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Variegated capitalism

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The article critically engages with the 'varieties of capitalism' school, which since its origins in the early 1990s has been consolidated into one of the most influential strands in comparative and heterodox political economy. While the 'varieties' approach can be credited with the development of several of the most evocative stylized facts in heterodox political economy, having served as a potent foil against the orthodox globalization thesis, its alternative vision of a bipolar global economy comprising two competing capitalisms is found to be wanting. The approach is limited by its methodological nationalism, a tendency towards static analysis and latent institutional functionalism, and by an inability to adequately balance national specificity and path-dependency on the one hand with common underlying tendencies in capitalist restructuring on the other. Nevertheless, the varieties approach has spawned an influential account of the spatiality of advanced capitalism from which economic geography can certainly learn, and to which it has much to contribute.

Key words: comparative political economy, economic geography, economic sociology, institutions, neoliberalism, path-dependency, varieties of capitalism.

I Introduction: pluralizing capitalism

Many things changed when the Berlin Wall came down. Suddenly, the Cold War dominoes were falling in the opposite direction, and before long conservative forms of teleology were announcing the final triumph of capitalism's market order: Having out-competed its state-socialist rival, the capitalist system would justly inherit the earth. The triumphal declarations of Ohmae (1990), Fukuyama (1992), and others foreshadowed, during the 1990s, the widespread ascendancy of end-of-history/death-of-geography narratives of globalization. And these 'strong discourses' of millennial capitalism were melded in self-serving and mutually-reinforcing ways with the ideological precepts of neoliberalism. A singular world of market unification and institutional convergence seemed to beckon. One world, one best way, no alternatives. No sooner had this vision of a victorious and unitary capitalism been articulated, however, than a critical countercurrent began to emerge. A heterogeneous group of dissenters started pointing to stubborn and ostensibly quite resilient *differences* in the organization and trajectories of capitalist systems, regimes,

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and models. Competitive capitalism, it was claimed, would not get to establish an ironic monopoly at the planetary scale; rather, a reinvigorated process of competition *between* capitalisms was taking shape. Albert (1991) tellingly characterized this as a struggle of *capitalism contra capitalism*, in this case between a socially coordinated 'Rhinish' model typical of continental Europe, and the classically neoliberalized path of the Anglo-American countries. The successor to the Manicheanism of the Cold War, then, would not be a unipolar market order, centered on the USA, but a protracted war *amongst* capitalisms.

This pluralization of capitalism, pregnant with theoretical and political implications, would subsequently give rise to a diverse and dynamic research program, which by the late 1990s was typically classified under the *varieties of capitalism* rubric. Anchored in a series of suggestive empirical studies of the historical evolution of different 'national capitalisms' – notably Britain, the USA, Japan, and Germany – the 'varieties' approach has been associated with a number of interrelated substantive and theoretical claims, concerning, *inter alia,* the complex embedding of strategic behaviors of firms and other actors in a range of institutional environments; the establishment of institutionally mediated forms of comparative advantage; the emergent 'supermodular' (or more-than-the-sum-of-the-parts) qualities of institutional systems; and the tendency for non-convergent, path-dependent evolution in national regimes, even in response to 'common' threats and pressures. The varieties of capitalism literature embraces everything from synthetic studies of national capitalisms to detailed empirical analyses of phenomena like industrial relations, financial, and training systems. And while this work has incipient programmatic features (see Berger and Dore, 1996; Kitschelt *et al.*, 1999a; Hall and Soskice, 2001b), it retains quite robustly heterogeneous roots, in comparative institutionalism and historical sociology, in regulation theory and institutional economics, in heterodox political economy and new economic sociology, in business history/systems analysis, and in political science. Ranging from variants of neomarxism to rational-choice political science, with strong Weberian and Durkheimian currents, the varieties approach represents a fecund interdisciplinary zone of engagement within the wider field of heterodox economic studies. Here, the varieties rubric, together with its stylized distinction between the liberal capitalism of the American way and German-style coordinated capitalism, has achieved canonical status (Blyth, 2003; Howell, 2003), a seductive and productive rallying call for those inclined to question 'the popular association of globalization with an institutional monoculture for the regulation of economic affairs' (Watson, 2003: 227; see also Coates, 2005b). Breathing new life into the project of comparative political economy, this body of work places on the table the fundamental question, posed by Boyer (2005a: 1), 'Is there a single brand of capitalism or can a significant variety of capitalisms coexist even in the long run?' Alternatively, does the a priori concern with national capitalisms, *qua* separate systems, obscure critical connections and commonalities between capital*ism* – as a relatively unified, but unevenly developed and polymorphic – system, as Strange (1997), Burawoy (2001) and others have contended?

Rather curiously, economic geography has really had no voice in this conversation, despite what would appear at first glance to be an intriguing set of shared theoretical reference points, methodological affinities, and overlapping empirical concerns (see Martin, 2000; Scott, 2000; Hess, 2004; Hudson, 2004; Peck, 2005; Grabher, 2006; Martin and Sunley, 2006). Economic geographers generally share with the varieties-of-capitalism school, *inter alia*, a substantial degree of skepticism concerning 'hyperglobalization' rhetoric and the associated embrace of convergence theses; a commitment to theoretically informed concrete research on distinctive, 'local' forms of contemporary capitalism and economic restructuring; a recognition of the institutionally mediated, socially embedded nature of economic structures and relations; and a pluralistic intellectual culture, marked by various degrees of divergence from, or dissonance with, neoclassical economics.[1] Just occasionally, varieties authors acknowledge in passing the contributions of economic geographers (see Coates, 2005a; Crouch, 2005), but for all intents and purposes economic geography is outside this project. This, despite the discipline's defining concern with the problematic of economic differentiation in space.

Correspondingly, and for all these nascent affinities, the varieties-of-capitalism rubric is also largely an absentee concept in economic geography, with but a few exceptions (see, for example, Christopherson, 2002; Bathelt and Gertler, 2005; Dunford, 2005; Clark and Wojcik, 2007). Perhaps it is the case that the focus of economic geography over the past decade has been elsewhere – with meso-analytic questions relating to the operation of embedded networks at the industrial and regional scales, with the architecture and regulation of transnational commodity chains, with issues of local economic governance and localized learning – or maybe the discipline has grown increasingly wary of such forms of macroinstitutional and system-centric analysis? Either way, it remains surprising that economic geography has made so little of these developments, as it were, on its own doorstep.

Our objective here is to critically engage with the varieties literature, not as a prelude to 'importing' its concepts and routines wholesale, but in order to identify promising zones of exploration and engagement for economic geography (broadly defined), while pointing also to some problematic turns and possible dead-ends in this ongoing research program. The remainder of the article is divided into three parts. Section II presents a somewhat selective and moderately sympathetic critique of the varieties approach, drawing attention to its methodological evolution and programmatic characteristics, as well as its constituent, and somewhat variant, strands of work. This begins with Albert's polemical distinction between American and 'Rhinish' capitalism, moves through the burgeoning study of national capitalisms to the recognition of multiscalar complexity, before ending, almost full circle, with Hall and Soskice's 'twin peaks' reading of the landscape of contemporary capitalism. We pay close attention to this work, both as a means of taking proper account of its twists and turns, and in order to highlight the (often implicit) affinities with the concerns of economic geographers. De facto, these are (institutional) economic geographies, though their production and circulation has occurred largely outside the field of proper-noun economic geography. In Section III, we present an economic-geographical critique, reflecting on the impact and implications of these telling conceptualizations of capitalist variation, and commenting specifically on a number of slippages, unrealized opportunities, and limitations of this approach. Section IV explores some of the implications of, and for, economic geography. It counterposes the now-orthodox conception of capitalist variety with a still-inchoate but putatively alternate vision – that of *variegated capitalism* – advocating a shift away from the varieties-style reification and classification of economic-geographical difference, in favor of a more expansive concern with the combined and uneven development of 'always embedded' capitalism, and the polymorphic interdependence of its constitutive regimes.

II Theorizing capitalist variety

Michael Albert's (1991; 1993) *Capitalism against capitalism* combatively animated the 'two capitalisms' debate by declaring the ascendancy of a 'new economic geography,' under which a less sustainable but more aggressive 'neo-American' model was locked in a struggle with a normatively superior, but much less precocious Rhinish model (see Table 1). His central question concerned how capitalism would respond to the unprecedented situation of having become,

Table 1 The neo-American model vs. the Rhine model

	Rhine model	Neo-American model
Values	Egalitarian, with relatively high levels of social redistribution; group interests take precedence over individual interests	Individualistic, market distributions are validated; individual interests prevail over group interests
Ideology	Social consensus	Casino economy
Companies	As communities	As commodities
Employment system	Community-oriented companies exchange job security for worker loyalty; long-term investments in education and training; wage restraint	Competitive relations fostered inside the firm, between workers; individual negotiation of wages and job designs; payment of 'market rate' wages
Wage setting	Linked to seniority, qualifications, and negotiated pay scales	Linked to individual productivity and market forces
Finance	Bank-dominated; patient capital; strategic cooperation between banks and firms	Stock-market dominated; short-term orientation; Wall Street brokers' preoccupation with quarterly earnings;
Finance-industry relations	Strategic: integration of financial and industrial capital	Market-mediated; separation of financial and industrial capital
Education	Mixed economy	(Increasing) market orientation
Health	Socialized, public provision, with extensive use of mutual benefit schemes	Privatized, culture of litigation
Housing	Public provision and regulation	Market system
Religions	Little or no economic role; quasi-public	Religions as mixed economy institutions

Source: derived from Albert (1993).

in effect, devoid of external challengers: 'capitalism now has no mirror in which to examine itself, no alter ego against which to measure its performance' (1993: 5). Rejecting a monolithic conception of capitalism, Albert identified amidst the global economy's patchwork complexity two 'diverging currents' – a boisterous, neoliberal strand epitomized by the USA in the post-Reagan period, pitched against a formidable, but somewhat disarticulated Rhinish model, which appropriately enough comprised parts of Germany, the Netherlands, Switzerland, Scandinavia, and Japan. Both models were members of the 'liberal, capitalist family by right,' but Albert (1993: 19) argued that 'each carries an inner logic that contradicts the other.' The unmistakable subtext of the book was the threat of the creeping neoliberalization-cum-Americanization of Europe, bringing poverty, insecurity, and polarization in its wake. The challenge, in the coming ideological battle, was for European politicians to assert the (social *and* economic) superiority of their underrated system, in the face of a rapacious and insidious competitor willing to 'sacrifice the future for the present,' seizing short-term and selective gains at the expense of the formation of an 'inner "Third World" of American-style urban blight on the outskirts of Manchester or Lyons or Naples' (Albert, 1993: 259–60).

Fulfilling at least some of its predictions, the book became a bestseller in Northern Europe and Japan, but sold only fitfully in the enemy territories of the Anglo-American world. Albert feared, but did not forecast, the subsequent 'neo-American' economic ascendancy of the 1990s, when the 'Rhinish' economies of Japan and Germany simultaneously faltered. The manner in which American economic growth propelled the 'new economy' model into international circulation in the long boom of the 1990s, bestowing new legitimacy on (ostensibly) free-market forms of capitalism, underlines just how historically situated are these acts of political-economic consecration. The Japanese 'threat' had, of course, established *Toyotism* as the exemplar model of the 1980s, just as French indicative planning had been fêted in the 1960s, Nordic corporatism had its moment in the sun in the 1970s, and so on (Freeman, 2000; Howell, 2003). In this sense, favored or feared 'models' probably reveal more about the immediate political-economic context (and its associated bundle of anxieties), than they do about the futures they ostensibly portend. Back in the early 1990s, this is how the odds had seemed stacked:

> With the collapse of communism, it is as if a veil had been suddenly lifted from our eyes. Capitalism, we can now see, has two faces, two personalities. The neo-American model is based on individual success and short-term financial gain; the Rhine model, of German pedigree but with strong Japanese connections, emphasizes collective success, consensus and long-term concerns. In the last decade or so, it is this Rhine model – unheralded, unsung and lacking even nominal identity papers – that has shown itself to be the more efficient of the two, as well as the more equitable. (Albert, 1993: 18)

If Albert's polemical and somewhat idiosyncratic popularization of the 'warring capitalisms' thesis can be credited as the principal initiator of the varieties-of-capitalism lexicon, its analytical routines strongly echoed a transatlantic variant of institutional political economy, which at the time was focused on questions of industrial governance and national economic competitiveness (Campbell *et al.*, 1991; Soskice, 1991). In *Governance of the American economy*, Campbell and his colleagues had been concerned to clarify the conceptual status of the notion of economic governance, theoretically anchored and empirically interrogated at the level of the industrial sector within the nation state. Their analysis was 'broadly neo-Weberian' and in a certain degree of tension with neoclassical economic precepts, since market-centrism was rejected, along with the suggestion that there might be 'universal or immutable logics in the governance of capitalist societies' (Lindberg *et al.*, 1991: 4). As arenas of unequal power relations, moreover, industrial sectors were portrayed as transactionally dense but inherently problematic sites of governance, the trajectory of which displayed no tendency toward equilibrium. In this context, the strategic behavior of actors – most notably firms – did not simply accord with some transcendental form of market rationality, but instead was contingent upon prevailing political and institutional conditions, themselves historically specific formations.

While awkwardly acknowledging the extent to which these formulations are 'steeped in neoclassical assumptions, many of which we do not accept,' Lindberg *et al.* (1991: 9) nevertheless built their distinctive, institutionally oriented approach from foundations in transactions-costs economics. Rather than conceiving the resort (connotation intended) to non-market forms of coordination as a suboptimal solution in situations in which the *costs* of market transactions have become prohibitive, Campbell *et al.* (1991) emphasized that transformations in governance also reflect the variable scope to *control* the terms of exchange. Focusing on the role of power relations, Campbell developed a parallel conception of capitalist variety, based on a taxonomy of ideal-typical governance arrangements (ie, conventional hierarchies, associations, networks, monitoring systems, and markets), each associated with a distinctive set of 'operating principles,' procedural rules, and forms of compliance (Lindberg *et al.*, 1991: 16; Campbell, 2004).

This framework therefore placed the institutionally situated behavior of economic actors in the analytical foreground, conceiving strategic behavior in terms of a range of different governance rationalities, which to a significant degree were constituted by the immediate institutional environment.[2] Front and center here was the relationship between leading industrial sectors and their associated governance regimes, the analytical anchoring point of a great deal of varieties literature to this day.

1 Coordination and its other

If this pioneering work on economic governance at the sectoral level formalized some of the theoretical commitments and analytical routines that would subsequently coalesce into the varieties rubric, its terms and terminology drew heavily on the work of David Soskice. Soskice's (1990; 1991) explicitly comparative approach to the analysis of national economic institutions spawned the conceptual distinction between 'coordinated market economies' (like Germany, Japan, Sweden, Austria, and Norway), within which the strategies of employers are shaped by dense regulatory networks and long-term, structural relationships, and the 'liberal market economies' (classically modeled on the USA, but also including the UK, Canada, and Ireland), in which economic relations and contracts tend to be decentralized and short term. Soskice elaborated these models through rather synthetic, but concretely rooted, examinations of the behavior of firms in capital markets, drawing contrasts between the shareholder-driven systems of the liberal countries and the patient-capital approach of the coordinated economies, distinctions echoed in spheres like wage-setting, training, competitive strategy, employment contracts, and innovation policy. Like Albert, Soskice sought to verify, and to place on an (at least) equal analytical footing, an alternative to the singular conception of market rationality – the coordinated market model, explaining how firms might 'rationally' and productively select strategies within densely regulated environments that were not simply suboptimal, misinformed, or anachronistic, but represented a qualitatively different *form* of rationality (see also Pontusson, 2005a). This amounted to more than an argument that different institutional frameworks incentivize and sustain different patterns of (economic) behavior, a proposition common in both neoclassical and neoliberal thinking, where it is invariably associated with negative connotations. Rather, the fields of institutional relations that are identified as constitutive of the liberal market and coordinated market models are seen, within each model, to be deeply interpenetrated and mutually reinforcing. These institutional *ensembles* consequently display an interlocking or complementary character, gelling into relatively durable configurations.

Take the example of worker training.[3] The liberal model is premised on rapid adjustment, largely through market means. Firms tend to rely on low-cost hiring and firing systems, going to the market and often paying handsomely for scarce skills rather than 'growing their own,' in part because short-term finance places a premium on the capacity to move rapidly between activities. By the same token, there are disincentives to the formation of stable relations with either labor unions or other companies, since both might become impediments to processes of flexible, short-term adjustment. Amongst the coordinated economies, on the other hand, pay bargaining systems at the sectoral level limit wage competition between firms which, along with the availability of long-term investment and an associated propensity for long-range corporate planning, establishes an institutional framework in which otherwise-risky investments in skills and training are made within firms, themselves subject to collective agreements located within a negotiated industrial relations regime. Patterns of firm behavior are therefore deeply embedded within institutional environments characterized by a form of aggregate, constitutive logic (Aoki, 1988). Alternative institutional equilibria, in this respect, both sustain and give rise to distinctive modalities of economic action. This means that even the 'same' external stimuli will produce different responses, reflecting qualitatively distinctive institutional rationalities. A currency appreciation, for example, which raises prices in export markets, would yield different responses in liberal as opposed to coordinated regimes: under the liberal market model, where the dominant imperative is to preserve profitability, the tendency will be to allow prices to rise at the expense both of market share and worker layoffs, the preferred form of adjustment; alternatively, firms located within coordinated market regimes will be more inclined to lower prices, and therefore profitability, as their favored strategy for adjustment, since constraints on workforce adjustment and the availability of patient capital render the defense of market share more rational than the (induced) defense of profit share.

In early contributions to the varieties literature, a normative preference for coordinated strategies was often reflected in an implicit or explicit analytical subversion of the dominant market/neoliberal paradigm. Far from being assigned any kind of analytical primacy, the liberal market model was often defined according to its deficits, in some cases with pejorative undertones. As Soskice (1999: 110–11) recounts, the liberal model is definitionally *un*coordinated, reflecting a 'lack of coordinating capacity,' the 'absence of long-term stable cross-shareholding arrangements,' and an 'inability to act collectively' on the part of companies, which in turn erodes the state's strategic capacity. There was, then, a measure of deliberate theoretical-cum-political dissention in such arguments, pitched as they knowingly were 'against the full weight of Anglo-American liberal economic theory,' the sway of which was already being acknowledged as 'considerable (if not totally dominant), from the canteen to the boardroom, from the classroom to the economic think tank' (Albert, 1993: 15). With neoliberalized capitalism – in the form of a stylized rendering of both 'the market' and the American model – as its foil, the varieties rubric helped establish positive notions of 'regulated capitalism,' implicitly framed in terms that resonated with emergent forms of 'social dialogue' at the European level, some strands of Euro-Keynesian thinking, and Delores' conceptions of a European *espace organisé* (see Hooghe and Marks, 1999). This defined the light side to the American model's dark side.

Notwithstanding this supranational political context, and for that matter the plurinational geographic delineation of the coordinated and liberal uncoordinated models, the analytical units around which arguments for economic variety, institutional diversity, and supermodular cohesion were being developed were, at this time, resolutely *national*. The currency of these investigations was a series of *supposedly defining* national institutional economic characteristics – the German training system, the Japanese model of lifetime employment, the US stock market, and so forth. These constructions also performed subtle conceptual and normative work, again by juxtaposing the liberal, market-oriented model and the ostensibly 'more regulated,' coordinated model on the same plane: not one, but *both* were social creations, and both were strongly conditioned by nationally anchored institutions. So, Soskice (1999: 112) insisted that both regimes should be defined by 'institutional framework[s]' that are *national* in the sense that 'the main features of the [models] are underpinned by national legislation.' The processes by which these models have been transformed over time, moreover, were also seen to be predominantly national-political. Rather than exhibiting some inexorable path toward 'deregulation' as both neoclassical visions of a transcendental market logic and the neoliberal preference for desocialized approaches might suggest, varieties scholars insisted that the reality looked more like bifurcated, and perhaps even divergent, development (Berger and Dore, 1996; Soskice, 1999; Berger *et al.*, 2001; Guillén, 2001; Schmidt, 2002). In contrast to previous conceptions of capitalist diversity – which placed the constitution of welfare regimes or predominant forms of labor organization in the analytical foreground (see Olson, 1965; Goldthorpe, 1984; Esping-Andersen, 1990), utilizing measures such as degree of labor commodification or union density in the generation of cross-sectional taxonomies of capitalist systems – the varieties school privileged the organization and regulation of *production* in its classificatory and explanatory schema. At the center of this schema lies a relational conception of the firm as a social institution – not merely a legal entity, a transactional nexus, or a bundle of competencies, but a social institution that draws deeply on, and is constituted by, institutional and cultural resources from its (national) environment (see Best, 1990; Streeck, 1997; Herrigel, 1993; Dicken *et al*., 1994; Boyer, 2003; cf. Grabher, 1993).

Against the notion of an autonomous, rationally acting firm, enterprises were seen to be embedded in 'production regimes' or 'social systems of production,' generally taken to comprise five interlocking elements: industrial relations, vocational education and training, corporate governance, inter-firm relations, and workplace regulation. Extensively tracking gradual, path-dependent shifts in these various spheres, and the forms of firm behavior with which they are reciprocally embedded, has become the staple activity in the varieties literature. At the level of the preferred national unit of analysis, emphasis is placed on 'the divergent arrangements [that] comprise a country's "production regime," a framework of incentives and constraints that is deeply embedded in a set of institutions that are relatively impervious to short-run political manipulation' (Kitschelt *et al.*, 1996b: 430; Manow, 2001; Kitschelt, 2003; Thelen, 2004). Rather than focus on varying degrees of (national institutional) resistance to economic globalization, attention is placed on medium-term shifts in the (formal and informal) organization of business interests and their interpenetration with governmental structures, on a country-by-country basis. Nevertheless, there remains here a tendency to reify national economic 'boundaries,' while conceiving of (transnational) transformational processes – such as the liberalization of international markets and technological change – as 'exogenous shocks' accompanied by 'internal' adjustments within national institutional systems (see Soskice, 1999: 125; Yamamura, 2003). In effect, this implies an analytical 'disembedding' of national political-economies from (constitutive) transnational regimes, processes, and relations.

2 New histories of capitalism

A rather more expansive, and less scale-specific, conception of this institutionally situated process of economic coordination is developed by Hollingsworth and Boyer (1997a). They endeavor to map different economic coordination mechanisms, including markets, while specifying their connection with social systems of production in various contexts and scales. The point of departure is 'the history of twentieth-century capitalism,' which is held to demonstrate that 'nation-states have different trajectories of capitalist development, in which there is considerable variation in the role of markets and other institutional arrangements as coordinating mechanisms' (Hollingsworth and Boyer, 1997b: 2). This diverse set of coordination mechanisms both shapes, and is shaped by, a no-less-variant set of social systems of production, in this instance conceived in broad terms, and with a distinctly regulationist flavor:

> By a social system of production, we mean the way that the following institutions or structures of a country or region are integrated into a social configuration. The industrial relations system; the system of training workers and managers; the internal structure of corporate firms; the structured relationships among firms in the same industry, on the one hand, and on the other firms relationships with their suppliers and customers; the financial

> markets of a society; the conceptions of fairness and justice held by capital and labor; the structure of the state and its policies; and a society's idiosyncratic customs and traditions as well as norms, moral principles, rules, laws, and recipes for action. *All these institutions, organizations, and social values tend to cohere with each other into a fully-fledged system*. While each of these components has some autonomy and may have some goals that are contradictory to the goals of other institutions with which it is integrated, an institutional logic in each society leads each institution to coalesce into a complex social configuration. This occurs because the *institutions are embedded in a culture* in which their logics are symbolically grounded, organizationally structured, technically and materially constrained, and politically defended. The institutional configuration usually exhibits some degree of adaptability to new challenges, but continues to evolve within an existing style. (Hollingsworth and Boyer, 1997b: 2, emphasis added)

Individual institutions are therefore each ascribed distinctive features and logics, though in turn these are located within a matrix of macroinstitutional relations that itself displays an incipient form of unity, coherence, and even logic; and finally, these macroinstitutional orders are seen to be embedded in idiosyncratic but relatively enduring sociocultural environments – 'national cultures.' The conception of institutional complementarity here is more of a hierarchical one (Amable, 2003; cf. Boyer, 2000; 2005a). For Boyer (2000), institutional relations are hierarchically ordered in the sense that the development of dominant institutional forms (such as those of the wage-labor nexus under Fordism, or financial regimes today) implies transformations in the form and logic of subordinate institutions. These complex and nested cultural-institutional configurations, moreover, tend to evolve within path-dependent parameters responding to challenges and opportunities – usually originating from 'outside' the system – according to an established 'style.' This strand of the varieties literature rejects functionalist explanations of the existence and persistence of such distinctive institutional configurations, insisting that the institutional sphere exhibits a degree of relative autonomy from the imperatives of the accumulation process, even while drawing attention to their symbiotic connectivity and co-evolution. The ultimate source of these enduringly distinctive institutional configurations therefore remains something of a puzzle: 'Why these configurations occur within a particular place and time is a complex theoretical problem which has yet to be solved' (Hollingsworth and Boyer, 1997b: 2). Geographical differences in institutional cultures and logics are, in effect, inherited.

Yet, if the ultimate (institutional) causes of capitalist variety are to remain elusive, the observational fact of this variety leads Hollingsworth and Boyer to mistrust neoclassical arguments concerning the primacy of market logics and assumed tendencies for equilibrium or competitive convergence. Instead, analytical emphasis is placed on the various ways in which actually existing capitalist economies *combine* market and nonmarket modes of coordination, blending hierarchies, networks, and markets in ways that are geographically and historically distinctive. While there was, at this time, no consensus amongst varieties scholars as to the *way* in which institutions mattered, their loosely shared conviction that matter they did placed them in varying degrees of tension with the neoclassical paradigm. At the reformist end of the spectrum lay extensions of transactions-costs analysis, which comprehended the resort to nonmarket models of coordination, like corporate hierarchies, as a rational response to the costs of market relationships under specific circumstances. At the radical end of the spectrum, regulation theorists were arguing that institutional forms reflected a series of class compromises fashioned in response to the enduring contradictions and patterned regulatory dilemmas of advanced capitalism. The extensive zone in between contained a range of other, no less distinctive, approaches, variously focusing on forms of institutional production relating to corporatist bargaining, rule systems and constitutional settlements, challenges of regional economic governance, and so forth.

Notwithstanding the non-trivial theoretical, methodological, and normative differences between these various positions – exemplified, for instance, in the varied ways in which they handle issues like equilibrium, rational choice, social conflict, and power asymmetries – Hollingsworth and Boyer (1997b: 4) detect a common, if not entirely unifying concern with, the 'coherence of social systems of production.' Beyond this, there is also a shared sense that not only do different social systems of production tend to be associated with different modes of economic coordination, but that these distinctive couplings result in 'different kinds of economic performance' and distinctive, or even diverging, patterns of long-run development (Hollingsworth and Boyer, 1997b: 36; Coates, 2000; 2005b). In contrast to Albert's (1991) partisan treatment of this question, Hollingsworth and Boyer (1997b: 38) are more analytical and agnostic, though their evaluation of alternative social systems of production may also have been implicitly shaped by the recognition that the USA had relinquished its (Fordist) status as 'the world's most competitive economy.'[4]

The fate of different national capitalisms had, from this perspective, analytical as well as substantive implications. While the national scale had been, during the Fordist-Keynesian period, the principal site for securing institutional cohesion, this contingent primacy was now being challenged by, on the one hand, 'more competition between interdependent markets and … the building of supranational rules of the game' at the global scale, coupled on the other hand with the emergence of new 'sources for competitiveness [at] the regional or even local levels where under some circumstances trust and tacit knowledge are better nurtured within communities and networks' (Hollingsworth and Boyer, 1997b: 5; see also Crouch, 2005). Visualizing geographic scales as competing institutional 'levels,' Hollingsworth and Boyer draw attention to 'an epochal shift, from one mix of international-national-regional institutions to another configuration with different weights and feedbacks' (1997b: 4, 5). Far from a simple story of market-assisted or neoliberal convergence, the contributors to the Hollingsworth and Boyer (1997a) volume pointed instead to evidence of proliferating variety, including tendencies for divergence both within and between scales. While management techniques and policy practices, for example, continue to diffuse between jurisdictions and production regimes, maybe even at an accelerating rate, this need not produce simple convergence in institutional structures or economic performance at the scale at which systemic cohesion was secured, since this cohesion was the complex and conjunctural outcome of interdependent institutional relations, post hoc functional complementarities, and embedded cultural norms (see Hollingsworth, 1997; Berger *et al.*, 2001; Guillén, 2001; Schmidt, 2002; Vogel, 2003; Sorge, 2005). In other words, allegedly tendential processes like 'Japanization' or neoliberalization might have transformative effects on certain islands of practice or specific institutional zones, but they would be less likely to produce systemic change in the social system of production. The stubbornness of institutional configurations, which over time become coupled, either tightly or loosely, with other constituent elements of the social system of production, means that there are serious 'obstacles to convergence,' which in a somewhat circular manner are seen as outcomes of inherited institutional differences: 'at the core of each social system of production is a set of social institutions that are system specific and that are unlikely to diffuse to other societies' (Hollingsworth, 1997: 267–68).

At this stage in the development of the varieties approach, methodological nationalism remained the conventional practice, albeit a practice that was increasingly subject to reflexive questioning. The typical approach had been for varieties analysts to restrict

> their attention almost exclusively to the national level of spatial aggregation. Following a well-worn tradition in the social sciences, they seem to have assumed that either each *nation* tended to develop a culturally distinctive 'style of capitalism' based on its peculiar human and material endowment, as well as historical experience, or that each *state* embodied a unique configuration of power and authority that was reflected in the creation and operation of its intermediary institutions. Given the plausibility of both assumptions, it should come as no surprise that the most common adjective placed, as a qualifier in front of the noun, capitalism, has usually been a nation or ethnic one eg, *American* capitalism, *German* capitalism… even *Jewish*, *Guyerati* or *Syrio-Lebanese* capitalism, and much more recently, *Russian*, *Ukrainian*, or *Mongolian* capitalism. Each presumably possesses (or, will eventually possess) its own configuration of market, state, and 'other' institutions for economic coordination and the governance of sectors. Where there existed no recognized national culture and/or sovereign state for a given territory, the analyst was likely to presume that its institutional mix was determined by the larger political unit of which it was a subordinate element and, hence, not worthy of attention. (Schmitter, 1997: 312)

A series of wide-ranging, real-world 'experiments with scale' have, according to Schmitter (1997: 312), begun to challenge the analytical monopoly of the nation/state, demanding that closer attention be paid to emergent processes of globalization and regionalization. While the varieties school continues to be influenced by the argument that national polities remain resilient in the face of 'globalization' (see Hirst and Thompson, 1997; Berger *et al.*, 2001), Schmitter (1997: 314) points to three ways in which the current round of international economic integration poses qualitatively different, and new, challenges to national capitalisms. First, in contrast with earlier periods of international economic integration, most notably in the late nineteenth and early twentieth centuries, the scope and complexity of integrating processes has increased markedly, being 'more varied in their sources and motivations,' and leading to deeper and broader forms of economic interdependence. Second, this latest wave of transnational economic integration has been associated with more active processes of institutional transformation: in contrast to the earlier phase of internationalization, when the liberalization of tariffs and exchange rates was the dominant tendency, a more active process of institutional transformation has recently taken hold – under the deceptive signifier *deregulation* – 'compelling its most active participants to dismantle whole parts of their respective national apparatuses for the governance of specific issue arenas, sectors, professions, localities,' and so forth. Third, these shifts have been accompanied by a concerted and explicit ideological offensive, the neoliberal 'paradigm' having 'challenged the legitimacy (and questioned the efficiency) of collective intervention and regulation at the national, regional, or global levels,' advocating instead weak and permissive governance regimes that secure little more than minimal rules of exchange, rather than setting standards or maintaining surveillance.

3 Questioning the market

These developments should not be confused, Boyer (1997) emphatically observes, with some 'return to free markets,' because for all the metaphorical and ideological resonances of the term 'market,' it is decidedly unhelpful to regard actually existing markets as expression of some transcendental logic of allocative efficiency, or even as deviations from this ideal. Real-world markets, in contrast, are persistently vulnerable to failure and, far from exhibiting a self-sustaining, autonomous logic, depend critically on a range of nonmarket coordination mechanisms, governance regimes, and regulatory frameworks, within which they are deeply embedded. This necessary embedding of markets in nonmarket relations is, in this literature, one of the root causes of (institutional and spatial) variety (Peck, 2005; Jessop, 2006; Deeg and Jackson, 2007). In a context in which the market has been raised to the status of 'coordinating mechanism "par excellence"' by politicians and business leaders, Boyer (1997: 57, 88) anticipated that these lessons would have to be (re)learned the hard way. 'Our knowledge about market implementation, functioning, and efficiency will probably be totally transformed by the difficult and potentially dangerous experiments that will take place … not only in old industrialized countries, but also in the previously "socialist" countries of Eastern Europe – and in China.' The subsequent failure of spontaneous competitive forces to animate functioning 'markets' in post-Socialist economies represents just such an object lesson,[5] the self-regulating, disembedded market having been exposed as the bad utilitarian abstraction that it is.

The market retains a strong presence in this literature, both as a polemical foil and as a formal abstraction, but varieties analysts are theoretically and normatively inclined to cast doubt on (prevailing) claims as to the omnipotence, superiority, and exclusivity of market mechanisms. Stories of markets behaving badly permeate the literature, the theoretical insistence that markets cannot act alone typically preceding accounts of the costly consequences of market-oriented coordination or market-centric regulation. 'Some degree of market conformity might be good for societies,' Boyer and Hollingsworth (1997: 435) concede, 'but too much of it may be very destructive for economic efficiency and social justice as well.' This Polanyian sentiment is grounded in antipathy to the perversities of American capitalism, since 'many of the social pathologies of contemporary America must be understood in terms of what happens when a society's market activity is not embedded in political institutions promoting a minimum degree of solidarity.'

At the time, the threat of Americanization was often loosely elided with the threat of marketization. While rejecting the notion that the market constituted a spontaneous, self-reproducing order, varieties scholars nevertheless recognized that the push toward more market-oriented modes of coordination could be tremendously damaging for alternative regulatory settlements, even ostensibly 'superior ones.' This was precisely the threat posed during the 1980s and 1990s, as the Fordist-Keynesian order encountered a series of terminal challenges in the form of an unprecedented 'surge of market mechanisms,' the self-perpetuating consequences of which included the dissolution of a range of 'national and regional institutions in which market activity had been embedded' (Boyer and Hollingsworth, 1997: 437; Schmidt, 2002).

New developmental trajectories, however, were emerging in a context of complex, contradictory, and sometimes countervailing political-economic dynamics. On the side of fixity and institutional resilience, 'the superiority of any system of social production [was seen to be] context-dependent,' while modes of institutional regulation and economic coordination were described as 'deeply rooted' in geosocietal conditions, limiting the extent to which coordinating systems – like the rudely ascendant market models – might be 'transferable from one country to another' (Boyer and Hollingsworth 1997: 458, 461). The European social model, in other words, seemed to be relatively safe, at least for the time being. On the side of motion were the (ostensibly more dynamic) forces of market-led adjustment, which in the face of the prevailing sentiment of 'Hayekian optimism about the efficiency of markets' was more likely to generate socially *and economically* perverse forms of institutional selection, with 'intrinsically superior institutions' being eroded, undercut, or even 'ruled out by market mechanisms' (Boyer and Hollingsworth, 1997: 434, 442).

The neo-Polanyian battle lines having been drawn, Boyer and Hollingsworth counterpoise what they see as a late twentieth-century double movement in the following stark terms – an unrealistic and utopian, but at the same time almost palpably immanent, threat of neoliberal globalism, pitched in an asymmetrical struggle against a network of progressively instituted regional economies, the devolved repositories of the project of socially sustainable development:

> The diffusion of market ideology across the globe, the intensification of foreign competition, the increasing sophistication of financial markets, and the loss of autonomy of nation-states constitute a threat for many national-institutional arrangements. In other words, some trends toward the internationalization of the economy of individual countries suggest the emergence of transnational rules of the game (GATT, NAFTA, Maastricht Treaty, etc.), thus removing the space for maneuver by nation-states. On the other hand, the evolution toward new social systems of production has prompted the call for more localized institutional arrangements – at least for some manufacturing sectors … Thus, the subject of subnational regional economies is very much part of our consciousness. These two opposite movements suggest a double shift from the nation-state to supranational institutional arrangements on the one side and on the other to reemerging subnational regional economies. (1997: 464)

In the wake of these momentous transformations, Boyer and Hollingsworth (1997: 467) anticipated an erosion of the capacity of the nation-state *qua* agent of economic coordination, coupled with a reordering of modes of economic coordination around the different scales at which their respective capacities are both rooted and realized. In this respect, the asymmetries are intensified, since markets are revealed to possess a multiscalar capacity, if not global reach, while networks and associations are 'more easily developed at the local or regional' scales. Meanwhile, governmental capacities, as well as those of organized labor and business associations, are seen to have been eroded at the national scale. From the perspective of processes of economic coordination, then, Boyer and Hollingsworth (1997: 468), visualize a dramatic relativization of scale, resulting in a historically distinctive 'recombination of economic institutions at various spatial levels.' Variety, in other words, begets variety. While some researchers working within the varieties rubric began to explore this expansive agenda (Amable, 2003; Yamamura, 2003; Hay, 2004; Thatcher, 2004; Boyer, 2005b; Crouch, 2005; Sorge, 2005; Lorrain, 2005), the project was to take a different, more analytically orthodox, turn. In contrast to this vision of proliferating and multiscalar variety, the leading edge of the program would soon become defined by Hall and Soskice's rationalist turn. On this reading, there would only be two capitalisms to choose from.

4 *New rationalities*

Distancing themselves from the social systems of production approach and related regulation-theoretic work, Hall and Soskice (2001a) instead advocate a firm-centric analysis of institutional variety, couched in game-theoretical terms, in order to build bridges both to management theory and microeconomics. In contrast with the 'more sociological' treatment of institutions in some previous varieties work, Hall and Soskice (2001a: 3, 5) make the case for the single-minded analysis of national institutions as reciprocally adjusting shapers of economic action at the firm level, arguing that 'the most important institutions distinguishing one political economy from another will be those conditioning … interaction.' While acknowledging their indebtedness to various antecedent strands of varieties-style work, Hall and Soskice (2001a: 4) insist on a change in emphasis, away from approaches that conceptualize institutions as sites for the exercise of power, and that emphasize their functions in socialization and norm-making, some of which ostensibly run the risk of 'overstat[ing] what governments can accomplish.'

Instead, a limited range of national institutions – relating to corporate governance, labor-market regulation, and education and training – are afforded analytical primacy, since through processes of *strategic interaction* these are seen to be *both* outcomes of routinized economic behavior *and* conditioners of this behavior. In an approach apparently designed to conform with, but at the same time revise, orthodox economic postulates, rational actors are positioned in the center of analysis – individuals, governments, producer groups and business associations, but above all *firms* – the strategically calculating behaviors of which are simultaneously shaped by, and give rise to, institutional environments. In the attempt to make these arguments work, and to 'connect the new microeconomics to important issues in macroeconomics,' the institutional environment is drawn in broad-brush, stylized forms: 'we look for national-level differences and terms in which to characterize them that are more general or parsimonious' than earlier varieties-school work (Hall and Soskice, 2001a: 5, 4). This rational-choice variant of the varieties approach does not go so far as to deny the importance of regional or sectoral institutions, which evidently also shape firm behavior, or international institutions, which rather recede from view. Instead it focuses on a limited set of national institutions in order to establish a parsimonious rendering of the regulatory landscape, while sustaining more generalized – if still sub-universal – forms of explanation.

The firm, as the central actor in this rather artificially uncluttered institutional environment, is conceived in *relational* terms. In order to sustain profitable production, firms must develop sets of competencies and capabilities that enable the effective resolution (or at least management) of a set of quite intractable coordination problems (see Milgrom and Roberts, 1992; cf. Bathelt and Glückler, 2005; Yeung, 2005). Most germane to this analysis are the coordination problems relating to five spheres of firm behavior:

- industrial relations, notably the coordination of wages and working conditions;
- vocational training and education, especially the return on investments in skills for individuals and firms;
- corporate governance, with an emphasis on access to capital markets and firm-investor relations;
- inter-firm relations, including upstream relationships with clients, downstream links with suppliers, and connections with other firms in each sector, and their implications for issues like innovation and technology transfer;
- and employees, with specific emphasis on the efficient social organization of the workplace, and the management of knowledge and competence.

The analytical gaze here is located within the firm, looking out. And institutions are comprehended through the behavior of firms, in effect as arenas for the resolution of coordination problems. Geographical differences in, for example, economic performance are not attributable to institutions *per se*, but rather, institutions are themselves second-order outcomes of patterned searches for coordination solutions, through which actors tend to reveal a (national) culture. Institutions, in this respect, are 'created by actions' (Hall and Soskice, 2001a: 13), actions that both reflect and recursively reproduce common cultures and shared understandings.[6]

Ultimately, this is the basis upon which capitalist diversity is seen to rest, since Hall and Soskice (2001a: 8) conclude that 'national political economies can be compared by reference to the way in which firms resolve the coordination problems they face in these five spheres.' The analytical trammeling is taken one step further when Hall and Soskice boil down the problem of coordination to a single axis, running from an ideal-typical *liberal market economy* (LME) at one end, where coordination largely occurs through hierarchical and competitive market arrangements, through to a mirror-image ideal type, the *coordinated market economy* (CME), where there is much greater reliance on nonmarket modes of coordination like networks and collaborative relations. These distinctions are summarized in Table 2. The liberal end of this hypothesized continuum is characterized by almost textbook neoclassical conditions: impersonal, arm's-length relations prevail, hierarchies are resorted to only when markets will not do, and actors respond to price signals 'often on the basis of the marginal calculations stressed by neoclassical economics' (Hall and Soskice, 2001a: 8). The coordinated economy, in contrast, is partly defined in terms of its deviation from this putatively hegemonic ideal-type, but rather than the market alone establishing equilibria, these derive from 'strategic coordination among firms and other actors' (Hall and Soskice, 2001a: 8). Germany and the USA represent the critical cases that are subsequently invoked to exemplify each typical formation, establishing 'the poles of a spectrum … along which many nations can be arrayed' (Hall and Soskice, 2001a: 8).

In contrast with some recent extensions of the regulation approach, which seek to integrate microeconomic analyses from a starting point in the macroeconomics of institutions, Hall and Soskice's project aims to theorize macro-level diversity from a starting point in microeconomics, 'integrat[ing] analysis of firm behavior with analysis of the political economy as a whole' (2001a: 14; Blyth, 2003; Boyer, 2006). Yet Hall and Soskice bring two theoretical innovations to established approaches to the microeconomics of organization: first, they insist that network forms of governance should be recognized alongside markets and hierarchies as a 'third type' of behavioral environment; and second, they challenge the deep-rooted conviction in the orthodox literature that (institutional) structure follows (firm) strategy, by contending that, because institutional environments are typically beyond the control of even the most powerful individual firms and because institutions consequently exhibit some degree of autonomy, 'there are important respects in which strategy follows structure' (2001a: 15).

The implications of this position are potentially far-reaching, even analytically radical, when viewed from the context of rational-choice orthodoxy: Alternative rationalities may be embedded in different (national) institutional environments, and these rationalities may be both relatively enduring and performatively effective, rather than merely substandard deviations from a putatively universal and superior market rationality. Despite beginning with the microeconomics of firm behavior, and then visualizing institutions – markets, hierarchies, networks – as spheres of *coordination*, Hall and Soskice subsequently draw the conclusion that, both in principle and in practice, institutions help to make behavior, rather than simply reflecting it:

> [O]ur approach predicts systematic differences in corporate strategy across nations, and differences that parallel the overarching structures of the political economy. [However,] we refer here to broad differences. Of course, there will be individual variation in corporate strategies inside all economies in keeping with the resource endowments and market settings of individual firms. The capabilities of management also matter, since firms are actors with considerable autonomy. *Our point is that (institutional) structure conditions (corporate) strategy, not that it fully determines it*. We also agree that differences in corporate strategy can be conditioned by institutional support available to firms at the regional or sectoral levels [but] we emphasize … the national level. We think this is justified because so many of the institution factors conditioning the behavior of firms remain nationally specific. (2001a: 15–16, emphasis added)

The national scale is also privileged, in analytical terms, as the scale at which isomorphic institutional adjustment occurs, the outcome of which is a tendency for *complementarity* between ('laterally' related) national institutions, such as industrial relations systems and financial regimes (Amable, 2003; Thelen, 2004; Crouch, 2005). Borrowing from the

Table 2 Stylized descriptions of coordinated and liberal market economies

	Coordinated market economies	Liberal market economies
Industrial relations	• Formal or informal coordination of wage determination across key industries • Employer associations and unions play major roles in wage determination • Employee-elected bodies and representative bodies play key roles in company decision making	• Company-based, uncoordinated wage bargaining • Limited workplace roles for unions
Education & training	• Strong systems of vocational education and training; significant involvement of industry organizations and unions • Limited postcompulsory/higher education • Substantial doctoral programs in basic sciences and engineering, with close links to large employers	• Weak systems of vocational training; limited company involvement • Strong postcompulsory/ higher education • Substantial doctoral programs in basic sciences and engineering, but with weak links to employers and industry technologies
Interfirm relations	• Consensus-based standard setting • Close relations between business associations and research/education institutions in technology development • Mitigation of competition in domestic markets; open competition in export markets • Business associations regulate relational contracting	• Market-based standard setting • Strong anticollusion policies • Underdeveloped institutional framework for technology diffusion • Weakly regulated relational contracting
Corporate financing & governance	• Reluctance to finance higher risk ventures and technologies • Stable shareholder arrangements, with banks playing monitoring role • Industry-based monitoring • Hostile takeovers difficult	• Orientation to higher risk capital markets • Unstable shareholder arrangements • Hostile takeovers permitted
Examples	• Germany (*the paradigmatic case*) • Japan, Austria, Switzerland, Italy, Belgium, the Netherlands, Denmark, Sweden, South Korea	• United States (*the paradigmatic case*) • United Kingdom, Canada, Australia, New Zealand

Source: derived from Soskice (1999) Tables 4.2 and 4.3; Hall and Sockice (2001a).

concept of complementary goods, complementary institutional relations exist when co-presence leads to mutual improvements in efficiency, or the rate of return on investment. So, a preference for coordinated, network-based approaches in one sphere – say, in the regulation of financial relations – is likely to produce mutually reinforcing spillover effects in other institutional domains, such as the vocational education and training system, while within more liberal national political economies, market-oriented solutions to coordination problems will likely be similarly contagious. This tendency for lateral inter-institutional isomorphism, operating primarily at the national scale, underpins the claim that macroinstitutional configurations are durable and that they exhibit distinctive logics.

Empirically, these arguments are typically advanced by way of comparative national case studies, though they are also abstracted to the level of ideal-typical constructions like CMEs and LMEs. In this context, perhaps the most far-reaching stylized fact of this branch of the varieties literature is that the preference for market-oriented institutions within LMEs induces a distinctive pattern of corporate behavior – investment in 'switchable assets,' such as general skills or multi-purpose technologies, since these do not tie up corporate resources in the long term, instead facilitating short-run realization of value if higher returns can be secured elsewhere. Meanwhile, in CMEs, there is a much higher propensity to sink corporate resources into specific or 'co-specific' assets, the value of which cannot be realized rapidly, but which is instead predicated upon both the availability of patient capital and open (rational) expectations of complementary, cooperative behavior on the part of other firms. In this conception, corporate behavior is reciprocally embedded in (variable) institutional logics, themselves the outcome of iterative interpenetration between different institutional spheres.

These maneuvers enable Hall and Soskice to make the case for parity of esteem – in both functional and ideological terms – between the LME/American model and the CME/Euro-Japanese model of capitalism, a rare accomplishment in the varieties literature. 'Although each type of capitalism has its partisans,' they concede, 'we are not arguing here that one is superior to another' (Hall and Soskice, 2001a: 21; Pontusson, 2005a). Both systems, they insist, are capable of sustaining high levels of economic performance, albeit in the context of divergent distributional outcomes within the domestic sphere – with LMEs exhibiting a high employment/high inequality pattern, while CMEs tend towards the opposite configuration. And in the international sphere, too, a form of functional coexistence is visualized, with each system trading on its *comparative institutional advantages*. Likewise, each national capitalism will respond to 'external shocks' associated with globalization in distinctive ways, reflecting national cultures and institutional settlements, and which may ultimately entrench geographical variety rather than erode it. Even where corporations engage explicitly in institutional arbitrage, such as when Nissan locates a design facility in California, or General Motors an engine plant in Düsseldorf, convergence is not a likely outcome. In fact, 'corporate movements of this sort should reinforce differences in national institutional frameworks, as firms that have shifted their operations to benefit from particular institutions seek to retain them' (Hall and Soskice 2001a: 57). Subsequent empirical testing has lent some credence to this twin peaks vision of capitalism (Hall and Gingerich, 2004), with countries tending to crowd around one of the two poles, rather than occupying intermediate positions: 'productive advantage comes from being all fish or all foul' (Goodin, 2003: 206). However, others have discovered either a larger number of distinct clusters (see Amable, 2003; Boyer, 2005b), much weaker associations between institutional configurations and macroeconomic performance (see Watson, 2003; Kenworthy, 2006), or growing internal differentiation and divergent behavior within the national 'models' (see Allen 2004; Brewster *et al*., 2007).

While challenging simplified notions of market-led or neoliberal convergence, Hall and Soskice also concede that the threats posed to the two principal varieties are somewhat asymmetrical. Put simply, in the face of international economic integration, much of which is market mediated, it may be easier to take the low road than the high road: market-oriented de/reregulation is held to be a more viable and available option within CMEs, all else being equal, than is the mirror-image of this situation, the strategy of enhanced social coordination within an LME context, because here economic actors lack the 'requisite common knowledge' to make such strategies work, while 'market relations do not demand the same levels of common knowledge' (2001a: 63). Added to this concern is the related worry that the continuing liberalization of international financial relations might remove an essential foundation stone of the CME model: 'Financial deregulation could be the string that unravels coordinated market economies' (Hall and Soskice, 2001a: 64). There is a real danger, albeit an easily overstated one, that the offshore threat of neoliberal globalization could undermine the once-robust institutional equilibria that have underpinned coordinated models of capitalism. So while analytical parity may have been asserted in *Varieties of Capitalism*, there is a distinct subtextual fear that the low road is beckoning: 'An old specter is haunting Europe,' Peter Hall (2001: 52) has observed, 'the specter of liberal orthodoxy.' Noting the same historical parallels, Streeck and Thelen (2005: 4) recall the Polanyian insight that:

> Liberalization always comes with, and is enveloped in, all sorts of countermeasures taken by 'society' – or by specific socie*ties* in line with their respective traditions – against the destructive effects of free, 'self-regulating' markets. This, however, must clearly not be read with the unquenchable optimism of much of functionalist reasoning, which seems to accept as a general premise that liberalization can never be destructive because ultimately it will always be balanced by newly invented institutions and methods of social regulation. Rather it puts us on alert that in studying liberalization, as a direction of institutional change, we should expect also to observe changes in institutions intended to reembed the very same market relations that liberalization sets free from traditional social constraints.

Most subsequent engagements in the varieties debate, both critical and constructive, tend to deal centrally with the claims of Hall and Soskice. But if this stands as perhaps the most elaborate formulation in the mainstream varieties literature, by no means is it alone. Some important alternative strands in this recent literature include the fusion of regulationist and varieties frameworks in the work of Amable (2003; 2005), Boyer (2005b; 2007) and Coriat *et al*. (2006), which combines more historical and macro-institutional modes of analysis with a less parsimonious conception of contemporary capitalist variety. The tendency for orthodox varieties approaches to reify neoclassical economic theories is rejected in favor of an approach that combines the inductive and deductive analysis of actually existing capitalist formations: 'From a regulationist perspective, it is difficult to accept that the dichotomy of two polarized models can account for an entire distribution of modern economies' (Boyer, 2005b: 529). Yet regulationists will not label capitalisms willy-nilly; the regulation approach has established demanding criteria for the determination of 'models' of capitalism. Localized varieties are also positioned in relation to more structural accumulation-regime dynamics—in particular the emergence of financialized capitalism (see Duménil and Lévy, 2004; Coriat *et al*., 2006). Developments in a different direction are to be found in Sorge's (2005) closely argued and multiscalar analysis of the German 'internation,' focusing on the dialectical relations between internationalizing forces and 'societal effects' at the local level, refracted through relatively durable 'metatraditions' or political-economic cultures. This complex rendering of a path-dependency argument evokes the metaphor of the Ho Chi Minh Trail as a means of illustrating the intersecting pathways and routing options characteristic of Germany's long-run development trajectory. In this scale-sensitive account of evolutionary institutional change, the interplay between 'international incursion and local assertion' produces an historically and geographically uneven 'layering' of social space, institutional landscapes reflecting the 'recombination of internationally and locally given practices' (Campbell, 2007: 3; Sorge, 2005). Likewise, an important development associated with the work of Kathleen Thelen, in particular, is the development of more dynamic conceptions of institutional change, better able to handle the differentiated form and outcomes of ostensibly 'common' challenges to national capitalisms like (neo)liberalization (Streeck and Thelen, 2005; Hall and Thelen, 2006). This calls attention to the need to transcend 'tendenc[ies] in the literature to understate the extent of change, or alternatively to code all observed changes as minor adaptive adjustments to altered circumstances in the service of continuous reproduction of existing systems' (Streeck and Thelen, 2005: 1). Some of these critical and autocritical turns we pick up in the following economic-geographical reassessment of the varieties approach.

III After variety

In the space of a decade and a half, the varieties-of-capitalism approach has generated a rich body of comparative institutional research, much of which has been theoretically generative and methodologically innovative. The work of advocates, interlocutors, and even critics of the approach has helped to reposition some of the long-established concerns of political economy – with the underlying causes of economic growth and crisis, with the relationship between economic development and social equity, with the dynamics of comparative advantage and competitive transformation, with the nature of economic evolution and institutional regulation – in the mainstream of social-scientific inquiry. Moreover, this has been achieved in the context of a particular sensitivity to institutional and social specificity, the path-dependent nature of political-economic change, and measured skepticism concerning one-best-way policy advocacy and unidirectional globalism. A conspicuous achievement of the varieties school, in this context, has been the defense and indeed enervation of arguments around the *socially and spatially differentiated character* of actually existing capitalist formations, and the roles of social choice and institutional agency in guiding and sustaining these systems, all of which has been achieved against the less-than-supportive backdrop of American economic triumphalism, the ascendancy of globalization as a strong discourse, and the progressive deepening of neoliberalization. In stoutly defending the contention that 'institutions matter,' and that they matter in systematic and sustained ways, this literature has been something of a fly in the ointment for flat-earth visions of globalized, turbo-capitalism (see Friedman, 2005), advancing both normative and analytical arguments around viable *alternatives* to the free-market pathway. What began as a muted celebration of the German and Japanese models has matured into robust assertions of alternative pathways, logics, and rationalities of capitalist development, explicated through rigorous, comparative analysis.

These nontrivial achievements are reflected in the prominent place that the varieties-of-capitalism approach has rapidly achieved within the wider research programs of institutional economics, historical sociology, and comparative political economy. It is also important to recognize, however, that serious limitations and distortions have also followed from the manner in which capitalist variety is conceptualized in this literature. In some respects, the project's strengths can all too easily flip over into weaknesses. Its location on the borderlands of Polanyian sociology, institutional economics, and rational-choice political science, for example, has enabled some degree of interdisciplinary dialogue, but it has also meant that the project's theoretical foundations have remained unstable, contested, and eclectic. The laudable attempt to explore how economic behaviors are variously embedded in, and constituted through, institutional relations has given license, in some cases, to excessively narrow, firm-centric, and rational-action models of variation. Its generally productive concern with institutional logics and rationalities can bleed off into implicit functionalism and fetishism, when such superstructural phenomena are afforded exaggerated normative and explanatory weight. The holistic treatment of institutional ensembles is analytically demanding, but it can also generate false impressions of coherence and complementarity. Its welcome recognition of geographical variability in capitalist systems, and in their institutional regulation, is marred by a pervasive tendency to methodological nationalism and spatial archetyping, in which the coherence of national regulatory configurations is presumed rather than demonstrated. Its understandable concern to identify and validate alternatives to American-style liberal capitalism rather perversely raises this very model, *qua* model, to the status of fundamental analytical pivot and normative foil, while conferring perhaps unrealistic levels of coherence on the conglomeration of alternatives, which coalesce into a singular 'coordinated model,' when viewed in this idealized mirror. Its resort to analytical binaries like market/nonmarket and liberal/coordinated capitalisms likewise can be credited, on the one hand, with legitimating heterodox and more socially regulated alternatives, but on the other hand has the effect of shoring up some of the very categories of orthodox analysis – particularly the normative standard of the liberalized, deregulated market – that otherwise the project seeks to transcend. Its inclination not only to recognize, but to crisply systematize, capitalist variety across space has been conceptually productive, but has tended to yield increasingly parsimonious taxonomies, rather than causal analysis, thereby also narrowing the spectrum of economic variation to a single, privileged continuum of difference internal to the advanced capitalism of the Northern Hemisphere. Its appropriate skepticism concerning convergence arguments often takes on an exaggerated, reactive form, in a principled (but weakly substantiated) insistence on necessary divergence. And its programmatic and sometimes instinctive recognition of institutional resiliency and strong path dependency can lead to the radical underestimation of transformative and path-altering change.

So, while the varieties-of-capitalism project can be said to have opened up distinctively new analytical, and perhaps political, opportunities, representing as it does one of the more prominent dissenting narratives in a climate generally more inclined toward global convergence arguments, at the same time there are some serious open questions about whether this is an appropriate way to comprehend economic variegation. Taking some limitations of the varieties approach as its starting points, the remainder of this section considers some of the ways in which these might be transcended, in the service of a more nuanced conceptualization of the geography of advanced capitalism. Three themes are taken up in detail: first, the implications of the kind of ideal-typical reasoning deployed in the varieties literature are examined; second, we turn to the question of institutional change and problems of dynamizing varieties accounts; and third, we consider the rise of neoliberalism and the awkward issue of potential convergence in models of capitalism.

1 Less than ideal types

There is some irony in the commonplace association of the varieties approach with the argument that 'institutions matter' in the functioning of advanced capitalist economies. It is undeniably true that the CME model is saturated with, indeed defined by, institutional relations, structures, and effects. The model is predicated on the concept of 'non-market coordination,' which is achieved through a range of institutional means (including networks, governmental regulation, social bargaining), but the recourse to institutional 'solutions' is its defining feature. This is the Polanyian face of the varieties approach: markets are deeply embedded in institutional and social relations, such that adequate explanations of, say, the structure of corporate financing or labor-market dynamics must necessarily take serious account of institutional logics. 'These non-market modes of coordination,' write Hall and Soskice (2001a: 8), 'generally entail more extensive relational or incomplete contracting, network monitoring based on the exchange of private information inside networks, and more reliance on collaborative, as opposed to competitive, relationships to build the competencies of the firm.'

Problems begin to arise, however, when one moves to the liberal end of this continuum. If the CME model represents a stylized description of the actually existing economies of countries like Germany, Japan, and the Netherlands, the LME model is a curious hybrid of neoclassical economic theory and a correspondingly idealized form of American capitalism. In LMEs, 'firms rely more heavily on market relations to solve coordination problems,' in a context in which – conveniently – 'competitive markets are more robust' (Hall and Soskice, 2001a: 27). Here, markets are 'fluid' and they are characterized by 'high levels of transparency,' and this market-like behavior, in turn, produces 'equilibrium outcomes dictated primarily by relative prices, market signals, and familiar marginalist considerations' (Hall and Gingerich, 2004: 7–8). While the (quite appropriate) disclaimer that 'markets are institutions' continues to be issued (Hall and Soskice, 2001a: 9), it would seem on this reading that some markets are more embedded than others; that institutional regulation varies in intensity, not just in kind; that markets can work in a more fluid and less mediated way in some places than others; that some economies are less institutionally cluttered than others. The USA is therefore anointed as the locus of pristine market relations, the place where orthodox textbook conditions prevail and competitive systems work under their own steam, without heavy-handed regulation: 'Market coordination,' the defining characteristic of LMEs, 'is a familiar concept in neo-classical economics,' one that apparently requires little further elaboration, while the earthly manifestation of these conditions is found in the 'typical liberal market economy,' the USA (Hall and Gingerich, 2004: 8).

Not only does this conception recycle the bad abstraction of the disembedded, self-regulating market, it compounds this problem by characterizing the coordinated or unAmerican economies as a composite 'other' to this questionable theoretical construction, as the repository of all of advanced capitalism's least market-like phenomena, and as the sphere of uncompetitive acts like networking, intervention, negotiation, and so forth. Far from dethroning those market-centric conceptions of economy that occupy such a central role in the analytical framework of orthodox economics and in discourses of neoliberal globalism, the varieties approach runs the risk of reinscribing the very same flawed construction. In seeking to substantiate a definition of a singular, unAmerican form of capitalism, the varieties approach effectively reifies the market while also idealizing American capitalism. Processes of institutional coordination are then defined, at least in part, in this mirror, with the result that refined versions of the LME/CME continuum begin to resemble quite orthodox conceptions of more/less market or more/less intervention. If one pole is, in effect, a pseudo-concrete rendering of the free market, the other is a decidedly chaotic conglomeration: 'does it really make sense,' Pontusson (2005b: 167) rhetorically asks, 'to treat Japan as a variant of the same political-economy type as Germany and Sweden?'

Moreover, the presupposition of analytical and normative parity is inconsistent with the claim that some models of capitalism may be more equal (to the challenges of these globalizing times) than others. Yet even as varieties advocates reassert the principle of equivalence, the incommensurate elements in their own formulations tend repeatedly to resurface – with the market typically appearing more unified and coherent, while institutional coordination seems in comparison to be contingent, variable, and exceptional. Ascendant 'forces' and common threats tend to be associated with markets, while inherited institutional regimes often seem idiosyncratic and vulnerable. Hall and Soskice (2001a: 33–34) make a point of highlighting 'variation in coordinated market economies,' for example between the German approach of industry-based coordination and the group-based method that is characteristic of South Korea and Japan, yet they see less reason to explore variations on the liberal market model '[b]ecause market institutions are better known.'

Even while seeking to validate an alternative to this model, then, the varieties approach tends to confer a misleading coherence on an idealized reading of American capitalism which, in turn, is elided with the market, market coordination, and market capitalism. To be certain, any adequate account of contemporary capitalist variegation must deal centrally with the US case, but to sequester this concrete case with a series of ideologically laden neoclassical precepts is to establish a quite inappropriate Archemedian point around which to theorize variety. The problem of market essentialism (see Barber, 1995; Lie, 1997) is hardly resolved by placing a utilitarian abstraction of the market at one end of a continuum, with a chaotic conception of 'nonmarket coordination' at the other end, since this separates the very elements that must be (problematically) *combined* in any actually existing capitalist or 'market' system. While markets, of varying kinds, are invariably constitutive elements of such systems, their inability to function autonomously, in disembedded form, calls attention to their *necessary* articulation with coexistent social, institutional, and political structures. In fact, actually existing American capitalism is arguably no less reliant on extraeconomic conditions and 'flanking' institutions – including, most conspicuously, the country's unique geopolitical position, its distended prison system, and its massive defense sector – than its ostensibly 'more regulated' European cousins.[7] On the other hand, German capitalism may also be diverging from the stylized model of the CME, as German employers increasingly defect from the very institutions that define the model (Thelen, 2001; Allen, 2004). Given its status as 'the quintessential CME,' Blyth (2003: 219) asks, what happens 'if Germany itself is no longer Germany?'

The (necessary, yet interdeterminate) blending of the economic and the extra-economic within different 'local' formations of capitalism is not adequately captured in the kind of bipolar model that positions a 'pure' economy at one extreme. This artificial construction is, in effect, a Ricardian 'either/or world' (Watson, 2003). In fact, the principles of distinction are more appropriately conceived in terms of *qualitative variegation* than quantitative variation (more or less market), as is suggested, for example, in Hodgson's (1984; 1995) invocation of the 'impurity principle' to denote the messy institutional hybridity of capitalist development, or the regulationist analysis of 'structural couplings' between distinctive patterns of accumulation and diverse modes of social regulation (Jessop and Sum, 2006). The varieties literature has made the case that economic coordination represents a 'key dimension of difference' between national capitalisms (Goodin, 2003), but it must be recalled that these are differences in form, not degree. Correspondingly, national economies are not simply engaged in a kind of unidimensional, neoRicardian regime competition, played out on a level playing field; the complex historical trajectories that they display are both diachronic and mutually interpenetrating – they are a product of *joint* evolution. As Boyer (2000: 293) puts it, 'capitalism develops more in a spiral, never passing the same point twice.'

2 Dynamizing variety

The search for national-level differences in modes of economic coordination, which has been the principal preoccupation in the varieties literature, has usefully focused attention on linkages and complementarities between spheres of coordination within national economies. Rather than conceiving spheres of economic coordination (eg, systems of corporate governance, industrial relations, and vocational training) as entirely autonomous institutional realms, the varieties school calls attention to their 'supermodular' interconnections and logics. For example, much is made of the ways in which the 'German model' is predicated on patient capital in financial markets which in turn fosters a longer term perspective on the part of employers. This enables a collectivist orientation among these employers (which is expressed and achieved through 'nonmarket' institutions), undergirding coordinated wage formation, reducing employee poaching, and aiding long-run skills development (see Thelen, 2001; Vitols, 2001). The resultant regime of corporate governance makes product and process innovation a priority, holding in check any tendency toward cut-throat price competition in key national industries. In short, the German model is lauded not simply for its competitive superiority in leading sectors, but as much for its distinctive institutional architecture.

Such stylized portrayals of 'established' national institutional-economic systems are hallmarks of the varieties school. But how do these deeply embedded and closely interwoven institutional matrices respond to change? Hall and Soskice, for their part, invoke the concept of general equilibrium: conditions of institutional stability will prevail, absent an external shock that disrupts the established order. 'Institutional complementarities should play an important, if ambiguous, role in … processes of adjustment,' they explain, raising the 'prospect that institutional reform in one sphere of the economy could snowball into changes in other spheres' (Hall and Soskice, 2001a: 63–64). Under conditions of general equilibrium, economic actors (firms, to be more precise) will 'attempt to sustain or restore the forms of coordination on which their competitive advantages have been built' (Hall and Soskice, 2001a: 63). The analysis here rests on a punctuated equilibrium model in which extended periods of stability are unsettled only by shocks from 'outside' the economic system, setting in motion adjustment process that culminate in the restoration of equilibrium. According to Hall and Soskice,

> national economies [are] systems that often experience external shocks emanating from a world economy in which technologies, products, and tastes change continuously. These shocks will often unsettle the equilibria on which economic actors have been coordinating and challenge the existing practices of firms. We expect firms to respond with efforts to modify their practices so as to sustain their competitive advantages, including institutional advantages. Thus, much of the adjustment process will be oriented to the institutional recreation of comparative advantage. (2001a: 62–63)

While the notion of institutional complementarity usefully focuses attention on the conjoint effects of institutional systems, restraining the common tendency to extrapolate from single institutional or policy domains, it is nevertheless essential that this quality of cross-institutional cohesion is demonstrated empirically. It certainly should not be taken as an article of theoretical faith. Yet Amable (2003: 55, 54) flatly states that, 'Institutions affecting one area of the economy will have consequences beyond that particular area, if only because of general equilibrium effects,' anticipating in a circular fashion that institutions should 'be "coherent" with one another … otherwise they would not constitute an equilibrium.' Likewise, Hall and Soskice's strong claims about institutional complementarity lead them not only to assume that harmonious clustering is normal, but that eclectic institutional mixing is economically dysfunctional – the fish *or* foul scenario. In reality, however, there remain several perplexingly 'mixed' cases, which expose such simplifying assumptions for what they are (see Schmidt, 2002; Jackson and Deeg, 2006).

To assume, rather than demonstrate, equilibrium is problematic for other reasons. Mere inertia may be mistaken for equilibrium, consequently generating misplaced expectations of institutional durability. This form of theoretically induced complacency is only compounded by the tendency to comprehend institutional change in binary terms. In another manifestation of the either/or world, it would seem that there can only be steady-states (with incremental, stabilizing, and reinforcing change) or systemic change (following radical, disruptive, and crisis-inducing shocks). But this misses entire registers of (potentially significant) institutional change, including cumulative transformation and experimentation. Binary, system-centric conceptions of institutional change also underestimate the extent to which institutional regimes are hierarchically organized, given that some institutional fields are likely more important than others, as initiators or exemplars of reform dynamics. This is now being actively debated inside the varieties project. Streeck and Thelen (2005: 7, 4), for example, take Hall and Soskice to task for 'ignoring the possibility of endogenously generated change that is more than just adaptive,' particularly in light of the fact that 'an essential and defining characteristic of the ongoing worldwide liberalization of advanced political economies is that it evolves in the form of gradual change that takes place within, and is conditioned and constrained by, the very same postwar institutions that it is reforming or even dissolving.' Analyses of capitalist variety that underplay incremental-yet-transformative change run the risk of misinterpreting the extent and scope of non-adaptive, incremental adjustments that can fundamentally alter the underlying logics and performance of institutions (see Pierson, 1994; 2004).

The politics of institutional defense and transformation are also decisively shaped by power relations. Hall and Soskice (2001a: 65) gesture in this direction when they observe that 'new equilibria [are] found through processes of negotiation and compromise. The process of adjustment may well entail a period of conflict and suboptimal outcomes, as each side tests the power and resolve of the other.' Hall and Thelen (2006) also acknowledge that coordination through institutions is a political problem. But these arguments ultimately rest on limited, quasi-neoclassical conceptions of power: the problem of imperfect information confounds even the most determined coordination efforts. The political struggle that ensues is a product of the restless search amongst actors for institutional arrangements that most efficiently serve their interests. The resultant 'politics of institutional stability' involves rational agents engaging in 'continuous experimentation, as the relevant actors test the limits of what others will deem acceptable behavior, seek new information about their partners, assess the effects of alternative courses of action, and consider how severely defection from institutionally sanctioned patterns of behavior will be punished' (Hall and Thelen, 2006: 10). The assumptions of neoclassical economics are clear in the logic of these arguments. Absent the availability of Pareto-improving alternatives, system stability remains unchallenged, its inherent efficiencies serving to shore up the status quo. Amable also tends to portray institutions as equilibrium solutions, though in this case there is more emphasis on political contestation and compromise. Recognizing that institutional arrangements do not necessarily represent 'optimal solutions to a given problem,' but instead reflect 'compromise[s] resulting from the social conflict originating from the heterogeneity of interests among agents' (2003: 10), he argues that

> institutions are not primarily designed to solve coordination problems between equal agents with similar interests, but to solve conflict among unequal actors with divergent interests. (Amable, 2003: 10)

Powerful actors and blocs may be able to mobilize sufficient resources to impose or defend an institutional order, even when the outcomes of these arrangements are suboptimal, inefficient, and inegalitarian. Exalting such arrangements as (necessarily) 'efficient' radically underestimates the contentious politics and power plays that invariably accompany institution building and maintenance. Moreover, the ongoing processes of trial-and-error searching and political conflict sit awkwardly with the notion of equilibrium. Varying degrees of institutional discordance and disequilibrium are much more commonplace than many varieties scholars seem prepared to concede.

Equilibrium notions also pervade the categories used to typologize national economies, which strongly imply long-run stability and internal coherence. Such conceptions underplay the dynamic nature of modes of economic coordination within these models and they take insufficient account of the fact that the same institutional 'shell' can be used for different purposes. (The example of corporatist institutions being retasked around neoliberal goals is a well-known example.) As a result, 'a national system may "appear" stable due to the persistence of formal institutional differences, but still undergo functional change that alters the "logic" or complementarities behind the model' (Deeg and Jackson, 2007: 9). A key strength of varieties-style analysis therefore turns out also to be a weakness: the concepts of complementarity and coordination are analytically demanding, setting the bar high for institutionally oriented forms of explanation, but the strong focus on national, system-wide changes and the preference for dual equilibrium modeling tends to narrow the field of vision. Some forms of institutional change barely even register, while others are reduced to unthreatening noise within reassuringly equilibrating systems. Deeg and Jackson's sympathetic critique concludes that the analytical routines inherited from the varieties school are too static, while they also fail to capture important forms of contemporary institutional change that are occurring outwith the national-system optic:

> [I]mportant limits have been reached to the notion of national varieties of capitalism as institutionally complete, coherent and complementary sets of institutions, which achieve and maintain stable sets of characteristics. A growing wealth of empirical literature has shown that national forms of capitalism to be more institutionally fragmented, internally diverse and display greater 'plasticity' with regard to the combinations of institutional forms and functions. These trends are not entirely new, but their implications have not been fully taken on board within existing theoretical frameworks. (2007: 9)

The elephant in the room here is the recent wave of neoliberal reforms, which in a perplexing sense exist *simultaneously* as a set of 'internal' characteristics both of the liberal model and of key multilateral institutions; as an 'offshore' threat to, and internal undercurrent within, coordinated capitalist systems; and as the prevailing 'rules of the game,' structuring relations between national models. The neoliberal ascendancy – and for good and ill, concepts of neoliberalism seem to pervade contemporary discussions of institutional change – represents a serious challenge to the varieties framework, since it raises a number of heretical prospects: might institutional equilibria at the liberal pole of the continuum be more robust than those at the coordinated market end, might one form of capitalism be 'winning,' might an incipient form of 'contingent convergence' be underway?

3 Neoliberal convergence?

Since its inception, the varieties approach has been centrally preoccupied with the threat of neoliberalism – or 'neo-Americanism,' as Albert (1991) characterized it. Initially, the tone was a confident one, since the normative preference for coordinated, Euro-Japanese strategies was apparently being validated by patterns of national economic growth. But as the US and British economies surged in the 1990s, while Germany and Japan faltered, the tables were turned. The coordinated models, having been praised for their socio-economic sustainability, were now under siege; the threat of neoliberal institutional degradation was a real and present one. And now, even the strategy of placing LMEs and CMEs on an equal analytical footing smacked of normative wish-fulfillment, if not political-economic nostalgia. Increasingly, varieties analysts will acknowledge that a generalized and concerted trend toward neoliberalization is in evidence, with marked consequences for the coordinated economies in particular, while continuing to point to the *relative resilience* of national models, the often-incremental nature of institutional change, and continued variability in economic outcomes (Hall and Thelen, 2006).

The varieties literature is now grappling explicitly with the substantive and analytical challenges presented by the reality that, first, the prevailing pattern of institutional change, across multiple cases and in the international domain, is for various kinds of 'move to the market,' and second, that neoliberalization represents a disproportionate threat to the trust-based CMEs. This argument has been pressed most forcefully by Robert Goodin, in an extension of the rationalistic logic of recent varieties writing:

> [T]he relationships of trust that are so central to the CME way of organizing an economy are hard to build and easy to destroy [which] explains why CMEs are always at risk, in ways that LMEs are not. That explains why countries in the middle ground between a CME and a LME should naturally be expected to slide in the LME direction: each pole is equally rewarding, economically, but the polar LME model can be achieved and start paying economic dividends much more quickly... The logic underlying the *Varieties of Capitalism* project seems to suggest that CMEs are naturally doomed to extinction, and LMEs ultimately to prevail. That is so, not because LMEs necessarily yield better outcomes, but merely because CMEs are highly sensitive to disruption in ways that LMEs are not. (2003: 211–12)

Hall and Soskice (2003: 243), for their part, find this 'a striking and neo-Darwinian conclusion,' loosening their rational-choice position to argue that efficiency considerations alone are unlikely to drive institutional change – politics still matters. They concede, however, that the logic of the varieties approach may indeed suggest 'a long-term historical bias leaning in the direction of liberalization,' countering somewhat defensively that CMEs 'are not as fragile as many suppose' (Hall and Soskice, 2003: 245). This is a familiar formulation in varieties circles, positing the relative robustness of inherited institutional ensembles in the face of ostensibly more dynamic (if generally destructive) contemporary institutional challenges: like sand castles on King Canute's beach, the CMEs should be capable of withstanding waves of neoliberalization by virtue of their solid foundations. Yet the sobering conclusion of Streeck and Yamamura's (2001) historical analysis of the origins of 'nonliberal capitalism' is that even though the unique kinds of state capacities found in Japan and Germany have deep-rooted political preconditions, these face the prospect of 'permanent dismantling' by way of gradual 'liberal erosion' (see also Howell, 2003; Yamamura and Streeck, 2003).

To rework the oceanographic metaphor, the rising tide of neoliberalism could actually sink some of the best-engineered boats, whose sluggish steering is ill-suited to navigating such choppy waters. Hall and Thelen (2006: 25) do not deny that the tide may have turned, but they take issue with the concept of (neo)-liberalization, since the 'crudeness of this category obscures more than it clarifies.' They raise three objections. First, neoliberalization is a multidimensional process – comprising an array of specific reforms like privatization, welfare retrenchment, labor-market 'deregulation,' financial liberalization, and so on – not all of which necessarily accompany one another in every instance. As a result, the concept of neoliberalization needs to be 'disaggregated.' Second, even specific reform measures, such as the adoption of international accounting standards or the empowerment of minority shareholders, are associated with not a singular outcome but a range of effects. And third, the impact of neoliberal reforms will be shaped by the wider institutional environment and its associated interaction effects. 'Even when the analysis refers to identical institutional reforms, to speak as if they will have identical effects in all nations is misleading' (Hall and Thelen, 2006: 27).

This, it must be said, is a rather convenient caricature of neoliberalism. It recalls Hirst and Thompson's (1996) straw-man critique of globalization *as if it were* a unified, totalizing, end-stage phenomenon. Such overdrawn, monolithic conceptions of globalism and neoliberalism are easily dismissed, merely by pointing to exceptions and inconsistencies. But process-based conceptions – sensitive to conjuncture, contingency, and contradiction – are less vulnerable to such blunt critiques, since they are explicitly concerned with the manner in which (partially realized) causal processes generate uneven and divergent outcomes (see Dicken *et al*., 1997). Likewise, concepts of neoliberalization that variously call attention, *inter alia*, to its historical and geographical specificities; its often-contradictory discursive and governmental moments; its context-specific yet interconnected form; its plasticity, polymorphism, and porosity; its capacity for creative adjustment in the face of internal limits and contradictions; its crisis-driven and hybrid character are difficult to reconcile with the flat-footed, flat-earth rendering invoked by Hall and Thelen.[8] Certainly, one would not want to presuppose high degrees of monolithic unity in the project/process of neoliberalization, which is always provisional and partial, in comparison to the all-or-nothing caricature presented by Hall and Thelen. Neither would one anticipate one-to-one, functional correspondences between policy interventions and outcomes, since these are always mediated and contingent. It is inescapably true, of course, that adequate, operational conceptions of neoliberalism are necessary, if the term is to be used in the critical analysis of institutional change. Yet it may be more, not less, difficult to visualize this process through the varieties optic, since this tends either to sequester neoliberal impulses *within* the LME model, placing them at one end of a singular analytical spectrum, with an ostensibly nonliberal 'other' at the opposite pole, or to position them as extraterrestrial, *offshore* threats. Pontusson makes a parallel point about the treatment of globalization by varieties scholars:

> the crucial issue about 'globalization' becomes whether or not the CMEs are becoming more like the LMEs as a result of increased trade, intensified international competition and capital mobility. This formulation misses the question of whether or not globalization has had effects, in terms of government policies or economic outcomes, that can be observed in LMEs as well as CMEs, but do not entail institutional convergence between LMEs and CMEs. As political economists, we ought to be interested in explaining common trends as well as cross-national differences … [but] not only does the [varieties] approach fail to account for these common trends, it directs our attention away from them. (2005a: 166)

Regulationist-inspired conceptions of capitalist variation tend to be less constrained in their handling of the process of neoliberalization. Boyer (2000: 274, 302), for example, declares *both* a programmatic concern to 'unsettle [the] deceptive unanimity' of neoliberal fatalism/triumphalism, through the searching analysis of crisis, contradiction, and nascent alternatives, together with a worldly recognition that 'bad *régulations* are driving out good,' by virtue of the apparent short-term compatibility of neoliberal institutional forms with transnationalizing, financializing capitalism. Future maps of capitalism, it follows, will be shaped by complex forms of dynamic transformation, mutual adaptation, and crisis-driven change, such that even common pressures will (continue to) produce diverse outcomes. Reducing this process to an either/or choice between liberal and coordinated capitalism runs the risk both of misconstruing the processes of change and reducing/polarizing the set of future options (see Howell, 2003; Deeg and Jackson, 2007). Visualizing complex, polycentric transformations through a monochromatic lens will therefore result in distorted images of the future.

This said, it is necessary to acknowledge the structural complementarities, connecting threads, commonalities, and family resemblances in neoliberal restructuring programs, even as one remains critically attentive to the variability of the attendant outcomes. Demonstrating non-convergence in economic and institutional outcomes is no refutation of the presence of neoliberalizing tendencies. Even deep neoliberalization should not be expected to produce simple convergence (Peck, 2004; Sparke, 2006). Hay (2004: 232) notes that in the varieties debate the 'identification of common reform trajectories is invariably conflated with convergence,' proposing instead a sophisticated conception of contingent transformation consistent with the expectation that 'common trajectories (such as those associated with neoliberalism) implemented more or less enthusiastically and at variable paces [will] result in divergent and convergent outcomes.'

Finally, there is the question of scale. Here, the monoscalarity of the varieties of capitalism approach again emerges as a serious obstacle, since this tends to privilege the notion of a 'smoothly functioning, self-adjusting political economy' operating at the national scale (Howell, 2003:112), while processes of change are seen to reverberate through these relatively cohesive national systems in ways that further accentuate national differences (Jackson and Deeg, 2006). Such static conceptions stand in various degrees of tension with those approaches that emphasize the far-reaching 'rescaling' of contemporary political economic relations and state forms, which amongst other things is fostering new connections and relays between increasingly incomplete and porous national 'systems,' spawning 'models within models' at the local scale and network-style 'models between models' in translocal space, while generating new forms of externally-oriented adaptation, learning, and hybridity.[9] Approaches that reify the 'cages' of distinctive national institutional systems and which go as far as to confer on these self-sustaining, equilibrating tendencies, are therefore likely to be inattentive to *new forms* of capitalist variety, realized at different scales and across different registers (see Strange, 1997). The tendential 'ecological dominance' of neoliberal restructuring strategies is a case in point (Jessop, 2000), since these have profoundly disrupted inherited scalar hierarchies, while setting in train new rounds of creative institutional destruction across multiple scales (Brenner *et al*., 2005). Of course, neoliberalization will not mean the death of variety, but it certainly represents a profound challenge to *old forms* of institutional variety.

IV Economic geographies of variegated capitalism?

Economic geography and the varieties school ought to have plenty to say to one another. But the conversation between the two fields is a conversation waiting to happen. In some respects, there may have been a basic lack of 'fit' between the two research programs, though in principle a closer engagement might yield benefits in both directions. To briefly recap the affinities, there is a shared sense that 'institutions matter;' there is a mutual interest in various branches of heterodox economics and in the development of 'mid-level' theories; and there is an overlapping concern with the spatial variability of economies in general and economic governance in particular. But analytical norms vary quite significantly in other ways. While the varieties school practically fetishizes the national scale, and the cluster of formal institutions that are anchored at that scale, economic geographers have been more inclined to pursue various forms of multiscalar analysis. The varieties project has been quite explicitly programmatic in nature, doggedly pursuing (and refining) a core set of propositions, while in contrast the 'new economic geographies,' as the name suggests, have tended to be proliferative. International comparative research is, in effect, the methodological modus operandi of the varieties program, but remains rather surprisingly rare in economic geography. In much of the varieties literature, a premium is placed on parsimonious analysis, crisply summarizing 'essential' sources of geographic difference; meanwhile, economic geographers tend to opt for contextually rich forms of documentation and explanation, adopting a relatively open and permissive attitude to claims concerning the causes and consequences of spatial differentiation. While the former is rigorously focused on the demonstration of geographical differentiation within a single register (that of the national institutional spaces of advanced capitalism), amongst the latter, spatial variegation is problematized across multiple registers, even if in many cases the *fact* of that variegation seems almost to be accepted as an article of faith. And while the ontological status of *national-economy* is accepted as more or less given in varieties scholarship, this is problematized quite explicitly in economic geography, where the spaces and scales that are constructed by circuits of value and regimes of valuation are no longer assumed to be pregiven.

Varieties scholars are much more inclined to deal with 'big geographies.' They have found considerable utility in the rather generalized construct of national capitalism, being content to 'live with' quite high degrees of variability at the regional or industry-sectoral level. Economic geographers seem more inclined, in contrast, to deconstruct, disaggregate, or even dismiss national 'models' as overgeneralized archetypes, opting instead to work closer to the ground – at the subnational scale or through transnational networks. And the varieties school's penchant for 'big picture,' structural forms of analysis, spanning multiple institutional domains, contrasts with economic geography's concern with more 'grounded,' if not localized, specificities of economic relations and formations, revealed through close-focus analyses of 'singular' phenomena like networks, institutions, sectors, and discourses, rather than macro scale systems, conjunctures, or ensembles.

A few exceptions can perhaps serve to illustrate these very broadly generalized 'rules,' while also pointing to zones of potential connection between the two fields. On the varieties side, there is now a range of contributions that draw the project into proximity with recent work in economic geography. Crouch's (2005) analysis of 'compound governance' in California, for example, is concerned with the detailed operation of specific governance mechanisms at the subnational level, moving away from what are characterized as merely typological 'national systems' approaches. Sorge (2005) also delves into cross-scalar analysis, demonstrating some of the ways in which internationalization is produced through the conjoint effects of local actions, mediated through path-dependent 'metatraditions' at the national level. And these and other varieties authors are beginning to highlight the ways in which successive rounds of institutional reinvention are layered upon one another, resulting in place-specific 'recombinant' formations with distinctive properties (see Stark and Bruszt, 2001; Streeck and Thelen, 2005). On the economic geography side, a number of somewhat-atypical interventions reveal what can be achieved close to the border with the varieties project. Christopherson's (2002) study of the nexus of labor-market regulation and corporate investment rules represents a sophisticated excursion into 'multi-institutional' analysis, applied cross-nationally. Similarly, Gertler's work has also deployed transAtlantic comparison to great effect, locating processes of technological adoption and adaptation at the workplace scale within prevailing 'national' patterns (and trajectories) of innovation policy, labor regulation, and corporate governance (2004; Rutherford and Gertler, 2002; Bathelt and Gertler, 2005). And Dunford's (2005) regulationist-style investigation of macroeconomic performance and regimes of sociospatial inequality across the 'old' and 'new' Europe and the USA demonstrates what can be accomplished through the theoretically informed analysis of aggregate datasets.

Economic geographers have, broadly speaking, been on the same side as varieties scholars in globalization debates – emphasizing continuing geographical variability, refuting market teleology, cataloguing resilient institutional forms at the local and national scales. So why have there not been more meaningful alliances between the two fields? For various reasons, macroeconomic transformations have received less attention from economic geographers in recent years; another factor, perhaps, in their apparent lack of traction in globalization debates (Dicken, 2004). The broad formulations and bold claims of varieties scholars have certainly been more visible in these debates, it must be said, though there is more than a hint of defensiveness in their repeated assertions of the role of institutional resilience and the continuing integrity of national capitalisms. Economic geographers are arguably more attuned to the complex array of multiscalar transformations that have been associated with 'globalization' processes (see Dicken *et al.*, 1997; Amin, 2002; 2004; Sparke, 2006; Dicken, 2007), and they are surely no less critical of end-stage conceptions of global convergence. But a case can also be made, in this context, that *both* fields could benefit from a more explicit engagement with processes of combined and uneven development (cf. Hart, 2002; Harvey, 2006). From the varieties side of the debate, Howell has argued that

> The [Hall and Soskice] approach … is middle-level theorizing at its best, but, in the absence of an articulation with theorizing about the uneven and interdependent development of national capitalisms and the contradictory elements, crisis tendencies, and propensity for perpetual reinvention within capitalist economies, the danger for institutionalist analysis is always that it will become too static, able to explain stability but not rupture, and will render invisible the exercise of class power that underlies coordination and equilibrium in the political economy. Recognizing that the economy in which transactions are being coordinated is capitalist and that the actors whose actions are being coordinated are class actors goes a long way to restoring dynamism, conflict and power to the center of comparative political economy. What is required, in other words, is not simply an institutional theory, but an institutional theory of capitalism. The intellectual promise of the varieties of capitalism approach opens up exciting new research agendas. The next step is to place its distinctive institutional analysis within a wider theoretical framework that incorporates historical trajectories, class relationships, and the development of capitalism as a global system. (2003: 122)

What is called for, one might otherwise say, is a nuanced analysis of the temporality *and spatiality* of capitalist development, on the face of it one of economic geography's bread-and-butter concerns. Long skeptical of descriptive labeling and typologizing approaches to capitalist development, and reluctant to sequester causal processes to particular scales or locales, economic geographers might indeed be well-placed to help make sense of the kinds of relationally combined, multiscalar hybrid forms of restructuring that tend to confound formalized, system-centric analyses. This means moving beyond the routine pluralization of capitalism, and the alternating proliferation and pruning of a reified set of 'models,' to probe the principles, sources and dimensions of *capitalist variegation*, understood as a more explicitly 'relational' conception of variety. In other words, it means coming to terms with the causes and forms of capitalism's dynamic polymorphism.

Different strands of the varieties school, have, to be sure, found 'analytical leverage in taking the diversity of capitalisms as an object of study and comparing *capitalisms* vis-a-vis each other' (Stark and Bruszt, 2001: 1131), while problematizing various 'recombinant' forms of capitalist governance and growth (Crouch, 2005). In doing so, they have suggestively placed institutions, and institutional ensembles, in the analytical foreground, often reading off relatively simple – patchwork or bipolar – geographies from their subsequent theoretically informed empirical investigations. The result has been a rudimentary geography of two-plus capitalisms, with a binary model defining the most parsimonious form of diversity and the maximum degree of variability apparently being set only by the number of national cases (see Crouch, 2005; Jackson and Deeg, 2006).[10] The more excessive forms of geographical reductionism trammel variety down to a dubious, unidimensional continuum – running more or less directly from Germany to the USA. Where should we locate China, India, and Brazil in this picture? And what do their modes of growth reveal, not only about the bandwidth of contemporary capitalist 'variety,' but also about the interpenetrating nature of capitalist development at the global scale?

Granted, the varieties project has been productive, and it has established some of the most suggestive stylized facts in the burgeoning field of heterodox economics. Yet it has barely scratched the surface of deeper forms of geographical differentiation and spatial dynamics, as they pertain to the transnational *combination* of modes of capitalist development. This calls for the calibration of connections, as well as the documentation of differences, in capitalist development paths. Reading differentiation primarily through the lens of (national) institutional coordination runs the risk of exaggerating and reifying some forms of geographical difference, while obfuscating threads of commonality and interdependence. Critical of the institutional fetishism in the varieties rubric, Burawoy (2001: 1103), for example, has questioned the tendency to privilege the 'diversity of *superstructural* manifestations of capitalism … rather than [explicating] an underlying diversity of economic forms of production and corresponding class relations.'

Hence the need to transcend the cataloguing and labeling of *variety* according to institutional criteria, to probe the meaningful forms of *variegation*. For while the varieties-of-capitalism 'literature has a great deal to say about "varieties", [it has] surprisingly little to say about "capitalism"' (Pontusson, 2005b: 164), since it tends to reify institutional differentiation, while dismissing evidence of systemic interdependence and contingent convergence on the misleading grounds that this represents nothing more than a backdoor form of structuralist monologism. Economic geography's acute analyses of local formations of capitalism have much to contribute here, though to date there has been very little dialogue around this part of the heterodox project. To do so would reciprocally challenge some of economic geography's long-established practices and stylized understandings. Even though it is by now a staple position that unprincipled declarations of local uniqueness are indefensible (cf. Massey, 1984; Scott and Storper, 1986) and even though the differentiated space economy remains one of the discipline's principal analytical objects (Clark, 1998; Hudson, 2001; Peck, 2005), the criteria for determining the scope and character of economic variegation across space have – perhaps surprisingly – not been subject to sustained interrogation in recent years. Indeed, despite now-routine invocations of 'multiscalarity,' there seems to be a growing reluctance explicitly to 'embed' analyses of localized economic practices within wider structural contexts, the gaze of economic geography having recently shifted toward mesoanalytical and microinstitutional questions (Peck, 2005).

This said, many of the analytical inclinations and commitments for what might be provisionally styled as a variegated capitalism approach are relatively well established in economic-geographical practice, even if these are hardly subjects of explicit consensus. Table 3 seeks to bring some of these to the surface, by way of a series of stylized contrasts with varieties-school positions. It must be acknowledged that the two 'projects' outlined here are not nearly as symmetrical as this device may make them seem. Not least, the varieties school – for all its eclecticism – tends to cohere around a number of programmatic concerns and shared problematics. Economic geography, in contrast, tends to be even more polyglot, and may even have entered a 'post-programmatic' phase. The place-holding label of variegated capitalism therefore attaches less to a self-conscious project than to a bundle of complementary practices and mutual orientations within the field of economic geography. It is, however, suggestive of an alternate, if somewhat inchoate, take on the question of capitalist variety, carrying implications for potential points of engagement with the varieties project itself. Certainly, there are some quite marked ontological and epistemological differences here, but there would seem to be the basis for a conversation around the shared concern with the spatial differentiation of contemporary capitalism.

So what's an economic geographer to do? How, in other words, might economic geographers answer Boyer's (2005b) question, 'How and why do capitalisms differ?' One could imagine ways in which sophisticated theoretical answers to this question might be formulated, drawing *inter alia* on some of the tools developed by economic geographers in the 1980s for the analysis of uneven spatial development (see Massey, 1984; Scott, 1988; Storper and Walker, 1989), and in subsequent engagements with regulation theory (see Lipietz, 1987; Storper and Scott, 1992; Brenner, 2004). Reflecting these lineages, economic geographers would tend to be skeptical of parsimonious and narrowly economistic forms of analysis found in more orthodox stripes of the varieties literature, opting instead for conjunctural and relational modes of explanation, with a strong institutionalist flavor. But the development of a 'positive' research program around questions of capitalist variegation has perhaps been impeded by the fact that economic geography has tended to engage with questions of uneven development and institutionalization sequentially, rather than conjointly: the institutional 'turn' followed, and was partly a reaction to, earlier (more structuralist) work on uneven spatial development. Subsequent institutionalist work has had more to say about factors endogenous to local and regional economies – what might be termed the problematic of 'local governance' – than it has about the relations *between* such economies, interlocal and international 'rules of the game,' and macroinstitutional ensembles. What we are lacking, in other words, are institutional theories of the uneven development of capitalism. We know, perhaps, where we might find them – in some form of three-way marriage between neoMarxist concepts of combined and uneven development, regulationist treatments of the geographies of accumulation and regulation, and Polanyian (rather than Granovetterian) notions of socio-institutional embeddedness. But, as yet, there remains considerable work to do in bringing these together.

To be sure, many of the constitutive fragments of such an approach have been circulating in economic geography for some time. It also resonates with several currents in the emerging projects of 'evolutionary economic geography' (see Boschma and Lambooy, 1999; Martin and Sunley, 2006; Rigby, 2007) and 'relational economic geography' (see Boggs and Rantisi, 2003; Yeung, 2005; Bathelt, 2006). This said, refining the emergent problematic of variegated capitalism would call for a much more concerted engagement with 'macroeconomic geographies' – more work of a 'holistic' nature, concerned with macroeconomic patterns and trajectories,

Table 3 Varieties of capitalism vs. variegated capitalism

	Varieties of capitalism	Variegated capitalism
Problematique	Understanding institutional variability among advanced capitalist economies	Explicating processes and forms of uneven development within, and beyond, late capitalism
Case study rationale	Comparative cases positioned relative to the privileged axis of LME ↔ CME	Individual cases selected according to their theoretically generative properties
Method	Tendency for parsimonious institutional political economy with strong rational-choice component; ideal-typical theorizing; reliance on secondary sources and game-theoretic procedures	Relatively ecumenical institutional/cultural political economy, elaborated through qualitative case studies; post-positivist theorizing; inclination to urban and regional analysis; rejection of methodological individualism
Privileged agents	Firms, business associations, and policy entrepreneurs	Agents generally afforded relatively weak analytical status, as bearers of prevailing modes of restructuring or nascent forms of resistance; agents embedded in constitutive network relations
Analytical gaze	Privileging of national institutional archetypes and relatively bounded national economies; emphasis on lead firms, dominant industries, and formal institutions	Emphasis on decisive moments of economic transformation and institutional restructuring; real-time analysis of regulatory projects and experiments in the organization of production; multi-scalarity
Temporal dynamics	Presumption of equilibrium within selected institutional fields (absent exogenous shocks); emphasis on relative stability, incremental change reinforcing institutional settlements, punctuated by occasional disruptions	Dynamic analysis, concern with endemic restructuring; presumption of disequilibrium and persistent crisis-proneness
Scalar dynamics	Methodological nationalism; presumption of high degrees of endogenous institutional coherence and a unified national-economic space; supermodularity registered at the national scale	Social construction and relativization of scale; potential for supermodularity and conjunctural effects at multiple spatial scales (eg, 'locality effects'); concern with multi-scalarity (eg, 'glocal' hybrids and cross-scalar networks)
Historical trajectory	Dual convergence or 'twin peaks'; static-comparative analysis of archetypal development models	Combined and uneven development; embrace of contingency; rejection of the necessity of either convergence or divergence; concern with path-shaping and path-altering change
Typical levels of abstraction	Micro-analytic accounts of firm behavior embedded within meso-level institutional architectures	Meso-analytic interpretations of relatively concrete institutional conjunctures located within unevenly developed (capitalist) system
Normative project	Defense of European- and Japanese-style social democracy and corporatist regimes; concern to explicate non-neoliberal modes of development	Revealing internal contradictions of neoliberal globalization; identification and promotion of alternative (and/or progressive) forms of local development.

longue-durée processes, the restructuring of institutional ensembles (including those at the level of the nation-state, one of economic geography's less fashionable scales of analysis), and with those 'big geographies' of capitalist restructuring. Crucially, this should involve *holding together* questions relating to the uneven development of capitalism and co-constitutive/co-evolving forms of institutional restructuring, for instance at the interface of neoliberalization and financialization. On the economic side of this agenda, this would mean focusing rather less on 'islands' of emergent economic practices per se, rather more on structural formations and extralocal conventions, and the patterned relations between 'local' capitalisms (see Storper and Salais, 1997; Scott, 1998; Hudson, 2001; Dicken, 2007). On the institutional side, one of the conspicuous missing links in this research agenda likewise concerns the relational geographies of economic institutions (embracing both the uneven development of regulation and the regulation of uneven development), complementing well-established lines of work on localized forms of governance with explorations of the evolution of institutional landscapes at the international scale and the production of new (inter)state spaces (see Goodwin and Painter, 1996; Jones, 1997; Peck, 1998; Brenner *et al*. 2003; Brenner, 2004).

There seems to be a need for methodological innovation in the field of economic geography too. It is no coincidence, surely, that Saxenian's (1994) exemplary comparative monograph, *Regional advantage*, is one of the few economic-geographical contributions that have permeated the varieties debate. Demonstrating empirically how geography makes a difference to the functioning of economies is an altogether more challenging task then asserting the associated conceptual arguments. Notwithstanding the sophistication of these arguments, economic geography's theoretical reach may have exceeded its methodological grasp in 'post-globalization' debates (see Barnes *et al.*, 2007). Economic geography's undoubted strengths in critique and theoretical reconstruction have not been matched, to date, by equally compelling substantive contributions and critical case studies, or by the generation of empirically informed stylized facts that might travel into the varieties literature. The relative paucity of rigorously comparative research designs in the field of economic geography, together with what appears to be a continuing preference for single-location, single-industry or single-institution case studies, has undoubtedly impeded the discipline's capacity to communicate with the varieties branch(es) of heterodox economics. Making a difference in these debates would mean going considerably beyond the documentation of local economic distinctiveness, adding incrementally to the stock of local case studies, or pointing out occasional exceptions to the 'rule' of supposedly national models. Grappling with these models, and finding new ways to engage them methodologically, might call for some shifts in prevailing practice in economic geography, but the effort would doubtless be a productive one.

This is not to advocate the wholesale importation of varieties-style methods, like Weberian institutionalism, game theory, or taxonomic analysis. There is, however, a case for identifying zones of trade and debate between the two fields, as a means of extending economic geography's interdisciplinary reach and resonance. Some of these can be pursued through the development of economic geography's extant research programs. To take just one example, one of the more promising channels of communication might be the emergent geographies of neoliberalism and neoliberalization, given the recent engagement with these issues in geography,[11] and the growing recognition amongst varieties scholars of the fundamental challenges posed by liberalization.[12] Extant understandings of neoliberalization cannot be folded unproblematically into the varieties framework, but then all the more reason to explore them. If neoliberalism is not monolithic or universal in form, but exists (only) as a variegated hybrid; if neoliberalism is, at the same time, an international phenomenon, a facet of national polities, and a networked, 'local' construction; if neoliberalism is not associated with simple convergence tendencies, but complex and combined coevolution; if neoliberalism powerfully shapes, but does not determine, the selection of policy strategies and technologies of governance; if neoliberalism characterizes both the 'internal' orientation of some, or many, (national) institutional systems and the 'rules of the game' in which these systems are embedded; if neoliberalism is not some generic operating environment for end-stage capitalism, but an historically specific and hegemonic (or at least dominant) mode of regulation; if neoliberalism, as a concrete abstraction, describes the prevailing form of institutional restructuring across multiple contexts and locales, even as it exhibits a range of contingent and context-specific forms; if neoliberalization exhibits some relative autonomy as an ideological-institutional project, at the same time as being deeply entwined with the dynamics of financialization and imperialism … then the substantive and theoretical implications for varieties-school conceptions of capitalist transformation are significant. This holds, not least because the ascendancy of neoliberalism, so conceived, would result *neither* in simple convergence, nor in the irrevocable 'victory' of the American/market model of capitalism. Rather, it would be associated with qualitatively different *forms* of combined and uneven development, entailing significant shifts in both the characteristics of various 'models' of capitalism and the nature of their interrelationships. True, the American model may epitomize 'neoliberalism' in its most hypertrophied state, but if this model is 'externally' reliant on cheap imports, foreign debt, military dominance, and so forth, to what extent is the model itself relationally dependent on the existence of external 'others?' The USA may exemplify one of the most significant conjunctures of financializing and neoliberalizing capitalism, but the 'onshore' features of what might be understood as the US 'model' are critically dependent on the webs of 'offshore' relations in which this model is embedded.

The task of mapping processes of neoliberalization consequently represents one potentially fruitful line of engagement, though certainly there are many others. There is a vast research agenda, for example, around the geographically specific relationships between capitalist restructuring trajectories and their variously co-constituted 'outsides' and 'others' – Hodgson's impurity principle, Polanyian forms of embeddedness, social regulation, and so on – which has only been inconsistently addressed in economic geography, for all its potentially programmatic significance. To be sure, this is a challenging agenda, not least methodologically (Markusen, 1999; Barnes *et al.*, 2007), but it could establish a way for economic geography to find its voice in still largely space-blind conversations in heterodox economics. Here, one searches in vain for spatialized concepts, finding little to speak of in the wide-open territory between muddy notions of impurity or embeddedness on the one hand and monochromatic visions of two-tone capitalist variety on the other. For all its limitations, the varieties project opens up these worthwhile questions. Answers remain understandably elusive. It is easy to agree, then, with Colin Hay's (2005: 107) remark that 'one can defend the notion that capitalism comes in varieties without having to defend the [varieties of capitalism] perspective.' Nevertheless, there is surely much to gain from serious engagement with this new form of spatialized political economy.

V Conclusion: from variety to variegation

In the course of a decade and a half, the varieties-of-capitalism approach has delivered a lot. It has established a plausible analytical counter-narrative to one-world visions of globalization; it has called attention to the institutional embeddedness of economic systems and transformations, in the face of a prevalent free-market discourse; and it has reminded heterdox economists 'that there are particular geographies of production and consumption' (Blyth, 2003; Watson, 2003: 228; Jackson and Deeg, 2006). The varieties rubric has been useful in problematizing the systemic institutional logics of a range of national capitalisms, indeed in spawning the concept of national capitalism itself. And it has been successful in inserting geographical questions, of a certain kind, into circulation within mainstream heterodox economics, while breathing new life into the field of comparative political economy. The project has had less to say about the reconstitution of capitalist structures and relations at scales other than the national, or through institutional domains and modalities beyond the nation-state's associated formal sphere. But its bold claims about the metageographies of contemporary capitalist restructuring have certainly made waves.

In some senses, the varieties school is quite rightly characterized as a Polanyian project (Block, 2001: n.20), but it is a project that has in this respect only been partly realized. While the foundation blocks of *The great transformation* may have included the social anthropologies of Trobriand reciprocity, the herding economies of central Africa, Greco-Roman householding, and so forth, its explanatory force ultimately lay in Polanyi's (2001) historical analysis of the ascendancy of the 'market pattern' during the course of the Industrial Revolution, and its characteristic 'double movements' of market-making and social containment. The program of varieties-of-capitalism research may have likewise generated some suggestive, if partial, maps of the spatial constitution of contemporary capitalism, but this form of socioeconomic cartography has been largely focused on the task of describing the 'internal' institutional intricacies of a select group of advanced capitalist countries. Its predominantly North Atlantic gaze has tended to privilege a rather restrictive set of questions about the future(s) of 'mature' capitalism and its characteristic institutional geographies. Furthermore, this brand of comparative-institutional political economy has tended to regard national 'models' of capitalism through a 'regime competition' lens, implicitly or explicitly conferring on each a kind of normative and analytical equivalence. But if the premise here is the 'war of capitalisms,' the varieties program has revealed more about the capacities of (some of the) combatants than it has about the historical causes of the war itself. No longer is this simply being fought on Europe's 'Western Front.' If the rise of India and China, in particular, raises questions about 'new' varieties of capitalism that have hitherto barely been charted, it also throws into sharp relief the issue of the complex asymmetries and webs of connection that increasingly characterize the unevenly integrating global economy. Hence the need to think about variety in relational terms.

In Polanyi's (2001: 10, 31) analysis, Nineteenth Century capitalism was rooted in four institutions – the liberal state, balance-of-power geopolitics, the gold standard, and the ideology of the market – with *haute finance* 'function[ing] as a permanent agency of the most elastic kind,' and the myth of the self-regulating economy serving as the system's 'common matrix.' The varieties project has revealed a great deal about some of the key elements in this matrix, but the elevation of certain forms of axiomatic difference may have correspondingly impeded analyses of the 'common matrix' itself, and the elastic forms of agency that sustain it. There are many geographical questions, then, beyond the limited register of 'variety.' Today's 'common matrix' has plenty of echoes of its Nineteenth Century forebear, being structured around the historically distinctive intersection of neoliberalization, financialization, and imperialism, and a host of new political-economic geographies. This is the terrain across which new varieties of capitalism are being produced.

Even if it has not provided answers to all these questions, the varieties project has shed new light on these nascent historical geographies of capitalism. In this sense, the varieties program has been a project of economic geography, albeit one practiced for the most part by economic sociologists, institutional economists, and political scientists. Operationalizing spatialized concepts in its own ways, the varieties school has been busily making its own economic geographies. Clearly, proper-noun economic geography has no proprietary rights over this conceptual territory, though at the same time its absentee status ought to occasion some reflection. The causes and consequences of spatial-economic restructuring have long been economic geography's stock-in-trade, but the discipline may have been vacating the territory first sketched out by Michael Albert just when interdisciplinary debates around globalization and varieties of capitalism were taking off. In the ensuing period, economic geographers have developed new bodies of work on localized, network, cultural, and alternative economies, forging new insights and alliances along the way, but in the process they may have ceded some of the questions of macroeconomic geography to other fields, which have subsequently paid little attention to what they seem to regard as provincial or contingent theorizing. On the other hand, economic geography clearly has more to say, if it can find its voice in this conversation. Its rather provisional position on 'variegated capitalism,' as it has been characterized here, draws on languages that are one-part established, one-part embryonic, and operates as much through critique and deconstruction as it does through substantive reconstruction. The varieties project does not provide any off-the-shelf answers, but it has shaped a field of contention that could well be a generative one for economic geographies, in all senses of the term.

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Notes

1. See Clark (1998), Peck (2000), Scott (2000), Sheppard *et al*. (2004) and Sheppard (2007).
2. Formally, the state was located outside all these ideal-typical governance arrangements, though in its complex, far-reaching, and multifarious forms was seen to penetrate every sphere. While in a sense one step removed from the immediate action of economic governance, the state was nevertheless accorded 'a privileged economic position' (Lindberg *et al.*, 1991: 31). Indeed, the state figured prominently in the subsequent qualitative-historical case studies of governance shifts within a selection of US industries.
3. See Best (1990), Boyer (1997), Christopherson (2002), and Thelen (2004).
4. With the new economy boom yet to take shape, Hollingsworth and Boyer's (1997b: 38) view was that the mid-1990s American economy was 'perform[ing] poorly in an increasing number of industrial sectors,' leading to 'mounting pressure to change many of its social institutions.' This process of competitively induced institutional adjustment might, however, be alleviated if the rules of engagement at the international level favored some social systems of production – like the neoliberal/American form – over others.
5. For contrasting takes, see Jessop (1996), Fligstein (2001), Boyer (2005a), Cernat (2006), Feldmann (2006), and Lane and Myant (2006).
6. 'Institutions, organizations, and culture enter this analysis,' Hall and Soskice (2001a: 9), somewhat cautiously state, 'because of the support they provide for the relationships firms develop to resolve coordination problems.'
7. See Blyth (2003), Duménil and Lévy (2004), and Pollin (2005).
8. See, for example, Brenner and Theodore (2002), Cerny (2004), Cerny *et al*. (2005), Harvey (2005), Larner (2000), Mitchell (2004), Peck (2004), Plehwe *et al*. (2006), Hoffman *et al*. (2006), Ong (2006), Sparke (2006).
9. See Swyngedouw (1997), Jessop (2000), Brenner (2004), Lorrain (2005), and Deeg and Jackson (2007).
10. To distinguish any more than six models from a population of capitalist economies of around

25 cases, Crouch (2005: 27) notes, is to 'lapse into empiricism.'

11. See, for example, Brenner and Theodore (2002), England and Ward (2007), and Leitner *et al*. (2007).
12. See, for example, Deeg and Jackson (2007), Pontusson (2005b), and Streeck and Thelen (2005).

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