Beyond the Impassé: From Varieties of Institutional Change to Meta-institutionalism

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Abstract

The purpose of this paper is to discuss a potential "fourth wave" of theory development (termed "meta-institutionalism") within new institutional theory. Grand societal changes such as e.g. financialization, growing inequality and populism are putting the institutions of contemporary democracies under strain. If such developments are to be analyzed adequately current theoretical efforts to study institutional change ought to be complemented with studies, that sheds light over the manifold trajectories and dimensions along which such institutions change. In particular, the paper will argue that new institutional theory hitherto has transpired through three waves of theory development: In the first wave ("coercive globalization") scholars argued, that the international economy surrounding national governments underwent radical changes that significantly constrained the set of e.g. monetary, fiscal, economic, tax and social available, and thus coerced convergence In response to such claims, a second wave (("systemic institutionalism") has held, that different national institutional models provided different "comparative institutional advantages" and thus remained stable/divergent in spite of globalization. Recently a third wave ("dynamic institutionalism") have emerged, where scholars hold that national models in fact *do* converge in response to globalization, if only at a much more more gradual, incremental pace than initially assumed. However, this paper will call for a fourth wave ("meta-institutionalism"), that takes the notion of incremental institutional change serious but also emphasize that such changes unfolds along multiple trajectories and dimensions.) On the basis of a discussion of Kathleen Thelens recent work, the paper will elaborate a tentative framework for the further study and exploration of "meta-institutionalism."

Background

Within comparative political economy a pivotal question has been how different national political economies obtain and maintain economic viability in conditions of increasing globalization. Often scholars have sought to explain diverging responses to globalization with reference to the presence or absence of various types of socio-economic and political institutions.

To be sure, a great deal of effort has been devoted to uncover and describe the specific nature and character of *institutions* per se. In particular scholars have discussed whether institutions ought to be defined as formal rules or rather informal norms and cultures (Scott 2008, DiMaggio and Powell 1991), whether institutions stem from the negotiation and compromise or conflict and power struggles among actors (Thelen 2004, Hall and Thelen 2009.), and whether actors act according to a rational choice based "logic of consequences" or a more deontological "logic of appropriateness" (March and Olsen 2004.) However, by now a reasonable degree of consensus has emerged, by which most scholars agree, that institutions can be understood and studied as formal rules as well as informal, routinized practices with a rule-like quality that enable particular types of behavior while constraining and excluding others. (Campbell 2004, Morgan et al. 2010, Hall 2010.) Accordingly calls for a greater degree of theoretical consensus, in which insights of both rational choice, sociological and historical institutionalism are combined and woven together, have repeatedly been made. (see e.g. Hall and Taylor 1996, Immergut 1998, Peters 1999, Campbell 2004.)

Against this backdrop, another theoretical question has emerged and ascended to the center stage of comparative political economy. That is: Is it possible for different national, institutional models – varieties of capitalism - to remain stable and resist the external pressures for change stemming from various pressures associated with globalization? (Hall and Soskice 200) Or must all such varieties of national politico-economic models eventually and inevitably, abruptly or gradually give in and converge upon an ostensibly neo-liberal model? (Hall and Lamont 2013, Schmidt and Thatcher 2013,) In the following I will demonstrate and discuss the different theoretical "stages" – termed "coercive globalization theory", "systemic institutionalism" and "dynamic institutionalism." – through which the research question has been addressed. And following this discussion I argue, that a fourth "stage" – termed "meta-institutionlism" – has begun to emerge.

Phase I: "Coercive Globalization Theory"

First, in the late 1980s and early 1990s a group of scholars begun to present convincing and compelling arguments about the inevitable consequences of economic *globalization* for domestic, political, economic and social organization. (Lash and Urry 1987, Boyer and Drache 1996, Held 1999, Berger and Dore 1996, Keohane and Milner 1996, Giddens 2000, Ohmae 1994, Sassen 1996,) In particular, scholars suggested that the external global environment facing states, firms and organizations was undergoing radical changes significantly altering their room for maneuver in different ways.

While these accounts of course differed in their specific detail and analytical emphasis, they nonetheless shared a set of common denominators. First, they emphasized how a wave of global deregulation and liberalization of international capital markets from the late 1970s onwards implied that global investment capital became increasingly "footloose" and thus, with less restrictions than earlier, could be reinvested in the sites of the planet which offered the best business conditions and promise of profit. Second, the emergence of multinational companies and border-crossing value chains as well as still more sophisticated divisions of labor meant that firms increasingly were able to locate production where it was most advantageous. Third, the advent of new technologies, in particular within transportation and telecommunications, meant that the speed with which business transactions could be conducted increased radically. Finally, the rapid economic ascension and industrialization of former developing countries in Eastern Europe, South America and Southeast Asia profoundly changed the global division of labor and implied a surge in the availability of cheap, uneducated labor, putting increasing pressure upon the labor markets of already advanced economies.

Together such global grand-scale transformations were, in turn, claimed to having radically diminished the scope for interventionist domestic monetary policy, fiscal policy, economic policy, tax policy, social policy and indeed most other kind of policies. That is, with the advent of globalization a range of various types of policy tools (e.g. demand-side policy, generous welfare schemes, monetary policy directed towards low interest rates rather than inflation etc.) which had earlier been available to domestic national governments, where no longer so. Given the new international economic environment, such policies were deemed unsustainable, untenable and even unproductive. a relic of the now long-gone heyday of the post-war welfare states.

An emblematic example as the case of tax policy. Here it was often argued, that the heightened capital mobility stemming from liberalization and deregulation of financial markets led to tax competition –

sometimes referred to as a "race-to-the-bottom" - between advanced political economies. With increasingly mobile global capital, domestic governments were suddenly confronted with a taxation dilemma: either lowering tax rates (and thus in turn hollowing out the fiscal base of any welfare state arrangements) so as to remain attractive to investments by FDI and thus maintain decent growth rates, or to retain high and, for business, unfavorable tax rates with the risk of international capital flight resulting in an unattractive low-growth/low-employment scenario. (See Scharpf 1991, Steinmo, 1993, 1994, Rodrik 1997, Simmons and Elkins 2003, Oates 2001) Of course it has been – and still is being – intensively discussed whether such a tax dynamic in fact has ensued as a consequence globalization. A proposition that is far from being generally or uncritically accepted by all scholar. Indeed some studies have to the contrary observed, that tax rate convergence over time has been less extant than initially envisioned. (See Swank 1992, 1998, 2006, Baldwin and Krugman 2004, Swank and Steinmo 2002, Heichel et al 2005) Yet, along similar lines globalization has been argued to force or coerce domestic governments to e.g. reduce tax rates, privatize publicly owned enterprises, liberalize and deregulate capital, product and labor markets; introduce market provision of public goods, disempower labor unions, slash and retrench welfare schemes and more. (Hall and Lamont 2013, Evans and Sewell, Jr. 2013.)

In short, in the first phase of theory development a comprehensive body of scholarship suggested that, governments all over world— willfully or reluctantly— would be forced to steer policy courses guided by "*neoliberal* precepts and principles" thus precipitating the ultimate convergence of national political economies upon a single, dominant and arguably neo-liberal model. [1] (See Campbell and Pedersen 2001, 2014, Lane 2005, Simmons 2008, Harvey 2005, Dobbin 2007, Mudge 2006, Schmidt and Thatcher 2013, Dieter and Plehwe 2009, Jessop 2012, Crouch 2011, Hall and Lamont 2013)

[1] Again, to be sure on a par with the term globalization, a highly heterogeneous set of societal and political developments, shifts, trends, changes and phenomena have been categorized as neoliberal.

Phase II: Systemic Institutionalism: Stable Divergence of Varieties of Capitalism

The first critique of such accounts was advanced by scholars subscribing to what one might term *systemic* approaches to institutions and comparative political economy. (Hall and Soskice 2001, Streeck 1992, Crouch 1993, Boyer and Hollingsworth 1998, Streeck and Yamamura 2001.)

They observed, that different national economic models – or varieties of capitalism – in fact, seemed to exhibit a great degree of institutional stickiness and resilience in spite of accelerating globalization. That is, the German economic model – sometimes referred to as *Modell Deutschland* or *die Soziale Marktwirtschaft* – apparently retained a range of highly corporatist, continental welfare as well as ordo-liberal features and elements; the French model it's state-dirigisme and bureaucratic governance structure; the "Nordic model" its high tax rates, highly generous welfare states and flexicurity-system and so on. In short, different national models did not seem to become American as fast as coercive globalization theorists had initially predicted. In fact, they seemed to remain very much in place.

To explain such observations, a new generation of scholars begun to devise explanations, that emphasized how different types of national political economies (e.g. the United States, Germany, France, Denmark etc.) are constituted differently by different types of institutional subsystems. These institutions in some ways enable, in some ways constrains the political and market behavior of socioeconomic actors (such as e.g. firms, unions, organizations etc.) that operates from within these different national political economies.

In some cases such institutional subsystems are so configured that they happen to strengthen, support and mutually reinforce one another through so-called *complementary* relationships (Aoki 2001, Crouch 2005, 2010, Boyer 2005, Hall and Soskice 2001, p. 18, Hall 2005, Höpner 2005, see Campbell and Pedersen 2014, p. 10) That is, due to the complementary relationship between various institutional subsystems, these might produce beneficial outcomes, that would otherwise not have been possible. For this reason, external pressures (such as e.g. globalization) as well as overt attempts to change them will prove highly difficult inasmuch as each particular institutional subsystem gathers strength from its vicinity and relation to other institutions –and vice versa. Consequently, some types of political economies (models), comprising several complementary institutional subsystems, will exhibit a high and sufficient degree of institutional resilience, and thus remain sufficiently stable even when faced with growing economic globalization. (e.g. Esping Andersen 1990, Albert 1993, Crouch and Streeck 1997, Rueda and Pontusson 2000, Hollingsworth and Boyer 1997, Whitley 1999, Boyer 1990)

It is beyond the scope of the present paper to discuss all of the examples of systemic institutional analysis here. However, one of the most parsimonious and most widely cited examples is of course the *Varieties of Capitalism* framework (VOC) by Peter Hall and David Soskice. (2001) Their basic argument is, that different institutional subsystems (*in casu* corporate governance, industrial relations, education systems and inter-company relations) in different economic models are *either* characterized by (a high degree of) state/corporatist coordination *or* (a high degree of) market competition (Hall and Soskice 2001, pp. 263-269). And accordingly, that all national political economies can be characterized as either one of two (ideal-typical) varieties of capitalism: a liberal market economy (LME) or a coordinated market economy (CME). In turn, they hold that firms located within either CME's or LME's possess different types of what they term "comparative institutional advantages." In particular, firms situated within LME's they argue possess – in an international comparative perspective - relatively greater ability and thus a comparative institutional advantage in market sectors dominated by *radical* innovation processes, whereas firms situated in CME's possess "comparative institutional advantages" in sectors where *incremental* innovation processes are more widespread (Hall and Soskice 2001, Campbell et al. 2006, Hancké, Rhodes and Thatcher 2007, Hall and Gingerich 2009, Schneider and Paunescu 2012.)

Because firms – and other other types of actors – tend to derive distinct competitive advantages from their location in different domestic institutional constellations, these in turn will tend to be much more robust and stable, as there are organized and vested interests in their continued maintenance, endurance and upkeep. In short, the presence of firms ostensible "comparative institutional advantages" help explain, argued Hall and Soskice, why different national models seemed to remain resilient vis-à-vis external globalization pressures, and they concluded:

> *"Increasing flows of trade have not erased the institutional differences across nations. After all, world trade has been increasing for fifty years without enforcing convergence. Because of comparative institutional advantage, nations often prosper, not by becoming more similar, but by building on their institutional differences."*

However, just as the coercive globalization theorists were met with the critique, so was – not only Varieties of Capitalism – but all the various systemic institutionalism theories.

Two sets of criticisms have been raised against this approach. First, that these types of accounts sacrifice empirical detail for the sake of theoretical parsimony. For instance, VOC has been accused of not being varied enough. (Crouch 2005, Schmidt 2007.) VOC, so the argument goes, oversimplifies an empirical reality which is vastly more complex and nuanced, and thus scholars have suggested

distinguishing between three (Schmidt 2002, 2007, Coates 2000), four (Boyer 2004), or even five (Amable 2003). different ideal-types of political economies. For instance, increasingly the Nordic or Scandinavian "variety of capitalism" has drawn the attention of scholars as a distinct type. Campbell, Hall and Pedersen 2006, Hull Kristensen 2012, Martin and Swank 2012, Acemoglu, Robinson et al. 2012, Katzenstein 1985, Rodrik 1997, Berman 2006, Sapir 2006, Cox 2001, Pontusson 2009.)

However, it is an open question whether there in fact is any genuine theoretical controversy here. Even if one accepts the proposition, that *more* than two different ideal-types are viable in an age of increasing globalization[2], the general point of VOC and systemic approaches as such remains unscathed, namely, that *more than one* type of political economy is viable and able to remain stable. Yet, the second, more important critique cuts straight to the heart of this assertion. That is, systemic approaches such as the above have been accused of being overly static and for relying on a temporally *syncopated* account of institutions. I.e. for perceiving political economies and their underpinning institutional subsystems as overly stable and as evolving along "path-dependent" lines. According to systemic institutionalism, institutions and models might change, but only in the rare historical case, where they are struck by some major external and institutionally exogenous shock. (Deeg 2005, Djelic and Quack 2007, 2003, Crouch and Farell 2004, Deeg and Jackson 2007, Schmidt 2002, Lieberman 2002, Thelen and Steinmo 1992. Hall 2010. Pierson 2000, Thelen 1999, 2000.) For instance, Kathleen Thelen has claimed that systemic accounts are theoretically insufficient inasmuch as they impose "rather high demands on 'real' change to be recognized as such." Therefore, this avenue of criticism points out that systemic accounts—theoretically and empirically—overemphasize institutional stability and thus neglect the smaller, incremental, gradual and cumulative changes, alterations, and moderations, that slowly and piecemeal might change institutions. (Thelen 2010. See also Thelen 2004.) Small changes, that might appear insignificant in themselves, but nonetheless when taken together have the potential to change institutional systems and political economies profoundly over time.

[2] Which Peter Hall by the way himself does as of today. In a recent paper Hall, besides the continental CME and Anglo-American LME types, discerns a Nordic, Scandinavian and a Southern Mediterranean variety of capitalism (see Hall, forthcoming).

Phase 3: Dynamic Institutionalism: Gradual Convergence by Varieties of Institutional Change

In short, against *systemic* institutionalism, a growing body of literature, which we could term *dynamic* institutionalism, draws attention to how institutions *also* change through miniscule incremental changes. (Greif and Laitin 2004, Streeck and Thelen 2005, Streeck 2008, Mahoney and Thelen 2010, Glyn 2006, Howell 2006, Baccaro and Howell 2011, Trampusch 2009, Aoki 2005, Greif 2005.)

The most frequently discussed example of this approach is the *Varieties of Institutional Change (VIC)* framework proposed in an edited volume by Streeck and Thelen. (Streeck and Thelen 2005, see also Mahoney and Thelen 2010.) In line with theoretical convention, Streeck and Thelen define institutions as a set of formal or informal "rules stipulating expected behavior and 'ruling out' behavior deemed to be undesirable." Furthermore, they argue that "the enactment of a social rule is never perfect, and that there always is a gap between the ideal pattern of a rule and the real pattern of life under it.'" This, they suggest, in turn allows for "a significant amount of 'play' in the rules actors are expected to follow." Thus, in the crevice between the ideal and actual enactment of an institution, actors posses sufficient "wriggle room" to act so as to engender and foster incremental institutional change (Streeck and Thelen 2005, pp. 11-14).

On a par with VOC they propose a typology of four ideal-typical (incremental yet transformative) mechanisms of institutional change: *Displacement,* which refers to the slowly rising salience of subordinate relative to dominant institutions; *Layering*, which refers to the addition of new potentially transformative elements upon old institutions; *Conversion*, which entails the redeployment of old institutions to new purposes; and *Drift*, which connotes the deliberate neglect of institutional maintenance in spite of external change resulting in slippage in institutional practice. (Streeck and Thelen 2005, p. 31.) And just like VOC, the VIC framework is fast becoming a widely debated and much cited standard reference within comparative political economy. (see e.g. Greve 2012, Schmidt 2008, Schmidt 2010, Sabel and Zeitlin 2008, March and Olsen 2006, Hall and Thelen 2009, Djelic and Quack 2007.)

However, VIC is somewhat problematic insofar as at seemingly reiterates central tenets of the neoliberal convergence thesis.

While analysts invoking Streeck and Thelen's framework argue that institutions change by *different* mechanisms, a majority nonetheless describe institutional changes as liberalizations and thus as gradual steps towards convergence upon a single socioeconomic, and often neo-liberal model. In short, while studies find differences in the *mechanisms* of change, all such changes apparently seems

to take place along the same theoretical continuum – and even in the same direction (Crouch 2005, Deeg 2005, Hacker 2005, Schmidt and Thatcher 2013.).[3]

As such, VIC have run into two related problems. First, the VIC-framework runs the risk of (inadvertently) reducing all institutional processes to processes of institutional change, wherewith the approach risks neglecting the ways in which what might *prima facie* appear to constitute short-term incremental changes in fact might be countered, blocked, diverted or ricochet – when analyzed in the long term. (Campbell and Pedersen, 2014) For instance, faced with the prospect of imminent, actor-initiated institutional change, other competing political-economic (factions or coalitions of) actors might mobilize to shore up and defend institutional arrangements in response to unfolding processes of institutional displacement, layering, conversion etc. That is, in particular, actor might activate countervailing, "reverse" change mechanisms of institutional *replacement* (reverted displacement), institutional *peeling* (reverted layering), institutional *reformation* (reverted conversion), and institutional *anchoring* (reverted drift). However, by remaining theoretically inattentive to such possibilities, the VIC-equipped scholar might inadvertently come to overemphasize change at the expense of stability. Just as everything looks like a peg for someone who found a hammer, the researcher employing VIC risks committing a *typological fallacy*. I.e. to apply a theoretical framework that by its very analytical categories and typology predispose scholars to examine and study politico-economic developments as processes of institutional change – when there in fact might be long-term institutional stability. Put differently, any account of incremental institutional change – if it is to be convincing - obviously requires careful prior theoretical specification of *both* the institutional *unit*, which supposedly change, *and* the temporal scope or *sequence* over which such changes presumably takes place. In the absence of such specification, it becomes difficult to ascertain whether change or stability in fact been the case. If the unitization is vague, the scholar risks misconstruing superficial changes as real institutional change. If the temporal sequence is unclear she risks mistaking long-term institutional stability for short-term change. The VIC typology, quite problematically, blurs both of these tasks, and potentially lures scholars to perceive processes of institutional change everywhere.

[3] Consider as an illustration Streeck and Thelen's original volume (2005) in which virtually all case studies in some way or another address institutional liberalization processes towards convergence.

Phase IV: Meta-Institutionalism: Gradual Divergence along Varied Trajectories of change

However, the second and more potent criticism of dynamic institutionalism relates to the assumed, often un-explicated *trajectory, continuum* or *direction* along which institutional change takes place and the evolution of national political economies takes place. That is, Dynamic institutionalism and VIC remain either largely silent about the particular direction in which institutional change is headed or, in the majority of cases contends, that change is in the direction of increased "neo-liberalization": expansion of the market sphere, at the expense of state reach and regulation, increasing competition and decreasing coordination among actors, abandonment and dissolution of CME's features and increasing, gradual convergence upon the LME-model (Hall and Thelen 2009, Streeck 2008, Glyn 2006, Howell 2003, Coates 2005) Indeed, taking stock of the debate, Kathleen Thelen has claimed that the core theoretical controversy of comparative political economy – i.e. between systemic (VOC) and dynamic institutionalism (VIC) - has reached an "impassé" and "devolved into a disagreement of whether the glass is half empty or half full." (Thelen 2012, p. 139.) That is, according, to her the debate is

> *"... played out in the more familiar disagreements focusing on how far liberalization has taken CME's toward LME-type arrangements—thus effectively situating countries on a single continuum and reducing the question of change to movement along that continuum." (Thelen 2012, p. 143.)*

Somewhat ironically VIC appears to have re-assumed the same bifurcated bimodal worldview suggested by VOC - only to argue that this dichotomy is in the midst of collapsing, as CME's all over the world are gradually and incrementally converging upon an LME equilibrium. Indeed, the VIC paradoxically seems to end up reifying the very same theoretical framework it set out to challenge.

Indeed, the scholar employing a dynamic intuitionalist framework such as VIC neglects two significant but quite important theoretical possibilities. First if all, processes of gradual institutional change might very well take place on an institutional "two-way street" where some processes of institutional change might go one way and others could be headed in "the opposite direction." That is – invoking the vocabulary of the VOC-framework - just as CME's might gradually become more like LME's, LME's might conversely also become more like CME's. Or – if one sits uncomfortable with the use of ideal-typical categories – Germany and Denmark might become more like the United States and United Kingdom, but these might also gradually change, evolve, assume the features of and become more like Germany and Denmark.

Spelled out in more formal analytical terms, it is possible to theoretically accept (i) that incremental institutional change occurs, and that (ii) political economies are *converging* upon one common model *without* necessarily endorsing that (iii) that point of convergence will be on either of the outer bounds of the theoretical continuum established by either VOC or any other account of systemic institutionalism. That is, the mere observation of changes in terms of e.g. specific policies is empirically insufficient to support the theoretical claim, that *systemic* institutional change - whether ideal-typical or real-typical - has occurred. More is needed. Put crudely, it takes more than an adjustment of social security benefits to change a variety of capitalism.

Second, and similarly processes of gradual institutional change might in fact also occur "at a crossroads" or interlacing at the analytical junction of two (or more) theoretical continuums - along which political economies can change and evolve. To express the theoretical possibility in analytical terms once again: As an institutionalism analyst and scholar it is theoretically possible – and quite promising – to accept (i) that incremental institutional change occurs, but (ii) either reject or accept that political economies are converging and maintain (iii) that trajectories of institutional change need to be charted along *more* continuums than one. Herewith a two-, three-dimensional analytical opportunity space or terrain emerges.

In fact, this latter possibility is tentatively explored by Kathleen Thelen in her most recent research. (Thelen 2012, Thelen 2014.) First she argues, that scholars studying institutional change invokes too broad, encompassing and vague terms when they characterize all of the great many institutional changes of recent decades as instances of *liberalization.* (Thelen 2012, p. 145, Hall and Thelen 2009 pp. 22-24.) She holds

> *"There is certainly a family resemblance between some aspects of the reforms associated with Danish 'flexicurity' and some of the measures introduced by Margaret Thatcher in the United Kingdom in the 1980s, and both can reasonably be treated as cases of liberalization, broadly defined. However, it is not clear that the term provides us with the precise and discriminating analytic tool we need to grasp the rather different implications of different 'liberalizing' moves." (Thelen 2012 p. 145.)*

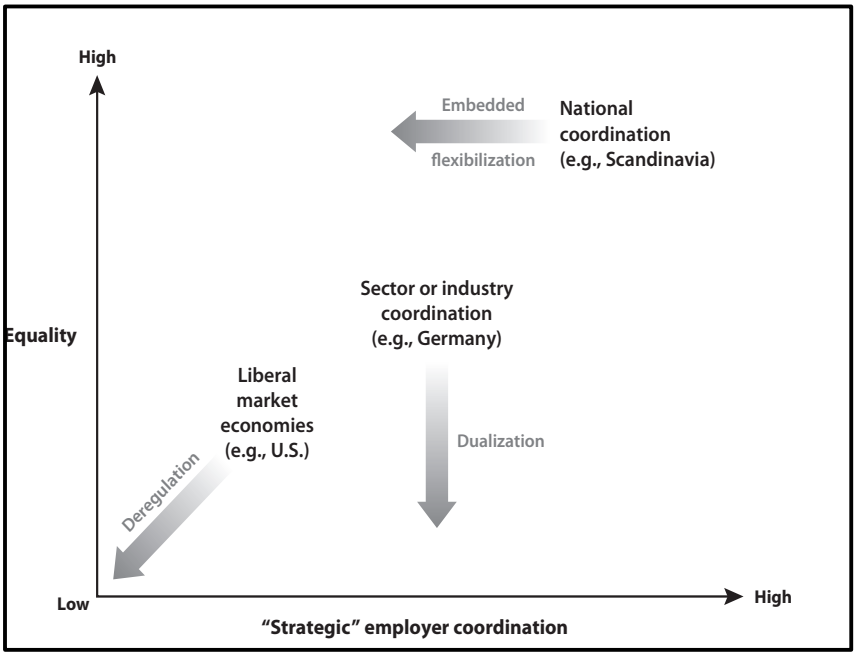
Instead she claims that the institutional changes of past decades—which one coarsely might characterize as "liberalizations"—took on many different forms and led to highly varied outcomes in different domestic contexts, and thus that we need more analytically stringent and precise analytical categories to describe such differences. Thes more precise and discriminating tool Thelen develops by revisiting, if re-casting central tenets of the VOC framework.

In particular she recommends, that scholars of comparative political economy begin to disentangle and differentiate between *coordinated capitalism* and *egalitarian capitalism* and their different outcomes. Coordinated capitalism, she explains, has attracted the interest of comparative political economists in virtue of its (potential) *Williamsonian* outcomes of particular institutions (and system of institutions), whereas egalitarian capitalism instead has been the object of interest due to is ostensible *Durkheimian* outcomes. The former connotes, the extent to which firms, as a consequence of being embedded in the institutional context of a particular political economy is in a better position to overcome coordination problems, reduce transactions costs and enhance efficiency, through various kinds of negotiation, compromise and coordination of activities. The latter instead connotes the extent to which a particular institutional configuration of a political economy leads to better performance in terms of solidarity, societal cohesion and equality. (See also Streeck 2011, p. 153.) By distinguishing between the two Thelen intends to reopen

> *"the analytic space to disentangle the complex (and nonlinear) coevolution of egalitarian capitalism and coordinated capitalism (...) to propose a new framework that can take us beyond the usual distinctions between CMEs and LMEs and allow us to distinguish among divergent trajectories of change." (Thelen 2012, p. 139, p. 145)*

With this contribution and innovation it is made vivid that different processes of institutional change, could occur "at a crossroads" (i.e., in the analytical junction of two continuums) and thus follows different trajectories of institutional change and results in different outcomes on different parameters.

Specifically, Thelen distinguish between three ideal-typical forms of liberalization or as she term "trajectories of institutional change": *deregulation, dualization and embedded flexibilization.* First, liberalization qua *deregulation*, by which she refers to the active political dissolution of the ability to coordinate activities among both employers and labor. Secondly, liberalization as *dualization,* as for instance when strong employment protection is maintained for a stable core of regular, well-organized workers, while a growing share of "irregular" workers as they emerge remain disorganized and less protected. In this way, different institutional subsystems – which are not necessarily mutually complementary, are allowed to grow alongside each other. Thirdly socially embedded flexibilization, referring to the different forms of active labor market policies associated with the Nordic flexicuriy-arrangements in the labor market (See figure) (Thelen 2012, p. 147. See also Campbell and Pedersen 2007, Martin and Swank 2012, Hull Kristensen and Lilja 2012,)



Indeed, recently a growing group of scholars has begun to argue along similar lines as Thelen. Like her they contend that while institutions of most advanced political economies have been in a flux in recent decades and thus a plethora of institutional changes *have* occurred, they nonetheless also argue that institutional change is *not* a unidirectional, equifinal and monolithic process and thus *reject* that all changes lead to similar outcomes or neo-liberal convergence. In short, they accept that institutions change but reject that political economies as a consequence hereof converge, and as such the theorizing within comparative political economy appears to have taken a "meta-institutional turn" (Hall and Thelen 2009, Hall and Lamont 2013, Evans and Sewell, Jr. 2013, Campbell and Pedersen 2014, Halliday and Carruthers 2010.) E.g. Cathie Jo Martin draws attention to what she terms the "conundrum of institutional continuity within change." (Martin forthcoming 2013, Petigrew et al 2001) Similarly, Hall and Lamont in their recent discussion of the alleged global diffusion of a neoliberal regime of governance urge that,

> *"Neoliberalism must not be seen, however, as a blanket laid over the world. The process whereby neoliberal schemes acquired influence over policymaking and popular beliefs is ultimately best described as a syncretic social process. ... Their social impact was inflected by the creativity with which political actors used them and conditioned by the contexts into which they were introduced." (Hall and Lamont 2013, p. 10.)*

In short, new institutional scholars have increasingly begun to address "meta-institutional" questions such as these.

Beyond the Impassé?: Final reflections and conclusions

The theoretical debate within comparative political economy has – according to Kathleen Thelen – reached an impassé, where discussions have regressed into habitual exchanges of whether the institutional "glass is half full or half empty". However, the theoretical debate would have much to gain, if it managed to break this theoretical grid-lcck, and assume a meta-theoretical perspective.

Indeed, from a meta-institutional perspective a range of important theoretical questions arises.

A first question – relevant primarily to scholars subscribing to a systemic institutionalist perspective, but obviously also others – concerns the issue of the set of institutional subsystems, elements or spheres to include in the analytical description of a national, political economic model or variety of capitalism. In short, how many institutions, parts or subsystems does an institutional system in fact consist of? E.g. the emblematic example of systemic institutionalism – i.e. the Varieties of Capitalism framework by Hall and Soskice – famously included institutions of corporate governance, industrial relations, education systems and inter-company relations. But in recent work, Peter Hall himself has recently begun to "expand" the model and argued, that different national political economies (systems) ought to be analytically differentiated and analyzed in terms of four so-called institutional regimes – i.e. an production regime, an industrial relations regime, an socio-economic policy regime and international regime[4].

Without going deeper into Hall's specific proposal, A meta-institutionalist perspective would however compel proponents of systemic institutionalism – much in the way Hall does - to carefully scrutinize and re-consider which institutional 'sub-components' to include in their theoretical elaborations of models to explain socio-economic phenomena within comparative political economy. To be sure, the theoretical elaboration and methodological operationalization of such a more comprehensive systemic institutionalism would probably render the work of comparative political economists much more complex and troublesome. However, parsimony is a social-scientific ideal, which should give us less things to keep track of *ex post* analysis - not an excuse to *ex ante* assume away potentially significant *explanans* through over- or underdetermined research designs.

A second meta-institutional question concern the "outcomes" upon which different institutional systems are implicitly or explicitly evaluated and compared. For instance, VOC compared the ideal

[4] Hall 2010, p. 2

typical LME (the United States) with the ideal-typical CME (Germany) on the basis of these VOC's relative ability to support, nurture and foster firms and business sectors reliant upon radical and incremental innovation processes for their international competitiveness and survival. That is, in the VOC-framework innovative capability constituted the core comparative outcome-criteria.

However, as seen above, Kathleen Thelen has subsequently unpacked this notion, encouraging scholars to discriminate analytically between the *Williamsonian* outcomes (i.e. the extent to which the institutions of a political economy allows its firms to handle market coordination problem, reduce transaction costs and enhance efficiency) and the *Durkheimian* outcomes (i.e. the extent to which the institutions of a political economy leads to better performance in terms of equality.) That is, in Thelens analytical framework an economy's ability to coordinate and/or achieve economically egalitarian outcomes constitute the evaluative yardstick or "outcomes" upon which different national institutional systems are assessed and compared.

Again, to be sure, the aim of this paper is not to discuss or criticize whether innovation, coordination or distribution constitute the "right" or "wrong" theoretical perspective, from which to assess, analyze and compare different intuitional systems. Rather the meta-institutional perspective prompts scholars to grant more attention to this diversity with regards to the theoretical choice of different institutional "outcomes". That is, should different national institutional systems primarily be assessed in compared in terms of their ability to support radical or incremental innovation processes, their ability to coordinate, amend and resolve market failures and imperfections: their ability to achieve and maintain economically and societally equitable outcomes. Or should they perhaps be compared and evaluated in terms of their ability to achieve a high level of growth (GDP) and rising material living standards; high international market shares and export rates; a high degree of environmentally sustainable production and/or a high degree of fiscally sustainable economic development?

Indeed, comparative political economists might compare the developments among different national political economies on the basis of many different "outcome" metrics – and perhaps all of them. The fourth wave of theory development – the meta-institutional perspective – would encourage them to do just that. Not only because such theoretical novelty would aid in the de-freezing and thawing up of the theoretical impasse of comparative political economy.

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