and running up to the present at  $t$ . The actor at the white circle at  $t$  looks back into the past finding history to be a cycle that operates within a fixed policy choice set ( $\pm 5$ ). While this is obviously a generalisation, the point here is that the actor excludes some policy choices from his or her menu (those above or below  $\pm 5$ ). The actor has created a 'bounded rationality' to confirm a view that the only information relevant for policy imagination can be found in the present since the past follows a natural cycle. The cycle itself provides the policy options.

Within political economy the 'orthodox' work on hegemony has been identified for some time now as a perpetrator of the tendency illustrated in Figure 1 (Hobson, 1997, 200). For many political economy scholars, theories of hegemony, particularly those of hegemony stability, were considered to be a 'foil against which to test alternative theoretical explanations' in a battle of ideas about American decline (Webb and Krasner, 1989, 183). As such, there was a clear incentive to use historical information in ways that bolstered explanatory power within these battles. Comparisons of U.S. hegemony in the 1960s and 1970s with British hegemony in the mid-nineteenth century were commonly based on the notion that both had gone through a 'Golden Age' and were naturally entering a period of decline (Gilpin, 1975; Seabrooke, 2001, 7-9). Despite a wide array of differences between the two hegemonies, the implication was that the U.S. was going to decline, because Britain did within a 'natural' climacteric (Gilpin, 1981). Because of this natural cycle the British case did not so much provide lessons to the U.S. as provide a rationale for why the policy options available to potentially fight U.S. hegemonic decline in the present. As such, theorists of U.S. hegemonic decline made predictions based on a contemporary model they had mapped onto the past to provide their predictions with empirical rigour. Hegemonic decline would lead to the rise of a new hegemon (Japan,

because they had the most money), a hegemonic partnership with Japan (again, money), a descent into anarchy, or the sustenance of international cooperation (Gilpin, 1981; Gilpin, 1987; Keohane, 1984). With the benefit of hindsight (and foresight for some, see Strange, 1987), most of these predictions were off the mark. Had the hegemony theorists investigated the prior cases with more sensitivity to historical and social change they may have recognised the importance of France to mid-nineteenth century trading systems (Hobson, 1997, Ch. 7), the capacity of the British state to generate credit from the population as a means of financial power despite debts (Seabrooke, 2006a, chs. 3 & 5), and fundamental differences in the formal and informal coordination of an international monetary system (Gallarotti, 1995).

While much of the literature associated with the hegemony debates is commonly associated with 'orthodox' schools of thought, the fever of naturalising the present and viewing the past through the lens of the present applies also to more 'heterodox' Marxist-inspired literature. In particular, work on 'long cycles' and 'world systems' often posited the view that history was engaged in an unfolding evolution or trapped within a cycle where capitalist exploitation was the key driver (Wallerstein, 1979; Modelski and Thompson, 1996; Van der Pijl, 1998). Once again Figure 1 is relevant for how these scholars view historical change since the systems of power created by capitalist exploitation drive history through cycles (with, notably, disagreement on whether capitalism would implode or not). And as capitalist exploitation provided the key logic, solutions on how to break the system could be found in the present because the system was naturally playing out. The policy choice set was bound into this imagination that favours economic relations within a dominant mode of production. While this is undoubtedly a harsh criticism, the worst aspect here, often implicit rather than explicit, is the notion that the capitalist system 'duped' the masses into their choices. This is a view that, despite protests to the contrary, occurs in much Gramscian work that relies on the concept of 'hegemony' (distinct from the above usage) as a form of social control 'forced or imposed on subaltern classes' (Germain and Kenny 1998: 18–19; cf. Bukovansky, 2002, 48-9). If hegemony is treated as options individuals make from a choice set (even if they are bad choices), then we may have more insight into how capitalist exploitation works beyond a naturalised historical logic. This is, as clarified below, one reason why political economy needs historical sociology to open up its policy imagination.

## **Fever Two: History as Path Dependent**

Political economists often treat history as though past information informs contemporary policy choices within a path dependent sequence. Once more we refer to Reinhard Bendix for help in steering us clear of historical traps. Bendix (1977) argued that one of the key flaws of modernization theories of the postwar period was their treatment of history as a progression, including their treatment of 'tradition' as a holding fixed characteristics that may evolve over time. For Bendix this view produced serious problems since, at the same time, modernization theory called for 'traditional' states to produce the 'functional equivalents' of institutions in the West that were thought to be the drivers of economic growth (Bendix, 1977, 416). Bendix's key point here is to argue that the 'right' institutions cannot simply be grafted to a society. This is especially the case if the institutions are to have legitimacy.

Within most 'orthodox' political economy the work on path dependence seeks to provide logic to historical change. Here history provides information on changing institutional forms, where the assumption is that the institutions provided all the information the actors within them needed to select appropriate policies. And while we can readily acknowledge that point A does indeed come before point B, we should not catch ourselves in the trap that what happened at point A will determine what happens at point B, C, and so on, on the grounds of increasing returns (cf. Pierson, 2004; Thelen, 2004). Nor should we assume that the institutions undergoing change have the capacity to provide themselves with the policy information required to transform themselves (this is, in part, a problem with the broad definition of an 'institution' as any binding human activity, see North, 1990). The tendency in many political economy analyses is to rely on externally given moments of uncertainty and crisis, of 'critical junctures' or 'triggers', that will come along and break up the current institutional equilibrium and establish a new path for institutional change (Cortell and Peterson, 2002). By tracing these 'triggers' we can unravel the evolution of an institutions in which a policy choice made at point  $t-8$  informs the choice made at  $t-7$ , and so on.

INSERT FIGURE 2 HERE

A situation of extreme path dependence within an evolutionary trajectory is illustrated in Figure 2, with 'critical junctures' transforming the institution under examination at key moments. Once more on the y-axis we have a policy choice set (again restricted to  $\pm 10$ ), with change over eight periods of time represented on the x-axis. The actor at the white circle at  $t$  looks back into the past to see that policy options have been determined by an historical trajectory, and that breaks in policy continuity have been provided only at key moments. In this case the linear evolution of the institution in question provides all the information the actor needs in selecting policy options. And once again the actor's rationality may be 'bounded' by this information. 'Off the path' change is not considered as relevant, or likely, in the policy choice set (cf. Crouch and Farrell, 2004).

Within political economy, the rationalist institutionalist and historical institutionalist camps often retain a determinist view of path dependence. For the rationalists, such as Douglass North (1990, 2005), institutions change according to transaction costs, with institutions changing during periods of exogenously generated uncertainty as they seek to improve their information. Culture is viewed as important to how institutions transform over time, but primarily to explain why they did not conform to a more rational model. Avner Greif's excellent work (1994, 2006), for example, traces how the cultural characteristics of groups of Genoese and Maghribi traders led to the development of different trading institutions. Culture, however, is viewed as a form of 'cognitive dissonance' when it does not conform to evolving rational expectations (Greif, 1994, 916-17). As I have argued elsewhere, culture and norms are left to explain the noise distorting decision making within a rational capitalist mindset; that 'norms are error terms' (Seabrooke, 2006a, 24). This view of history therefore posits the individual in the present as holding superior information about rational decision-making than those examined in the past 'regardless of the specific case or the outcome being problematized' (Somers, 1998, 752). To put it bluntly, the actor in the present can see evolution because he or she is the most evolved.

Historical institutionalists rely on the concepts of path dependence, 'sequencing', and punctuated equilibrium or evolution to study how institutions transform over time (Steinmo, Thelen, Longstreth, 1992; Cortell and Peterson, 2002; Mahoney and Rueschemeyer, 2003). Here both exogenous and endogenous sources of change are considered, with shocks to an institutional equilibrium provided by external crises or internal manoeuvrings from actors inside the institution that have policy ideas that 'fit' with the pre-existing institution (Hall, 1989). The institutions therefore provide the information to the actors making the choices, including a 'logic of appropriateness' concerning how they should behave (March and Olsen, 1989, see also Campbell, 2004). As above, the institution itself provides all the information, so tracing the policy choices that established 'critical junctures' in institutional form provides a view of history as progress (or degeneration).

In political economy the work on 'state capacity' and 'varieties of capitalism' provides the clearest view of seeing states following a 'national trajectory' over time. 'State capacity' literature, inspired by historical sociologists like Michael Mann (1986) and Theda Skocpol (1979), sought to provide a logic to how states can respond to external pressures of economic interdependence and globalisation (see Seabrooke, 2001; Gill, 2002). Here, the role of 'pilot economic agencies' to development was highlighted, as were relations between the capitalist class and the state in producing economic outcomes (Evans, 1985; Weiss, 1998). Akin to the 'functional equivalents' mentioned by Bendix above, pilot economic agencies were seen as necessary for success but difficult to create if the culture in question was not predisposed to them. Similarly, the blossoming literature on 'varieties of capitalism' posits national economic frameworks within which firms seek to find institutional complementarities (Hall and Soskice, 2001). The two predominant frameworks within the world economy are thought to be 'liberal market economies' (LMEs) and 'coordinated market economies' (CMEs), typified, respectively, by the United States and Germany (cf. Blyth, 2003). Within such broad types states are considered to follow 'national trajectories' of historical development (Zysman, 1994). As such, and despite the emphasis on individual firms selecting institutional complementarities, policy information is derived from the national economic framework. History is viewed as following a progression of institutional forms where change to the form is itself established by the institution. Given such circularity, 'off the path' developments are rarely considered, including important differences in how subnational systems have evolved that may be contrary to expectations (such as the role of federal mortgage agencies in the U.S., see Seabrooke, 2006a; see also, on national business systems, Kristensen, 2005).

To sum up the extremes of this second fever, by smoothing out history, like smoothing a 'line of best fit' in regression analysis, important information is lost and policy imagination is narrowed. This applies not only to the 'outliers' that stick out as abnormal within the data set, but also variations around the 'line of best fit' that provide important contextual information on why some policies and practices worked and others did not. The practice of viewing historical as overtly path dependent leads to the narrowing of policy imagination about how institutions can be transformed.

### **Fever Three: History as Driven by Great Men and Women**



Recently, there has been much talk in political economy about how ideas and norms inform institutional change. Certainly a body of work is now identified or self-identifies as 'economic constructivist' or 'constructivist political economy' (Hall, 1997; Blyth, 2002; Parsons, 2003; Best, 2005; Sharman, 2006). This work typically assesses how ideas and norms have influenced how institutions have changed over time, focusing predominantly on how elite actors have acted as ideational entrepreneurs in enacting change (McNamara, 1998).<sup>3</sup>

In studying how norms influence political, social, and economic change through history, Norbert Elias warned that that they must be treated as 'double-edged'. Rather than embodying a 'good', they 'bind people to each other and at the same time turn people so bound against others' (Elias, 1996, 160). As such, how they split and fragment social groups is just as important in understanding historical and social change as learning how norms can provide a source of cooperation and solidarity. The bulk of work in economic constructivism has not sufficiently treated ideas and norms as 'double-edged', but prefers to concentrate on how ideational elites can influence institutional change through the propagation of an idea or norm. As such, history is often viewed as driven by the propagators.

INSERT FIGURE 3 HERE

Figure 3 presents such an extreme view of history, where history is constructed by ideational entrepreneurs' idea and norm propagation at key moments in time. As in earlier diagrams, on the y-axis we have a policy choice set (within the bounds of  $\pm 10$ ), while change over time is divided into eight periods along the x-axis. The actor at the white circle at  $t$  looks back and sees little continuity in how institutions have changed over time. Rather, movement within the policy choice set is wide open (ranging across the policy choice set in this example), because there are few limits to what can be constructed if the ideational entrepreneur can get his or her ideas and policy options on the table. The actor's rationality is not 'bound' in the sense discussed above, but we have little understanding of what intentions stem from the actor's rational decision-making from the policy choice set (Odell, 2002). There is a thin continuity exhibited between the constructed 'shocks' that create institutional change, but this is not a 'sticky' form of path dependence because the institutions follows the ideas, held by the entrepreneur, rather than necessarily responding to political, economic, and social change that may be more resilient or 'slow-moving' (Pierson, 2003). Indeed, there is not sufficient information on if institutional change established by ideational entrepreneurs in the 'foreground' must be 'backgrounded' by social change (Campbell and Pedersen, 1996). While there are notable exceptions by scholars who insist that norms are 'contested and contingent' between social groups (Katzenstein, 1996, 3, 18-19), the tendency is still to concentrate on ideational entrepreneurs as drivers of change.

Given the emphasis on ideational entrepreneurs as the drivers of change through time, one could criticise much economic constructivist work for falling into the old 'Great Man of History' trap. From this point of view historical change is explained through the identification of certain individuals to the exclusion of broader society that may have: a) informed the ideational entrepreneur's ideas; and b) have the capacity to create policy failure, so that ideas and policy options for institutional change remain 'in the air' rather than 'on

the ground' (Seabrooke, 2005). Furthermore, this approach to history leaves little room for the study of what Susan Strange referred to as 'non-decisions', the 'failures to take a decision, which, no less than active policy-making have affected - and still affect - the outcomes of the international political economy' (Strange, 1988, 22). Rather, the common economic constructivist approach has been to identify the key moments of uncertainty in which ideational entrepreneurs established paths for change to *formal* institutions when in reality much political and economic change is *informal*. Tracing changes to the formal operation of institutions, even when they incorporate a great deal of flexibility or ambiguity, may not provide an accurate picture of how actors within the world economy operated in practice (cf. Best, 2005).

The concept of uncertainty is critical to the economic constructivist account of historical change, but also produces a bias in how history is treated. Uncertainty is typically treated not as a problem to be overcome by acquiring better information, but an *unprecedented* situation in which ideational entrepreneurs must re-examine their worldviews and use 'ideas as weapons' to battle out with others in finding a solution and a new path for institutional change (Blyth, 2002). Ideational entrepreneurs are then able to emerge from their uncertainty with a 'master frame' with which to direct future institutional changes (Parsons, 2003). The work on European integration, which is a common topic within the economic constructivist literature, is indicative. The focus is typically on tracing how powerful elite actors, such as French President Valéry Giscard d'Estaing, influenced the path towards integration, with special emphasis on key moments or 'critical junctures' (McNamara, 1998; Parsons, 2003). A materialist punctuated equilibrium is therefore replaced by an ideational punctuated equilibrium model of change (Seabrooke, 2005). And in replicating a punctuated equilibrium model policy imagination is lost from a school of thought in which one would assume that imagination is viewed as a key social skill.

Most disappointingly, for a political economy approach that seeks to tell us why ideas and social norms matter, there appears to be a thin notion of society beyond elite circles having any impact on institutional change. While ideas are weapons and shape norms as, according to the conventional account, 'shared expectations', then the active *sharing*, an active two-way relationship, is only being done by a select group. Society at large, the 'masses', are obeying rather than sharing (see Finnemore and Sikkink, 1998, 903). This leads to a view of 'legitimacy by proclamation'; that the pronouncements of policy direction by a victorious ideational entrepreneur have an auto-legitimizing character (Seabrooke, 2006a, 38, 40-42). But as Max Weber tells us, in unravelling historical and social change, the important question is not how ideational entrepreneurs push their norms on others, but why people obey (Weber, 1994, 354). This question demands that we recognise those doing the obeying have a choice.

### **Tonic One: Intentional Rationality**

Max Weber's question of why men and women obey those who seek to govern them is perhaps *the* question that motivates the type of historical sociology that political economy needs to learn from. Within what may broadly be considered the Weberian tradition this question, or reformulations of it, have driven analyses of political, economic, and social change (Bendix, 1978; Elias, 1994; Mann, 1986; Mann 1993; Hobson, 1997;

see also Kalberg, 1994). This is not to suggest, however, that the tradition itself is not without problems, particularly given that Weber's own work has many ambiguities and contradictions (in part due to different translations of his work, see Ghosh, 1994).

The most important concept for historical sociology and, I argue, political economy, is the Weberian notion of 'rationalisation', which, in contrast to its common usage in contemporary life, simply refers to the constructs individuals use to make sense of their lives. The notion of rationalisation as a social construction within the time and space in which the individual is operating is important to historical sociology because it provides us with a thick notion of agency for all actors, including non-elites. Investigating rationalisations is important for understanding why people obey in some cases and not others. As such, the starting methodological position is ideally individualist but *idiographic* rather than *nomothetic* (Seabrooke, 2006a, 44-47, 201-3). Rather than assuming, as rationalist institutionalists do, that there are natural forms of behaviour and universal laws that individuals exhibit (unless experiencing cognitive dissonance), an idiographic position asserts that there is nothing 'natural' about man whatsoever. In making this step we need to investigate how individuals place themselves in their own context to understand how political and economic life works.

Jens Beckert's (1996, 2003, 2005) work on uncertainty and the moral embeddedness of markets provides some conceptual clarification on how we might think about rationalisation and rationality. Beckert proposes we try to understand the *intention* of actions, rather than the actor's access to information (1996, 819-22). This 'intentional rationality' provides a distinction from the typical discussions of 'bounded rationality' within political economy literature (Goldstein and Keohane, 1993; Odell, 2002), primarily because the 'bounded' implies that taking the blinkers off would provide a superior and 'natural' rationality. Rather, intentional rationality is contextualised within a local system of meaning in which actors want to improve their welfare (Beckert, 2003, 770-1, 773-5). Situating the intentions of the actor then requires us to try to understand the everyday environment in which the choices are made since the 'situation itself constitutes pre-reflexive aspirations and tendencies which are present in the actor' (Beckert, 2003, 774). An actor's routines and conventions are not inviolable, however, and the individual may shape them when dissatisfied with the result of the 'normal' way of doing things. Furthermore, intentional rationality calls us to understand the moral components of economic beliefs and actions.

The concept of intentional rationality marries well with what I have inelegantly called 'axiorational' behaviour: belief-driven actions that are informed (not determined) by conventions and norms (Seabrooke, 2006a, 44-47; Boudon, 2001, 93-110). Like intentional rationality, the notion of axiorational behaviour intends to provide us with the idea that instrumental and value forms of rationality are entwined, and that they cannot be understood as fixed conditions, or universalised or naturalised. From this point of view, norms are not simply constraints and obligations, but instead common forms of behaviour within a larger aggregation. Norms are larger schemes of 'how to do things', rather than proclamations of what ought to be done from ideational entrepreneurs, that provide information actors may *choose* to act upon through conventions (Seabrooke and Sending, 2006). Once more, the selection of conventions is the actor's choice and reflects changes in axiorational behaviour (Seabrooke, 2006a, 47-51).

Intentional rationality places stress on the agency of the individual within his or her context. Of course it is important then to determine what the individual agent wants. The concept of 'life chances', one of Max

Weber's lesser known gems, provides some help here in stressing both how individuals have their own unique view on the world, and not a 'natural' rationality, and also that while individuals may associate as a group because of commonalities in their interpretation of life chances, the group does not determine their rationalisation of how the world works (Weber 1978: 302, 927-30). Accordingly, in an attack on a 'talented author' (read Marx), Weber rejected the 'pseudo-scientific' view that 'the individual may be in error concerning his interests but that the class is infallible about its interests' (Weber, 1978, 930). For Weber, individuals make choices. Even if they are bad choices, the capacity to choose one's own intentions is important to stress. Importantly, this notion of the selection of 'life chances' is akin to some of the sociological literature that stresses 'bricolage' in social life as a 'process whereby actors recombine locally available institutional principles and practices in ways that yield change' (Campbell 2004, 65). Actors are therefore not trapped within a 'logic of appropriateness' from which they cannot escape (cf. Sending, 2002).

Following this emphasis on agency, attempting to unravel the intentional rationality of actors in time and space is also important if we seek to provide a substantive conception of legitimacy. While legitimacy is a concept commonly associated with belief or rhetoric, acts of legitimation require belief-driven actions rather than talk alone (cf. Jackson, 2006). Claims to legitimation made by those who govern (see Barker, 2001) must be conferred or rejected by those who are governed over (Beetham, 1991). Mapping out the intentions behind belief-driven actions therefore provides not only a story of how rulers maintain power, but how they are constrained (Bendix, 1978). It is this notion of legitimacy as the contestation of power that is critical to understanding institutional and social change, particularly because it encourages us to see mechanisms of governance at work rather than conditions of rule. Given this, the driving question becomes 'how *should* the economy work?' Or, in other words, 'what are the intentions behind your actions as you seek to transform your economy?' As we cannot help but transform our economies, overwhelmingly in small incremental ways, understanding one another's intentions is important (Hobson and Seabrooke, 2007, ch .1). And understand how intentions transform into types of action requires us to specify social mechanisms of change.

## **Tonic Two: Social Mechanisms in Contextual Constellations**

Political economy's capacity for prediction, like political science more generally, has generally been a failure (Blyth, 2005). We may ask, then, what the utility is of general models that encourage us to see history through a chronofetishist and tempocentric lens, be it through history as cycles, history as overt path dependence, or history as determined by great men and women. As implied above, viewing history in these ways tends to 'data mine' the past to make it fit with the model of the day. In doing so, we may miss a lot of economic, social, and political change that does not conform to the favoured model. While there are considerable differences in how historical sociology is 'done' (Skocpol, 1984; Somers, 1998), political economy may learn from Weberian methodological tools, as well as the work on social mechanisms within fields closely related to historical sociology, including work in economic sociology and on social movements.

First, to Weberian methodological tools. While the notion of 'ideal types' is commonly understood within political economy, their operationalisation is less clear. Ideal types are intended to be the *scholar's* construction, abstractions derived from empirical observation, which are then used to highlight

variations in empirical phenomena by means of imputation from comparison (Weber, 1973, 191; Weber, 1978). As abstractions, ideal types rely on thick narratives to tell the scholars where the types fail to represent reality (Crouch, 2005, 57). They are not, as if often suggested or implied, abstractions that are fixed and timeless, so that the scholar can point to where the type is wrong and can, on this basis, be dismissed. The notion of the 'Weberian state', for example, is such an abstraction that must be contextualised within the constellation of the period being considered (Hobson and Seabrooke, 2001, 259-263). Similarly, we may identify an 'ideal typical' form of financial investment that draws capital from ordinary citizens and sends it through varied financial institutions and out to the world economy (Seabrooke, 2006a, 3-4, 15). But such an ideal type would rarely be seen in reality. Instead it is used as a measure against which to compare different political and economic systems in different periods of time, in order to highlight how they differ in their contextual constellations.

Second, to social mechanisms and contextual constellations. As discussed by Randall Collins, the role of unique constellations of events underpins Weber's analysis of the rise of modern capitalism (exemplified in Weber, 1961; cf. Weber, 1998):

Weber saw the rise of large-scale capitalism... as the result of a series of combinations of conditions which had to occur together. This makes world history look like the result of configurations of events so rare as to appear accidental. Weber's position might well be characterized as historicist, in the sense of seeing history as a concatenation of unique events and unrepeatably complexities (Collins, 1992: 97-8).

So while Weber discusses capitalism as a type of economic system, he stresses how it changes and recombines within different contextual constellations. Change in history is viewed as recombinant, as a ramble rather than a march, in which the scholar can use ideal types and social mechanisms to highlight what is unique about the policy choices made and what alternative paths may have been followed.

INSERT FIGURE 4 HERE

Such a view of history is illustrated in Figure 4. As with the figures above, on the y-axis we have a policy choice set, while on the x-axis we have eight time periods, which takes us from the past to the present at  $t$ . The actor at the white circle at  $t$  looks back into the past and sees that the policy in question has roamed across the choice set, recombining itself at points that do not necessarily coincide with the time periods we have predefined. The actor also notes that some policy options from the choice set ran consecutively, with some leading to dead ends while others informed future policies. As such, the kinds of 'non-decisions' that Susan Strange referred to as essential to understanding change in the world economy become important (1988, 22). Given that policy options range across the choice set, that they do not match up with preconceived ideas of 'critical junctures', that often two policies are experimented with at the same time, and that the pace of change in policy options is irregular, our actor at  $t$  is required to do two things. The first is to consider the role of counterfactuals in why one path was taken and not the other. Posing counterfactuals provide the means to test alternative explanations that can enhance historical understanding of contests

between different groups (Sinclair, 2005; Fearon, 1991). They are particularly powerful because they ask us to locate the intentions of the actors involved.

Second, given multi-causal complexity and an absence of an overriding framework to explain options from the policy choice set *ceteris paribus*, *post hoc*, or *cum hoc*, our actor at *t* must abandon the search for timeless independent variables. Instead, the actor at *t* may find more use in exploring social mechanisms, that is, 'small and medium-sized descriptions of ways in which things happen' within a specified context (Elster, 1989, 3). The key notion behind the use of social mechanisms is that they help to avoid functionalist traps, where institutional outcomes are explained by their consequences. Instead, social mechanisms seek to understand types of behaviour among individuals and groups of individuals within a contextual constellation (McAdam, Tarrow, and Tilly, 2001; Hedström and Swedberg, 1998).

For example, in a recent work I identify three social mechanisms involved in the politics of taxation, credit, and property regimes that typify struggles between group of individuals on below median income, the state, and 'rentier' interests who seek to concentrate financial wealth away from broader society (Seabrooke, 2006a). The three social mechanisms of *contestation*, *redistribution*, and *propagation* are evident within England and Germany prior to the Great War and in the U.S. and Japan in the last quarter century. *Contestation* is evident in times when people on below median income call upon ideational resources to reject state policies and rentier behaviour, *redistribution* involves the state's shifting of assets and access to resources from one social group to another, and *propagation* is where the state makes claims to the legitimacy of its actions, providing ideational resources to people on below median income to confer to reject the claim and, in doing so, feedback information for further contestation (Seabrooke, 2006a, 49-53). In each case how the mechanism operates differs according to the social and historical context, but the point here is that by identifying smaller behavioural processes within what would commonly be considered a clunky independent variable (i.e., 'state intervention') helps us to identify both 'off the path' or counterintuitive, insights. For example, I argue that that U.S. financial power relies on regulation that enhances creditworthiness assessment for people on median income, demonstrating positive forms of state intervention (Seabrooke, 2006a, ch. 5). Such a finding does not sit well with the idea of the U.S. as the ideal typical 'LME' or the world's most 'neoliberal' economy (Hall and Soskice, 2001). And once we learn of counterintuitive developments within one economy then we also have a different take on what informs the character of the 'international' in the international political economy (Seabrooke, 2006b). Furthermore, a benefit of unravelling social mechanisms is that it opens up potential for studying legitimation processes as relationships between those claim legitimacy and those who choose to confer or deny their consent. In doing so, the use of mechanisms opens up policy imagination by stressing how policy options are recombinant over time and therefore the need to widen conceptions of what is in the policy choice set.

### **Conclusion: Implications for Policy Imagination**

This article puts forward an argument on why political economy has narrowed its policy imagination. In making my case I have identified three 'fevers' and two 'tonics' to help recover political economy's policy

imagination. The merit of exposing these three fevers and outlining the heuristic benefits of the two tonics is that we are able to enhance policy imagination by widening the scope of political economy scholarship. Learning from historical sociology, particularly the form of Weberian historical sociology favoured here, also leads us to reject two scholarly hang-ups in political economy in the contemporary period: 'out-explanation' and elite-centrism. By treating history as contextual constellations, in which our aim is to identify the intentional rationality of actors and the social mechanisms through which they affect change, we avoid the unhelpful tendency in political economy of trying to 'out-explain' prior theories or models of change by demonstrating what 'matters' more (Seabrooke, 2006a, ch. 2; cf. Parsons, 2003). Asserting the independent causal effect of 'ideas' or 'norms' or 'material' factors to counter prior arguments creates unnecessary abstractions and narrows the range of policy options discussed and, with it, the perception of a policy choice set. The 'what matters' debate in political economy may produce tighter explanations of what occurred, but increasingly unconvincing understandings of how institutional and society change over time.

Similarly, political economy has an elite-centric focus that must be remedied with some help from historical sociology. As John Hobson and I have discussed elsewhere, both 'heterodox' and 'orthodox' IPE typically treat the top five or ten percent of the population, the elite, as the drivers of change in the world economy (Hobson and Seabrooke, 2007, ch. 1). This leads to not only to elite-centrism but a focus on formal institutions to the exclusive of social change. Historical sociology has important things to say about how non-elites can constrain the power of elites (Bendix, 1978), and about the diffusion and translation of everyday social practices between economies and polities that are often more important than ideas or norms held by elites, or material wealth held by power coalitions (Elias, 1994).

Political economy must learn how to tap into historical sociological information if it seeks to widen its policy imagination, if not simply because, as asserted by Norbert Elias (1996: 38), 'Without a clear sociological idea of the past, one unavoidably arrives at a distorted view of the social relations in the present'. This article makes a case for why historical change in political economy should not favour a view that unnecessarily the perception of a policy choice set as confirming to a climacteric, a national trajectory, or under the control of ideational entrepreneurs. Rather, as Colin Crouch (2005) has recently clarified, selection over time within a policy choice set is highly recombinant over time and can often break with perceived fixed path dependencies.

Historical sociology provides a wealth of information on how a range of policies and social mechanisms have operated in an array of contexts and, in doing so, provides us with information about in what ways policies can be recombined over time. This is particularly the case when our aim is not to map our rationality (bounded or not) onto the past, but instead seek to understand the intentions of individuals who are actively choosing policies that meet with their conception of instrumental and value-oriented goals, their 'life chances'. Finally, because historical sociology is commonly concerned with the relationship between those who claim the right to govern and those who can choose to provide or withdraw their consent, it can provide us with a sensitive understanding of legitimacy as contestation. Certainly this approach to legitimacy is more fruitful for policy development than viewing legitimacy for policies as established, as in most political economy literature, as by elite command or proclamation (Seabrooke, 2006a, ch. 2). Understanding how society at large provides impulses to institutions for policy change over time can widen policy imagination on

our contemporary world in a progressive manner. And in doing so, we can dismiss our fevers, take our tonics, and seek to enhance political economy as an enterprise concerned with the betterment of the human condition rather than the replication of scholarly abstractions.

## Notes

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- <sup>2</sup> My thanks to Tony Payne for this point.
- <sup>3</sup> Interestingly, perhaps, Gramscian scholarship has ahead of the wave here in producing accounts of how ideological consensus among capitalist elites led to the maintenance of the international political economy (i.e., Gill, 1990).

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Figure 1: History as cyclical

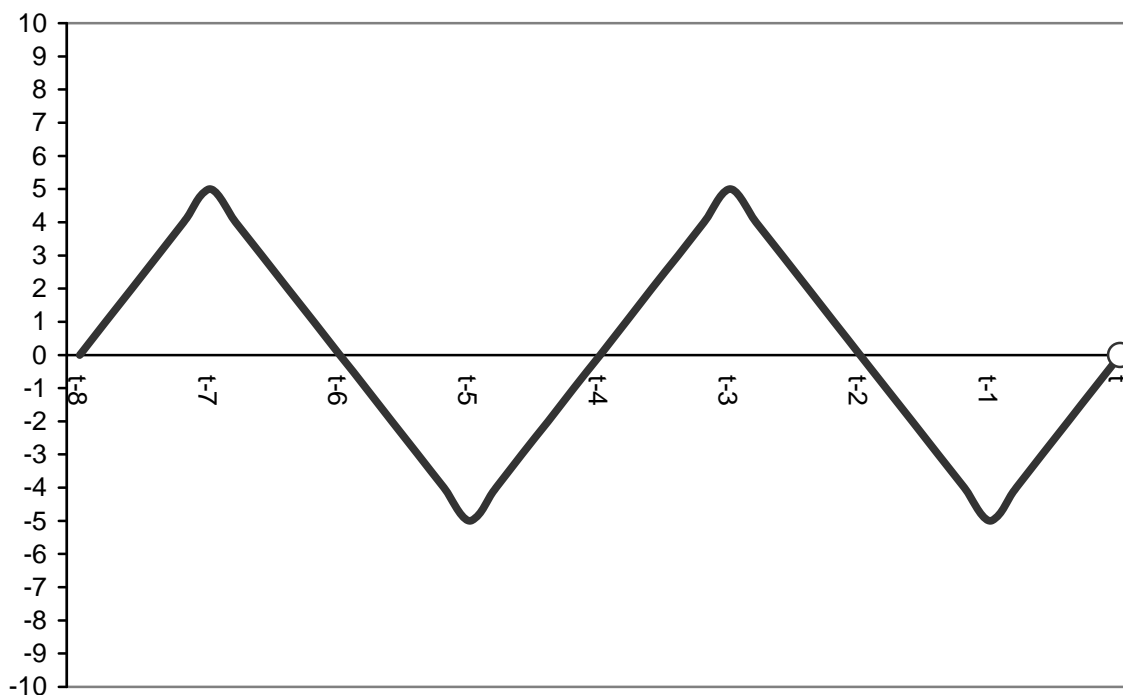


Figure 2: History as punctuated equilibrium/evolution

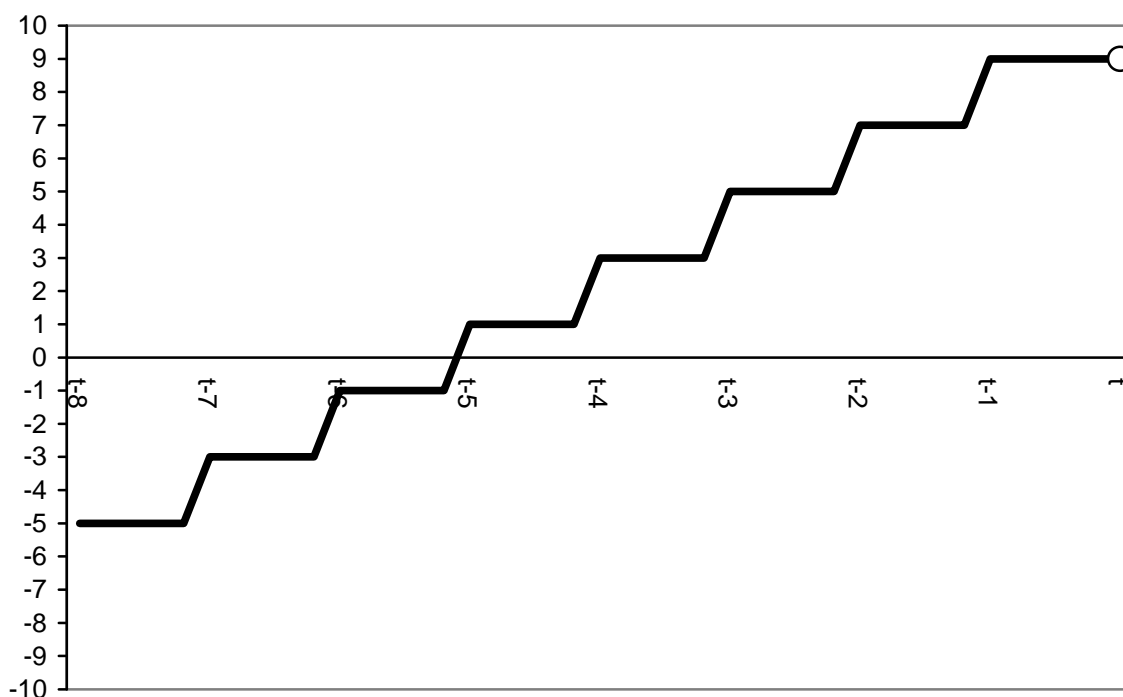


Figure 3: History as Driven by Great Men and Women

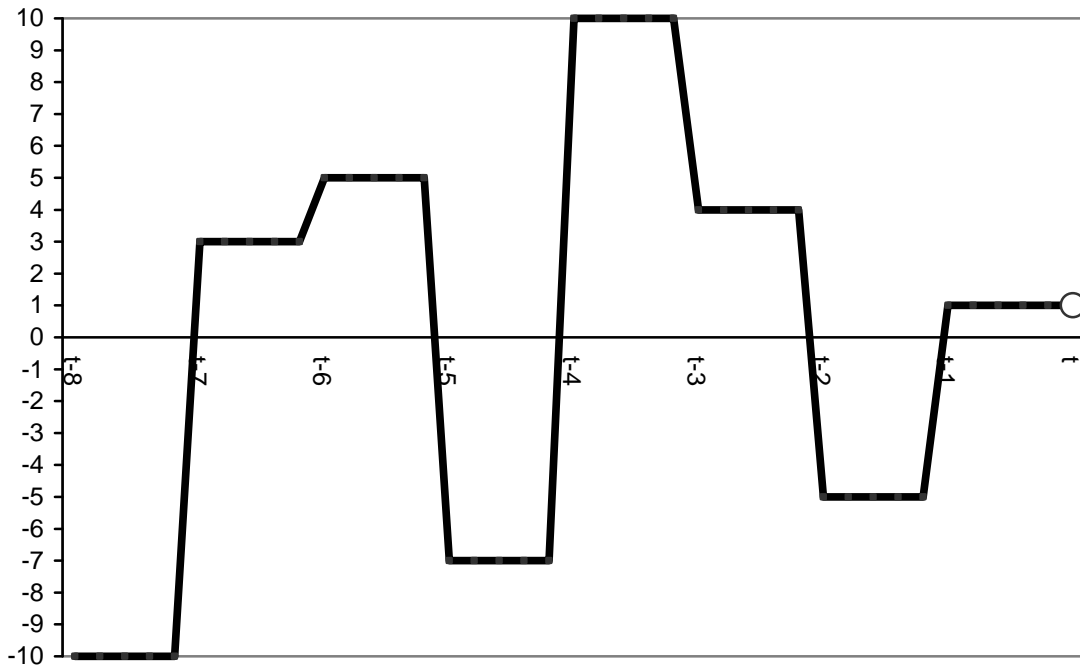


Figure 4: History as Contextual Constellations

