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Doctoral Thesis

Tension-filled Governance?: Exploring the Emergence, Consolidation and Reconfiguration of Legitimatory and Fiscal State-crafting

PhD Series, No. 20.2017

Provided in Cooperation with:

Copenhagen Business School (CBS)

Suggested Citation: Celik, Tim Holst (2017) : Tension-filled Governance?: Exploring the Emergence, Consolidation and Reconfiguration of Legitimatory and Fiscal State-crafting, PhD Series, No. 20.2017, ISBN 9788793579132, Copenhagen Business School (CBS), Frederiksberg,
<https://hdl.handle.net/10398/9481>

This Version is available at:

<https://hdl.handle.net/10419/209028>

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COPENHAGEN BUSINESS SCHOOL
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DANMARK

WWW.CBS.DK

ISSN 0906-6934

Print ISBN: 978-87-93579-12-5
Online ISBN: 978-87-93579-13-2

TENSION-FILLED GOVERNANCE? EXPLORING THE EMERGENCE, CONSOLIDATION AND RECONFIGURATION OF LEGITIMATORY AND FISCAL STATE-CRAFTING PhD Series 20-2017

Tim Holst Celik

TENSION-FILLED GOVERNANCE?

EXPLORING THE EMERGENCE, CONSOLIDATION
AND RECONFIGURATION OF LEGITIMATORY AND
FISCAL STATE-CRAFTING

Doctoral School of Organisation and Management Studies

PhD Series 20.2017

CBS COPENHAGEN BUSINESS SCHOOL
HANDELSHØJSKOLEN

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Tim Holst Celik

Word count: 123,953 (excl. bibliography)

Primary supervisor: Poul Fritz Kjær
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Doctoral School of Organisation and Management Studies
Copenhagen Business School

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1st edition 2017
PhD Series 20.2017

© Tim Holst Celik

ISSN 0906-6934

Print ISBN: 978-87-93579-12-5
Online ISBN: 978-87-93579-13-2

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Acknowledgements

First of all I would like to thank my supervisor Poul Fritz Kjær. I feel very grateful for having had such a knowledgeable and always helpful supervisor. Thanks for your assistance and your sharp and critical reading and assessment of my many drafts. I have benefited a lot from, and personally enjoyed, our many discussions throughout the three years. Special thanks also go to my secondary supervisor Peer Hull Kristensen. I have enjoyed our discussions at your office and your productive and always open-minded reading and suggestions for how to proceed.

Thanks to the rest of the ITEPE team, namely Eva Hartmann and Dzmitry Bartalevich, for valuable debates and feedback on my project as it gradually took shape.

I would also like to thank the following people for helpful feedback or directly/indirectly relevant discussion: Magnus Paulsen Hansen, Anders Sevelsted, Juan Ignacio Staricco, David Kempel, Raphaël Wolff, Hjalte Lokdam, Grahame Thompson and the various seminar discussants and participants. Also thanks to the friendly and helpful DBP and CBS administration.

Lastly, thanks go to my family, my girlfriend and my friends.

This work was supported by the European Research Council as part of the project ‘Institutional Transformation in European Political Economy – A Socio-legal Approach’ [ITEPE-312331].

A few sub-elements of the below articles have been used with permission in the study in a revised form/context:

Celik, T. H. (2016). From Frankfurt to Cologne: On Wolfgang Streeck and the crises of democratic capitalism. *Thesis Eleven*, 137(1), 106-120.

Celik, T. H. (2016). Fiscal state-citizen alignment: Tracing the sociohistorical conditions of the financial crisis. *Critical Historical Studies*, 3(1), 105-141.

Abstract

Since the crisis-engrossed 1970s, and especially the 1990s, ‘governance’ has become a dominant concern and concept; notably, within particularly political science, a certain diagnosis explicitly or implicitly focused on a shift ‘from government to governance’ has become increasingly popular. This study examines the governance phenomenon of the post-1970/1990s period from a state-situated and historically informed perspective. Specifically, taking initial analytical departure in an approach of the early 1970s associated with James O’Connor, Jürgen Habermas and Claus Offe focused on the state-situated tension-filled functional relationship between legitimation and accumulation, the study both historically and theoretically reworks this approach and reapplies it for the post-1970s/1990s governance period. It asks whether and to what extent governance has served as a distinctive post-1970s/1990s state-facilitated way of bridging/altering the tension-filled relationship between legitimation and fiscal accumulation in Western European liberal-capitalist democratic polities.

This agenda is activated through an overall ‘retroductive’ examination, which places governance in a wide historical, analytical and philosophical/epistemological landscape and investigates its particularly legitimatory conditions of possibility. Besides aligning the study with a critical realist and emergentist orientation, and providing a social-theoretical defense of corporate functionalism, the study is organized through an overall historical-theoretical approach. Specifically, a distinctive ECR model is launched/developed, which both ideal-typically covers (1) an *emergence* period (late 19th century-1945), (2) a *consolidation* period (1945-1970s) and (3) a *reconfiguration* period (1970s-2008) and associates each of these historical-theoretical periodizations with a certain tension-status and logic of tension-management. The study’s Part I focuses on the emergence of modern statehood and develops a framework centered on legitimatory and fiscal state-crafting; Part II focuses on the postwar consolidation of legitimation and fiscal accumulation; Part III examines the reconfiguration of legitimatory and fiscal state-crafting in the governance period. Lastly, Part IV rolls out the macro-governance analysis through a historical case study examination of the emergence, consolidation and reconfiguration of the automobile industry in the UK and Sweden.

The study makes two overall arguments: (1) governance is deeply, historically, continually and increasingly state-facilitated and should be construed in the context of the historically changing tension-filled dynamics of legitimatory and fiscal state-crafting; (2) governance presuppose, and was allowed for by, (a) a micro-situated possibly irreversibly heightened popular socio-psychological expectation of

ever-widening economic growth and consumption prospects and (b) a macro-situated reconfiguration of state legitimation, involving a relative historical shift towards a more self-legitimizing mode of fiscal accumulation.

Above all, the study provides a critical interdisciplinary examination of the historical conditions of possibility for the governance phenomenon. In particular, it sheds light on the status of state legitimation in the governance period. Also, it provides a substantial historical and theoretical reworking of the 1970s legitimation and accumulation functions approach. More generally, the study stresses the importance of corporate functionalism, the direct/indirect effects of state-crafting strategies and the historical variability of political legitimation. Finally, rather than necessarily focusing on capitalism/markets/finance, it productively highlights the importance of state-situated tension-filled functional dynamics for understanding the post-1970s political-economic development and some of the contemporary symptoms of Western democratic 'fatigue'.

Resumé

Siden de kriseramte 1970'ere, og især 1990'erne, er 'governance' blevet et dominerende anliggende og koncept; især inden for statskundskab er en bestemt diagnose som er eksplicit eller implicit fokuseret på et skift fra 'government' til 'governance' i stigende grad blevet populær. Denne ph.d.-afhandling undersøger 'governance' fænomenet fra post-1970'er/1990'er perioden fra et stats-situeret og historisk informeret perspektiv. Mere specifikt: med indledende analytisk udgangspunkt i en tilgang fra de tidligere 1970'ere associeret med James O'Connor, Jürgen Habermas og Claus Offe, som er fokuseret på det stats-situerede spændingsfyldte funktionelle forhold imellem legitimation og akkumulation, omarbejder afhandlingen både historisk og teoretisk denne tilgang og genanvender det på post-1970'er/1990'er governance perioden. Den spørger hvorvidt og i hvilket omfang governance har fungeret som en markant post-1970'er/1990'er stats-faciliteret måde at udjævne/forandre det spændingsfyldte forhold imellem legitimation og fiskal akkumulation i vestlige europæiske liberal-kapitalistiske demokratiske stater.

Denne agenda er aktiveret gennem en overordnet 'retroduktions'-orienteret undersøgelse som placerer governance i et bredt historisk, analytisk og filosofisk/epistemologisk landskab og udforsker særligt dets legitimatoriske mulighedsbetingelser. Udover at knytte studiet til en kritisk realistisk og emergentistisk orientering, og at leverer et social-teoretisk forsvar for korporations-orienteret funktionalisme, er studiet organiseret gennem en overordnet historisk-teoretisk tilgang. Mere specifikt bliver der i denne afhandling lanceret/udviklet en særlig FKR model, som både ideal-typisk dækker (1) en *fremkomstperiode* (det sene 19. århundrede-1945), (2) en *konsolideringsperiode* (1945-1970'erne) og (3) en *rekonfigurationsperiode* (1970'erne-2008) og associere hver af disse historiske-teoretiske periodiseringer med en bestemt spændings status og spændings-styrings logik. Studiets Del I fokuserer på fremkomsten af moderne statslighed og udvikler en analyseramme fokuseret på legitimatorisk og fiskal statsdannelse; Del II fokuserer på efterkrigs-konsolideringen af legitimation og fiskal akkumulation; Del III undersøger rekonfigurationen af legitimatorisk og fiskal statsdannelse i governance perioden. Afslutningsvist ruller Del IV makro-governance analysen ud gennem en historisk case studie undersøgelse af fremkomsten, konsolideringen og rekonfigurationen af bilindustrien i England og Sverige.

Studiet fremfører to overordnede argumenter: (1) governance er gennemgående, historisk, kontinuerligt og i stigende grad stats-faciliteret og bør forstås i konteksten af den historisk foranderlige

spændingsfyldte dynamik forbundet med legitimatorisk og fiskal statsdannelse; (2) governance forudsætter, og var muliggjort af, (a) en mikro-situeret (muligvist uigenkaldeligt) forøget populær socio-psykologisk forventning om evigt udvidende økonomisk vækst og forbrugsudsigter og (b) en makro-situeret rekonfiguration af statslegitimation, som involverer et relativt historisk skift henimod en mere selv-legitimerende form for fiskal akkumulation.

Frem for alt tilvejebringer afhandlingen en kritisk interdisciplinær undersøgelse af de historiske mulighedsbetingelser for governance fænomenet. Den kaster i særdeleshed lys over statussen af statslegitimation i governance perioden. Desuden leverer den en væsentlig historisk og teoretisk omarbejdning af 1970'ers legitimations og akkumulations funktions tilgangen. Mere generelt understreger studiet vigtigheden af korporations-orienteret funktionalisme, de direkte/indirekte effekter af statsdannelses strategier og den historiske variabilitet i politisk legitimation. Endeligt, i stedet for nødvendigvis at fokusere på kapitalisme/markeder/finansverdenen fremhæver afhandlingen på en produktiv måde vigtigheden af stats-situerede spændingsfyldte funktionelle dynamikker for at forstå den politisk-økonomiske udvikling i post-1970'erne og nogle af de nuværende symptomer på vestlig demokratisk 'udmattelse'.

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Chapter 1. Introduction

This study examines the so-called shift ‘from government to governance’ of the post-1970/1990s period from a state-situated and broadly speaking historically informed perspective. Specifically, taking initial analytical departure in an approach of the early 1970s focused on the state-situated tension-filled functional relationship between legitimation and accumulation, the study both historically and theoretically reworks this approach and reapplies it for the governance-situated post-1970s/1990s period. In short, it investigates the main historical, state-situated and particularly legitimacy conditions of possibility for the governance phenomenon.

In recent decades, against the backdrop of the generalized crisis of the 1970s which shockingly shattered the conditions for the relative historical tranquility of the transitory so-called ‘Golden Age’ post-WW2 period and momentarily shook controlling elites, a series of more or less interrelated both popular and academic narratives concerning the importance, quality and proper role of post-1970s Western liberal-capitalist democratic statehood and government have proliferated and gradually become commonsensical premises: ‘Advanced’ Western states and governments, with their traditionally top-down inclinations and mannerisms, have generally become fatigued, defensive and overall too clumsy for a class-unspecific, complex, turbulent and borderless world, in which nationally uncommitted financial markets, global profit-focused corporations, and international organizations mostly set the both foreign and domestic tone; a world in which national public authorities and bureaucracies are typically systematically one step behind, and sometimes outright at odds with, the inherently more spontaneous dynamism of market-situated processes and entrepreneurship, the sprightliness of the less synthetic civil society and the volatility of the contemporary digitalized and cognitive/knowledge-heavy capitalist conditions of work and organizational structures (associated with flexible routines, network patterns and hybrid setups, etc.).

Academically speaking, whether optimistically or pessimistically, or construed from within the fields of political science, sociology, economics, etc., (and their respective sub-fields), the post-1970s, and particularly post-1990s, period is in this overall vein typically characterized as an era of both: (1) a relatively downgraded state/governmental authority and control mechanism; (2) a relatively upgraded dynamism and causal saliency of markets, profit-maximizing corporate entities, and civil society actors

more broadly. Since particularly the 1990s, primarily within political science, this multi-levelled overall diagnosis has found particular popular academic expression in analyses that address and/or are implicitly underpinned by the so-called ‘turn to governance’ or shift ‘from government to governance’ (notably Rhodes 1994, 1996; more generally, see Kjær 2004).¹ According to Rhodes’ (1996: 657, 1994: 149) influential (neo-)pluralist analysis – which operated with an understanding of a ‘polycentric state characterized by multiple centres’ – ‘current trends erode the centre’s capacity to steer the system’. In Rhodes’ (1996, 1994) well-known terms, the state/government was gradually becoming ‘hollowed out’ and what appeared was gradually a form of ‘governing without Government’.

Although its more precise attributes shall be clarified later, the governance perspective not only centers on the relative downgrading of state/governmental authority and control mechanisms but also the shift towards new and alternative steering-based structures and processes and measures (e.g., networks, public-private partnerships, civil society dynamics, co-productive arrangements) that are less top-down, formal and bureaucratic. As Rhodes (1996: 664) puts it, ‘[e]ffective governance requires a re-examination of the government’s tool kit’. In other words, what is being described through the governance perspective is a shift towards a governance-setting in which policy-relevant experimentations, structures and measures for managing dilemmas and reenergizing steering or governing – or, in short, governability – has appeared under new more fragmented conditions. In Rhodes’ (1994: 151) words, the governance turn ‘is about redesigning governments to cope with scarcity and devising complex solutions to problems which defeat the simpleminded nostrums of both free markets and national plans’. In this sense, governance more or less explicitly appeared as an answer to the so-called ‘ungovernability’ crisis or intellectual worry of the 1970s (on this, see also Goetz 2008: 260-2).²

¹ ‘Google Books Ngram Viewer’ gives a helpful anecdotal and descriptive indication of the historically intensified use of the term ‘governance’ (in the English corpus) since the 1970s.

² Interestingly, Google Books Ngram Viewer provides an anecdotal descriptive indication of this relative historical shift from a preoccupation with ungovernability to governance: as the popularity of ‘ungovernability’ (within the English corpus) peaks and stagnates around the mid-1990s, ‘governance’ takes off from the 1970s and explodes from the 1990s.

Importantly, as governance not only historically coincides with but arguably directly causally ties into the crisis context of the 1970s, it makes sense to place the phenomenon in the particular theoretical context of the crisis interpretations prevailing at the time. Specifically, in the overall international political economic context of the so-called 'stagflation' crisis of the 1970s, thinkers and scholars presented more or less pessimistic distinct diagnoses of the times: Whereas liberal, neo-conservative or right-leaning interventions stressed the democratically- and complexity-induced 'excessive expectations', 'disintegration' and 'overload' of advanced liberal democracies (see notably Brittan 1975; King 1975; Crozier et al. 1975), critical, neo-Marxist or left-leaning interventions put emphasis on the negative social externality-producing capitalist conditions for, especially, a 'legitimation' and/or 'fiscal' crisis (see notably O'Connor 1973; Habermas 1973; Offe 1984).³ In particular, the latter approach taken by James O'Connor, Claus Offe and Jürgen Habermas in the early 1970s sought to critically theorize, in slightly different ways, the state-situated tension-filled functional relationship between legitimation and accumulation. Here, Western democratic capitalist states were not only generally strained from having to both systematically serve a legitimation and accumulation function, the tension-filled dynamics associated with the very *simultaneity* of the state's twin function-fulfillment was also thought to critically underlie and condition the potential activation of institutionalized crisis events. Arguably, although this particular crisis-directed approach of the 1970s – what chapter 2 shall more formally label the legitimation and accumulation functions (LAF) approach – was to some extent sought empirically disconfirmed, strategically incorporated or forgotten by mainstream neo-positivist political science scholarship in the subsequent decades (and more or less in that order), its overall shared theoretical orientation and basic conceptual repertoire nevertheless remains highly analytically productive for grasping key politico-economic and political sociological developments of the post-1970s period.

The relevant and salient question to ask in this relation then becomes: Can a direct analytical and causal-functional connection between the state-situated tension-filled functional relationship between legitimation and accumulation – as analyzed in the early 1970s – and the governance phenomenon be established? Or, more specifically, should governance be considered a way of tackling the steering

³ See Offe (1984: especially chapter 2, 164-70) for a largely temporally parallel yet partly meta-theoretic overview and discussion. See also the brief overviews in, for example, Weil (1989: 682-3), Held (1996: 191-6) and Goetz (2008: 258-9).

problems and the potential fiscal and/or legitimacy crises of the 1970s associated with the tension-filled relationship between legitimation and accumulation? Although without making this functional connection explicit, or actively analytically and historically examining it through the above perspective, other scholars have in their own ways insinuated or suggested this relationship: Offe (2009: 555, emphasis removed) has for example more recently proposed that governance, amongst other things, may be understood as a ‘state-organized unburdening of the state’; Jessop (1998: 36) has perceived governance as a situation in which ‘the state gives up part of its capacity for top-down authoritative decision-making in exchange for influence over economic agents and more effective overall economic performance’; Goetz (2008) initially frames his discussion of governance by placing it in the general context of the ‘ungovernability’ crisis of the 1970s (and the corresponding conservative and leftist debates).

Energized by the above general intuition, this study intends to directly and extensively historically explore the functional connection between governance and the tension-filled relationship between legitimation and accumulation – to actively and at monograph-length historically examine the governance turn from the explicit analytical perspective of the state-situated tension-filled LAF approach of the early 1970s. In this light, and in order to pursue this agenda, the study asks the following main research question:

- To what extent has governance served as a distinctive post-1970s/1990s state-facilitated way of bridging or altering the tension-filled relationship between legitimation and accumulation in Western European liberal-capitalist democratic polities?

To be clear, asking ‘to what extent’ in the above manner also automatically implies asking both (1) whether this process has taken place in the first place and (2) through what overall mechanisms it might have occurred. Moreover, although this shall become clearer later, particularly in chapter 6, in this study legitimation refers specifically to state-situated political legitimation and accumulation refers specifically to fiscal accumulation. As a natural sub-question to be discussed, placed at a more generic theoretical level and directly linked to the core arguments of the LAF approach of the early 1970s, the study also asks:

- To what extent has the tension-filled relationship between legitimation and accumulation been either (1) temporarily bridged or (2) altered – that is, (a) reconfigured (displaced, fragmented, privatized, etc.) or alternatively (b) outright overcome – through the governance turn?

The analytical details of this sub-question – for example, the status and relationship between the different scenarios – in relation to the state-situated literature of the 1970s that this study initially takes departure in, will become clearer as the study’s analysis proceeds and especially in chapter 11 and 12, which more explicitly discusses this question.⁴

In order to answer the above main research question, the study engages in an overall critical realist-based so-called ‘retroduction’-like examination and questioning (on this, see Danermark et al. 2002), which seeks to not only place governance in a wider than usual historical, analytical and philosophical/epistemological landscape but also investigate its socio-historical conditions of possibility. As shall be explained in greater details later, a research design organized around a retroductive logic or ‘mode of inference’ aims ‘to identify foundational conditions behind concrete historical events’ and thus concerns the search for ‘the basic conditions for the phenomena under study’ (Ibid.: 96, 100, 99). A retroductive analysis/argumentation/inference implies asking: ‘How is X possible?’, ‘What causal mechanisms are related to X?’ or ‘What qualities must exist for something to be possible?’, etc. (Ibid.: 110, 80). Adapting these generic retroductive questions to the specific governance agenda of this study implies asking the following three operational questions:

- How is governance historically possible?
- What state-situated macro-causal mechanisms are related to governance?
- What legitimatory qualities must exist for governance to be possible?

⁴ Although his wider analysis shall not be explored in this study, and although this study launches the question at a critically different level of analysis (having all sorts of alternative implications), this sub-question may be loosely referred to as a generic Marcusean question. In his book *One-Dimensional Man* Herbert Marcuse (1964: 24) asks himself the generally salient question: ‘Is this stabilization ‘temporary’ in the sense that it does not affect the roots of the conflicts which Marx found in the capitalist mode of production (...) or is it a transformation of the antagonistic structure itself, which resolves the contradictions by making them tolerable?’.

As shall be argued and become clearer throughout the study, in order to provide a meaningful and productive answer to the main research question it is necessary to both ask and examine the above three operational retroductive questions; answering the main question requires a particular interdisciplinary and broadly speaking historically informed type of examination (more on this later) that not only looks into the governance period and its suggested tension-bridging/reconfiguring/overcoming qualities but examines the wider historical emergence and consolidation of the tension-filled relationship between legitimation and fiscal accumulation. Thus, while these operational retroductive questions are not actual research questions themselves, they are necessary ways of getting at the main research question; they allow it to be answered.

More specifically, this study's state-situated and historically informed analysis of governance is particularly focused on examining and shedding light on the conditions and status of post-1970s state legitimation in the governance period – that is, the legitimacy underpinnings of governance and the question of how it has affected, and what it entails and presupposes in terms of, political legitimation. As shall be argued, scholarship concerning itself with the shift 'from government to governance' can not only generally benefit from both a clearer analytical unpacking of government, party politics and statehood and a historical examination of the *preceding* shift from state to (democratic party) government; reaching a genuine understanding of the governance phenomenon requires a wider historical, analytical and philosophical/epistemological perspective than is usually taken. In this relation, rather than focusing on the post-1970s/1990s governance period itself, it should be made clear to the reader up front that the bulk of this study's analysis concerns the wider historical, state-situated and (particularly) legitimacy conditions of possibility for the governance phenomenon. But while the study finds it necessary to zoom in on and explore these conditions at great length, the objective is nevertheless to in this way ultimately provide a more meaningful and productive take on the governance dynamics of recent decades (on such historical exercises, see also more generally Kumar 2015).

Underpinning and naturally encoded into the above three retroductive questions is of course the even more foundational informal meta-retroductive issue of locating the philosophical/epistemological conditions and considerations that are necessary for productively understanding and studying governance. Because this meta-issue is something that this study takes seriously, the extended philosophical/epistemological maneuvers that the study engages in cannot simply be sidestepped (as

they sometimes are): they are arguably necessary for not only understanding and defending the types of arguments being made but also for ideally circumventing some of the less productive philosophical/epistemological premises underpinning the governance perspective.

As shall be made clearer in chapter 3 and 4, this research agenda is partly motivated by an observed need to in all modesty reach back to and actively engage with both the style of analysis and the ambition of the pre-1980s period: a genuine desire to focus on, in the spirit and words of Mills (1959: 128, 11), ‘substantive problems’ and ‘the major issues for publics and the key troubles of private individuals in our time’. The study is motivated by a desire, and felt analytical need, to engage with the post-1970s period from an explicit and defensible long-term macro-situated functionalist perspective, which tries to not simply focus on either very narrow or descriptive or symptomatic aspects – or simply make very brief theoretical remarks pointing in the right direction – but more systematically (albeit always tentatively) probes some of the overall driving forces and mechanisms. Of course, the 2008 crisis also plays a motivating role: Writing from a contemporary crisis-situated vantage point – with the governance turn rolled out after the crisis of the 1970s – it in all modesty tries to establish some kind of imaginary shared or general crisis link between this study’s analysis and the crisis-situated approach of the early 1970s, which this study takes analytical departure in.

1.1 Research strategy

Although the particular research strategy that shall be utilized to pursue this agenda shall be elaborated upon in much greater detail in chapter 3 and 4, it makes sense to briefly flag some of its main aspects.

Firstly, as mentioned, the study frames the overall agenda through a critical realist-based retroductive setup, directing the study towards examining the main historical, state-situated and particularly legitimacy conditions of possibility for governance.

Secondly, with some qualifications this overall retroductive examination can partly be complementarily construed as following the logic of what Beach & Pedersen (2013: see especially 18-21) has described as ‘explaining-outcome process-tracing’. In this type of analysis, the scholar ‘explain particular historical outcomes’ that are ‘particularly interesting (...) both because of their substantive and theoretical importance’ via ‘the pragmatic use of mechanismic explanations’ (Ibid.: 63, 61, 11). Importantly, in contrast to other types of process-tracing studies, it relies on two key elements, namely

‘eclectic theorization and the inclusion of non-systematic mechanisms’ (Ibid.: 66). In this manner, governance can be perceived as the historical phenomenon to be examined and explained through a ‘complex conglomerate of systematic and case-specific causal mechanisms’ (Ibid.: 169).

Thirdly, besides situating the study within the philosophy of social science (and broadly aligning it with the critical realist orientation) and providing a social-theoretical defense of both the existence of and active scholarly search for relevant macro-mechanisms and a particular ‘corporate’ type of functionalist analysis, the study pledges allegiance to and develops, through a critical discussion and selective synthesis of relevant extant literature, what can overall be described as a historical-theoretical approach (HTA) organizing the study. Underpinned by a rejection of the dominant but problematic neo-positivist distinction between ‘discovery’ and ‘justification’ (on this ‘DJ distinction’, see Schickore & Steinle 2006), the utilization of this HTA for the analysis of governance and its conditions of possibility notably imply that the study:

- Explicitly strives to be systematically historically informed.
- Seeks to productively roll out and reinvigorate a flexible but primarily macro-level historical-theoretical analysis.
- Against the so-called ‘varieties’ literature of the 1990s/2000s (notably Esping-Andersen 1990; Hall & Soskice 2001), and partly in line with both the spirit of the LAF approach of the early 1970s and more recent work on the cross-cutting trends associated with capitalism/neoliberalism (notably Streeck 2012b, 2014; see also Baccaro & Howell 2011), seeks to zoom in on the essential dimensions of certain entities and deliberately focuses on dominant long-term tendencies, dispositions, trends and ‘conjunctures’ cutting across different types of variations.
- Seeks to productively transcend stifling disciplinary borders and synthesize insights from different thematic specializations.
- Seeks to explicitly accept and take seriously certain inherent trade-offs with regards to research choices.

At its core, the HTA utilizes ‘ideal-typification’ (Weber 1949: 91; e.g., Jackson 2011: 142-155) as its main analytical procedure – a procedure that, as shall be argued, not only meaningfully breaks with

the unhelpful distinction between ‘discovery’ and ‘justification’ but also per definition productively involves a pragmatically selective ‘accentuation’ of an entity’s ‘essential tendencies’.

Fourthly, and more concretely, the HTA utilized for analyzing the conditions of governance is executed through a particular organizing historical-theoretical model, termed the ECR model (named after the three below periodizations), which is simultaneously used to historically-theoretically (1) inductively summarize the core analysis and (2) deductively guide this examination. As shall be seen, the ECR model covers three distinctive and successive ideal-typical periodizations: (1) an *emergence* period stretching roughly from the late 19th century until 1945; (2) a *consolidation* period stretching roughly from 1945 until the 1970s; (3) a *reconfiguration* period covering the post-1970s governance period. Importantly, each of these three historical-theoretical periodizations is analytically associated with a distinctive status of the legitimacy and fiscal tension as well as the correlative dominant logic of tension-management. While concrete country experiences are variously highlighted, the primary focus, with regards to this ECR model, is on Western Europe more generally – and in particular the broader and shared developments pertaining to the tension-filled relationship between legitimation and accumulation observed across Western European liberal-capitalist democratic polities. As shall be discussed, although the analysis is based on so-called qualitative examination and theorization, the HTA underpinning the constitution of the ECR model, relies on a ‘pluralist’ approach to methodology/methods (see Danermark et al. 2002: e.g., 152) and a continuous engagement with a broad heterogeneous repertoire of empirical sources, historical accounts, perspectives and analytical tools and procedures.

Fifthly, the above historically informed governance-directed ECR model shall be put to work through an empirics-intensive historical case study analysis of the emergence, consolidation and reconfiguration of the automobile industry in Britain and Sweden – a sector often considered reflective of the ‘turn to governance’. By juxtaposing the analytical approach and the launched/developed ECR model with the concrete automobile experiences of these two (in many ways) maximally varying countries, the study seeks to both highlight and qualify some of the claims and contextual premises associated with the governance phenomenon. Selectively drawing on the vocabulary of Thomas & Myers’ (2015: 53-55) case study typology, the analysis can be described as a key diachronic single case study, chosen for instrumental and explorative reasons and operating with semi-parallel and semi-

comparative nested elements, which uses a primarily illustrative but also partly theory-building/testing approach and a varied or eclectic repertoire of methods and empirical sources.

Most obviously, the study's overall analytically exploratory research strategy – which to some extent naturally follows from the overall agenda and the operational retroductive questions to be explored – does not allow for any kind of exhaustive treatment of either governance, the functional relationship between legitimation and accumulation or modern statehood, or for that matter the interconnection between these entities/dynamics. As shall be argued, pragmatic academic trade-offs should be taken into account and the decision to focus on broader forces and mechanisms in a less rigid manner to some non-trivial extent closes off the chance, at least in this specific study, of pursuing detailed examinations of every aspect or argument launched/developed. In that sense, although pitched at a relatively broad level, this study's analysis merely constitutes a selective exercise, a zooming in on particular aspects pertaining to governance – foremost, as mentioned, some of its main historical, state-situated and legitimatory conditions of possibility. Thus, many aspects and questions will be left open and relatively analytically and empirically unexplored. Hopefully, though, some of the non-exhaustive elements and tentative considerations, which of course always already require further empirical and analytical specifications, may potentially be taken up later, for example as part of an imaginable future either more specific or larger research agenda.

1.2 Arguments, implications and contributions

Some of the key arguments of the study may be flagged. Put simply – that is, sidestepping a range of analytical intricacies, sub-issues, considerations and not the least the question of how these points should be interpreted, their implications and dynamics, etc. – the study makes two overall arguments: (1) Governance should not only be understood as a historically specific modality or institutional-organizational mode of modern 'state-crafting' (more on this term later) – it concerns a process which is both deeply, historically, continually and increasingly state-facilitated – but should more specifically be analytically construed in the context of the historically changing tension-filled dynamics of (what shall be described as) legitimatory and fiscal state-crafting; (2) Governance presuppose, and were allowed for by, two types of heavily interrelated socio-ontological conditions of possibility: (a) a micro-

situated possibly irreversibly heightened popular socio-psychological expectation of ever-widening economic growth and consumption prospects and (b) a macro-situated reconfiguration of state legitimation, involving a relative historical shift towards a more self-legitimizing mode of fiscal accumulation.

Although the implications of the study's analysis, and specifically the two overall arguments above, will be addressed in particularly the conclusion, some of the main ones can be flagged here. Through its governance-focused examination, the study directly or indirectly:

- Promotes an analytical perspective that systematically integrates (what shall be described as) state-situated corporate functionalism – including state dynamics, activities, interests, functional considerations, etc. – into the study of post-1970s social affairs, not simply governance.
- Suggests the general productiveness of tweaking macro-social analyses in the direction of the historically changing state-situated tension-filled functional relationship between legitimation and accumulation. In relation to the post-1970s period more generally (including the 2008 crisis and 'neoliberalism'), this would ideally imply a relative change of analytical focus – from a to some extent natural preoccupation with (and well-meaning critique of) capitalism, markets and financial actors/institutions to the importance of this state-situated tension-filled functional dynamic. Obviously, this focus on specifically legitimacy and fiscal state-crafting should not replace but ideally compliment the ongoing extensive study of capitalist dynamics.
- Stresses the dynamics and significance of state-crafting strategies. In particular, the study highlights the importance of not conflating these strategies with the possible downgrading of state/governmental authority. Moreover, it puts attention on both the direct and long-term indirect effects (e.g., on the gradual production of values) of state-crafting practices.
- Emphasizes the causal saliency, and productiveness of studying, the historically evolving emergent relationship between both the exogenously- and endogenously-driven and top-down- and bottom-up driven dynamics of state-functional reproduction.
- Puts focus on the historical variability of political legitimation, and by extension democracy as one historically contingent articulation of this. Moreover, by emphasizing the constantly evolving state-facilitated production of the variable quality and substantive content of

democratic dynamics, the study indirectly warns against fetishizing (contemporary party-political) democracy.

- Provides an indirect comment on and implicitly and tentatively proposes some of the main macro-mechanisms possibly driving the contemporary generally accepted symptoms of Western democratic ‘fatigue’.

The exercise of examining the governance phenomenon from a state-situated and historically informed perspective – taking initial departure in the LAF approach but both historically resituating and analytically reworking it in important ways – most importantly amounts to a direct and simultaneous two-fold contribution. Firstly, the adoption-cum-reworking of the LAF approach – and, more generally, the strategy of placing the shift from government to governance in a wider than usual historical, analytical and philosophical/epistemological landscape (and thus juxtaposing the governance perspective with a range of alternative insight and concepts) – allows the study to productively critically examine, qualify, discuss and historicize the governance phenomenon and its historical conditions of possibility. In particular, and most importantly, the study’s analysis aims to contribute to the governance perspective by shedding more light on the status of post-1970s state legitimation and the legitimacy order underlying the governance phenomenon. Secondly, the study seeks to both contribute directly to the LAF approach and more generally provide a better understanding of many of the important themes, concepts and issues that were raised by these scholars. This is done through the study’s three-fold reworking of the approach, in which it is both: (1) historically reapplied for the governance-situated post-1970/1990s period, (2) theoretically and conceptually revised and (3) historically contextualized through notably the launching/development of the historical-theoretical ECR model.

Moreover, the study arguably indirectly engages itself in – or, more precisely, potentially implicitly makes a particular monograph-length loose contribution to – two types of more recent debates, namely: (1) a more governance-skeptic literature that analytically or empirically critically questions some of the premises associated with governance (e.g., Goetz 2008; Offe 2009; du Gay & Scott 2010); (2) a primarily post-2008 crisis literature on neoliberalism that critically questions some of the mainstream interpretations of this phenomenon and generally reinterprets it in a more ‘strong state’ manner (e.g., Wacquant 2012; Bonefeld 2013; Bruff 2014).

1.3 Structure of the study

Besides chapter 2, which places the analysis in a scholarly context, and chapter 3 and 4, which provides an extensive account and discussion of the philosophical/epistemological conditions necessary for understanding and studying governance, the study consists of four overall parts. As mentioned, both chapter 3 and 4 and the four parts are concerned with productively placing governance in a wider historical, analytical and philosophical/epistemological landscape and examining its particularly legitimacy conditions of possibility. Thus, importantly, these ‘conditions of possibility’ maneuvers are not simply introductory (i.e., a prelude of some sorts); they are the main constitutive elements of the analysis.

Chapter 2 provides a more detailed outline and discussion of both the LAF approach and the governance perspective that are being selectively and critically utilized, examined and brought together in this study. Chapter 3 and 4 engage in an in-depth formalization and discussion of both, respectively, the study’s (1) philosophical and social-theoretical considerations – focusing on defending a critical realist-underpinned study of macro-mechanisms and a particular type of state-situated corporate functionalism – and (2) epistemological and methodological considerations – focusing on rejecting the mainstream neo-positivist distinction between ‘discovery’ and ‘justification’, launching the main tenets of the HTA of the study and presenting and detailing the logic of the research design (including the case study analysis). While extensive and perhaps requiring a bit of patience on the part of the reader, this broadened formalization, explanation and defense of the different philosophical/social-theoretical and epistemological/methodological maneuvers is ultimately necessary for understanding the governance phenomenon.

Part I, which includes chapter 5 and 6, focuses broadly on the *emergence* of modern statehood and legitimacy and fiscal state-crafting. While chapter 5 theorizes and discusses the both analytical and historical conditions of modern functionalist state-crafting and provides a defense of a perspective that takes these conditions and dimensions seriously, chapter 6 not only critically develops and launches a historically informed framework centered on legitimacy and fiscal state-crafting but also presents the core tenets of the organizing ECR model.

Part II, which includes chapter 7, focuses on the *consolidation* period, and thus provides the important postwar background for analyzing the later governance turn. Chapter 7 seeks to provide the necessary empirical context for understanding the postwar period, explain its particular party political

articulation and analyze the mechanisms underpinning and the implications of the post-WW2 production of popular expectations and frustration-escalating effects.

Part III, which includes chapter 8, 9, 10, 11 and 12, focuses on the *reconfiguration* period – that is, the state-facilitated governance turn. Chapter 8 can be perceived as a brief prelude to the analysis of the post-1990s dynamics: it provides an analytically selective characterization of the general policy-related tentativeness and bewilderments of the crisis-situated 1970s and 1980s. Chapter 9 engages in a more extensive multi-domain examination of the shift towards the more co-productive hybrid tension-displacing order of the post-1990s and its connection to the reconfigured dynamics of the tension-filled functional relationship between legitimation and fiscal accumulation. Chapter 10 – a kind of mini-chapter – zooms in on the dynamics of co-produced legitimation in the 2000s by engaging in a brief empirically-founded analytical examination of the case of the pre-2008 crisis expansion of growth-spurring household debt-taking. As a way of theoretically discussing the overall analytical agenda and the research questions posed, chapter 11 both formalizes the arguments made concerning the reconfigured status of the tension between legitimation and fiscal state-crafting in the post-1970s period, juxtaposes these with the key points and prophecies of the LAF approach of the 1970s and discusses the study's argument concerning a relative shift towards self-legitimizing fiscal accumulation in relation to two other more recent works. Hoping to make the governance-situated reconfiguration more social-theoretically credible and meaningful at a lower level of analysis, chapter 12 engages in a theoretical discussion of some of the main micro-situated dynamics and mechanisms underpinning state legitimation and functional reproduction.

Part IV, which includes chapter 13, rolls out and develops the ECR model through a case study analysis focusing on the historical dynamics of automobile production in a state-crafting context. Specifically, chapter 13 examines the emergence, consolidation and reconfiguration of the automobile industry in the UK and Sweden.

Lastly, the conclusion both summarizes and discusses the analysis and its implications and reflects on the limitations of the study and the potentials for future research.

Chapter 2. Presenting and Discussing the Literature: LAF and Governance

In this chapter I shall provide a more detailed outline and discussion of the two types of scholarly approaches/perspectives that is being selectively and critically utilized, examined and brought together in this study, namely the LAF approach and the governance perspective. Rather than attempting to provide an exhaustive account, the focus is on identifying some of their core analytical properties as they relate to the overall agenda of this study. In this way I hope to theoretically contextualize not only the main literature that informs this study but also the analytical logic underpinning the main research question posed in the introduction. The chapter is split into three sections: firstly, it discusses the LAF approach; secondly, it discusses the governance perspective; thirdly, and lastly, against the background of this theoretical and conceptual contextualization, it very briefly summarizes the overall agenda of this study.

2.1 Bringing back the 1970s: The legitimization and accumulation functions approach

As pointed out in the introduction, while it shall be both historically resituated and critically analytically reworked, the examination of the governance phenomenon takes initial overall theoretical departure in what in this study is described as the state-situated tension-filled legitimization and accumulation functions (LAF) approach of the early 1970s.⁵ For this reason, this section intends to both contextualize this approach and selectively outline key parts of its analytical toolbox.

⁵ Arguably, for reasons that shall be (at least indirectly) further addressed throughout this section, the designation legitimization and accumulation functions approach, or LAF approach, seems to be the most adequate one. For example, while Streeck (2014: 14) speaks loosely of the ‘Frankfurt crisis theories of the 1970s’ (although without explicitly/directly taking on board their perspectives/insights), presumably referring to Habermas, Offe and O’Connor, this description both (1) tells us less about the actual core analytical content of the overall perspective and (2) arguably under-assesses the distinctively US-based fiscal-budgetary components of O’Connor’s

As mentioned, the LAF approach appeared in the context of the overall crisis-engulfed context of the early 1970s, representing one notable critical/neo-Marxist/left-leaning case of a greater population of pessimistic diagnoses of the times. Here, the state-situated tension-focused LAF approach, as it is construed in this study, made its mark through the three critical analyses presented in James O'Connor's *Fiscal Crisis of the State* (FCS) (1973), Jürgen Habermas' *Legitimation Crisis* (LC) (1973) and Claus Offe's *Contradictions of the Welfare State* (CWS) (1984).⁶ Partly heuristically sidestepping a range of theoretical intricacies pertaining to these works, it is arguably possible to ideal-typically outline three main productive shared properties of this approach:

(1) A focus on two perennially important, strong and productively generic overall organizing concepts, namely 'legitimation' and 'accumulation', which, contrary to many recent alternative and popular categories, in principle can also be meaningfully applied to both (a) contemporary 'authoritarian' non-liberal contexts and (b) early modern or pre-democratic and pre-capitalist contexts. Moreover, these two dimensions not only underlie a vast range of important contemporary dynamics, conflicts and trends but also intrinsically allow for the selective and productive integration of two distinctive interdisciplinary

(otherwise Frankfurt-like) contribution. While Paterson's (2010) article on climate politics otherwise helpfully speaks of an 'accumulation/legitimation tension', or a 'legitimation-accumulation tension' he both makes reference to a slightly different/broader group of scholars and engages with the theme more loosely and generically. In this study, it is explicitly and strictly the specifically state-situated functional works of O'Connor (1973), Habermas (1973) and Claus Offe (1984) that is considered. Moreover, by the designation legitimation and accumulation functions approach, emphasis is put on the central importance of the shared functional logic of legitimation and accumulation – the basically state-situated functional outlook, the function requirement of having to ensure both legitimation and accumulation – rather than necessarily stressing the tension between the two, which, although important, should be considered a sub-component of this larger dynamic. Other analyses of the 1970s such as that of Wolfe (1977), focusing on the contradictions of 'liberal democracy', or Bell (1976), operating with an eclectic non-state-situated framework focusing on, for example, 'realms' are not considered part of the LAF approach.

⁶ Offe's 1984 book is a selected collection of translated essays written throughout the 1970s.

sub-fields or types of literature, namely political economy ('accumulation') and political sociology ('legitimation').⁷

(2) A preoccupation with the specifically tension-filled character of state-functional reproduction.⁸ As O'Connor (1973: 6) characteristically bluntly puts it: 'the capitalist state must try to fulfill two basic and often mutually contradictory functions – accumulation and legitimization'. Specifically, the capitalist state is problematically simultaneously obliged to both (1) 'maintain or create the conditions in which profitable capital accumulation is possible' and (2) 'maintain or create the conditions for social harmony' (Ibid.). Importantly here: while both of the functions require fulfilment – the systematic non-fulfilment of one of the functions may potentially be crisis-triggering – the servicing of either one of the functions (say, the 'fiscal function') complicates the smooth servicing of the other function (say, 'the legitimation function'). Offe (1984: 49) also provides a salient interpretation of this tension-filled relationship: 'the capitalist state has the responsibility of compensating for the processes of socialization triggered by capital in such a way that neither a self-obstruction of market-regulated accumulation nor an abolition of the relationships of private appropriation of socialized production results'.

⁷ Describing his own theory, O'Connor (1973: xix) points out that it 'depends on two kinds of observations, the first political-economic, the second political-sociological'.

⁸ While Offe (1984: 130-4) provides an otherwise productive (although ambiguous) understanding of a contradiction, the term tension is preferred over that of this former generally more demanding and deterministically-sounding notion (which is arguably more often used in the LAF approach). This study shall operate with a minimal and pragmatic understanding of a tension: Against Offe (1984: 131), who would largely describe these features as merely 'dilemmas', a tension simply reflects any type of setup having structurally built into its operating logic a systematic set of 'opposing demands' and 'conflicting pressures'. Generally, as should also indirectly follow from the overall philosophical and epistemological orientation of this study (see chapter 3 and 4), in this understanding of the term tension: (1) no necessary logical/ontological incongruity exists between the constitutive elements of the tension, (2) the activation of a crisis scenario is not necessarily inevitable, even in the long-term (cf. Offe 1984: 133), (3) tension-filled dynamics are in no way exclusively a feature of the 'capitalist mode of production'. In this relation, a crisis simply refers to a historically contingent situation in which an either rapid or prolonged spraining of the 'opposing demands' and 'conflicting pressures' results in a functionally relevant disruption, which manifests itself in some non-trivial empirically observable form.

Thus, in particular, the tension-filled dynamics associated with the very *simultaneity* of the state's twin function-fulfillment was thought to critically underlie and condition the potential activation of institutionalized crisis events. Internal differences aside, it is possible to extract the following shared crisis-inducing causal scenario: Private-property arrangements not only require continuing regulative/fiscal support (in O'Connor's budgetary terminology: 'social capital expenditures'), the (ultimately Marxist) antagonism between the 'socialization of costs and the private appropriation of profits' (O'Connor 1973: 9; see also Offe 1984: 49; Habermas 1973: 20-24) produces negative social externalities, which become transferred to the increasingly 'politicized' democratic capitalist states, destabilizing and straining them via rising popular compensatory claims and demands (in O'Connor's budgetary terminology: 'social expenses'), and tendentially culminates in regular fiscal and/or legitimation crises. Through this process, in the context of a 'repoliticized' postwar form of 'organized capitalism', market-based tensions and dynamics become 'displaced', or 'pass over', into the bureaucratic-political sphere (Habermas 1973: e.g., 37, 47, 52, *passim*).

(3) A strong preoccupation with the organized, bureaucratic, administrative, managed, etc. – in short, *state-situated* – character of advanced liberal-capitalist democratic society. Although Habermas and Offe originally, at least partly, placed their largely comparable analyses within a nominally systems-oriented framework (whether that of Parsons or Luhmann), both the actual content/substance of their examinations and their continually changing terminology reveals that capitalist statehood, construed in an institutional inside-out manner, and the tension-filled conditions for its functional reproduction assumes absolute primacy.⁹ Arguably, this generally state-situated outlook sprung from three

⁹ In the first chapters of their books, Offe (1984: 52) and Habermas (1973: 5) present a largely similar initial nominal systems-oriented legitimation and accumulation functions framework. More specifically, Habermas (1973: 5) adopts his initial model for LC 'from a working paper' written by Offe, which is an early version of the paper presenting Offe's scheme which would amongst other things be included in CWS. In this scheme, to take Habermas (1973: 5) as an example, there are three systems, namely a 'Socio-Cultural System', an 'Economic System' and a 'Political-Administrative System', which each provides outputs to the other and correspondingly receives inputs. Importantly, the 'Political-Administrative System' should be construed as the 'control center', it 'assumes a superordinate position' in relation to the other two systems (Ibid.); in Offe's (1984: 52) terms, it is placed at the 'organizational disjunction' between the two. Effectively, in terminology and throughout the chapters, both LC and (particularly) CWS de facto operate with a state-situated perspective. Moreover, as John

interrelated factors. Firstly, the LAF approach took a historically specific form of statehood, intrinsically associated with the interventionist so-called ‘Golden Age’ postwar period, as their organizing category and baseline from which crises tendencies could be analyzed. As opposed to 19th century ‘laissez-faire’ or ‘competitive’ or ‘liberal’ capitalism (which, as this study generally argues, was always highly state-facilitated), the ‘advanced capitalism’ of the postwar period was for the LAF scholars best characterized as a form of ‘organized or state-regulated capitalism’ (Habermas 1973: 33). This postwar form of capitalist statehood had to systematically engage in all kinds of fiscal expenditures (O’Connor 1973) and ‘crisis management’ (Offe 1984) procedures.¹⁰ Secondly, the state-situated outlook also arguably sprung from the indirect/implicit and undertheorized influence of an underlying Weberian Marxist orientation (on ‘Weberian Marxism’ more generally, see, e.g., Löwy 1996; Dahms 1997).¹¹ Thirdly, and relatedly, it sprung from the equally indirect/implicit influence of the diagnosis of ‘state capitalism’ classically advanced by Friedrich Pollock (e.g., Habermas 1973: 33-41; cf. ten Brink 2015: 336).¹²

Importantly, this largely implicit or taken-for-granted broadly speaking Weberian input to the LAF approach, productively allows for, at least in principle, perceiving the governance phenomenon as an in many ways state-facilitated historically reconfigured continuation of organized state capitalism; contrary to much mainstream scholarship associating the post-1970s development with increased privatization, de-regulation, a debilitated form of government, etc., the legitimation and accumulation functions approach – with, for example, its commonsensical/casual stress on inter alia ‘social capital expenditures’ (O’Connor 1973) or ‘administrative recommodification’ (Offe 1984), etc. – allows one to analytically unproblematically construe it as being both deeply, historically, continually and increasingly state-facilitated.

Keane correctly notes in the 1982 interview with Claus Offe that concludes CWS, Offe’s ‘more recent writings on the welfare state do not use the conceptual language of systems theory’ (Offe 1984: 256).

¹⁰ Offe (1984) also spoke of, for example, the ‘Keynesian welfare state’.

¹¹ It makes sense to simply define Weberian Marxists as ‘the Western-Marxist thinkers who systematically used certain key ideas of Max Weber’ or define Weberian Marxism as simply entailing ‘the use, for the benefit of an approach basically inspired by Marx, of certain themes and categories from Weber’ (Löwy 1996: 431, 432).

¹² For an analysis of the connection between Friedrich Pollock’s notion of ‘state capitalism’ and the theories of particularly Horkheimer and Adorno, see notably Dahms (2010: 332-347) and ten Brink (2015).

Relative to Habermas' LC and Offe's CWS, O'Connor's FCS stands out for its more fiscal sociological or fiscal-budgetary approach. Importantly, O'Connor's (1973: 6) critical fiscal-budgetary framework for analyzing the capitalist state – whose categories 'are drawn from Marxist economics and adapted to the problem of budgetary analysis' – productively construe '[s]tate expenditures' as having 'a two-fold character corresponding to the capitalist state's two basic functions: social capital and social expenses'. Whereas 'social capital expenditures' – which is split into two sub-dimensions, namely 'social investment' and 'social consumption' – could roughly be construed as 'expenditures required for profitable private accumulation' (that is, they were mainly associated with the 'accumulation' function), 'social expenses' could roughly be understood as various kinds of welfare-oriented 'projects and services which are required to maintain social harmony' (that is, mainly associated with the 'legitimation' function) (Ibid.).¹³ Although generally providing a state-functional outlook, O'Connor's (1973: 10) partly class-situated budgetary framework also productively emphasizes 'struggles around the control of the budget'. For O'Connor (1973: 7), because the 'national income accounts lump the various categories of state spending together' – since '[t]he state does not analyze its budget in class terms' – a critical scholarly exercise thus consists in trying to 'determine the political-economic forces served by any budgetary decision, and thus the main purpose (or purposes) of each budgetary item'.¹⁴

In sum, the LAF approach focuses on the governability-related consequences associated with increased legitimacy and fiscal politicization and displacement and, more generally, the tension-filled state-situated functional reproduction of legitimation and accumulation. Arguably, as shall be seen, this approach provides a productive initial conceptual repertoire and analytical orientation for examining the post-1970s governance phenomenon from a state-oriented and broadly speaking historically informed perspective.

As mentioned, while this study intends to start off relatively analytically deductively from the vantage point of the LAF approach – selectively adopting and utilizing its state-situated analytical

¹³ Obviously, to provide a full appreciation of O'Connor's distinctive but also complex and idiosyncratic contribution to the LAF approach, one would need to place the analysis in his more elaborate empirical application of it, his particular Marxist understanding of the 'competitive' and 'monopoly' sector and his at least partly class-situated conception of US capitalism – tasks which are outside the scope of this study.

¹⁴ Of course, O'Connor (1973: 7) acknowledges that 'nearly every state expenditure' at the same time serves both the legitimation and accumulation function, 'so that few state outlays can be classified unambiguously'.

toolbox – it shall also not only reapply the approach (focusing on the post-1970s governance-situated period) but also analytically and historically rework it by tweaking and expanding some of its categories, historically informing it and pragmatically complimenting it with other relevant perspectives and insights. Although this reworking is done continuously throughout the study, chapter 6 in particular seeks to more formally develop and launch the main analytical perspective of this study centered on legitimacy and fiscal state-crafting. The motivation for the study’s ongoing gradual reworking partly stems from an acknowledgement of some of the more or less natural limitations or blind spots of the LAF approach, which requires supporting historical-theoretical procedures and additional analytical maneuvers.

To take a notable example: while, as argued above, the LAF approach can be said to be underpinned by the implicit/indirect influence of an overall both Weberian Marxist orientation and ‘state capitalism’-like diagnosis, this broadly speaking Weberian input remains not only undertheorized but also critically under-activated. For example, weighing contemporary Marxist considerations more heavily and commonsensically operating with a Golden Age-like baseline from which to understand changes, the approach fails to provide us with much insight into the historical context and foundations of modern statehood or the genesis of its two functions. But, as shall be argued continuously in this study, in order to understand the governance phenomenon, it is necessary to understand the historically situated dynamics of state-crafting. Also, more generally, the LAF approach relies on a number of undertheorized premises concerning the status of statehood: its ability to act, the dynamics of its functional setup, the theoretical status of legitimation and accumulation, etc.

Thus, this study seeks to think more deeply about the conditions of modern statehood and the category of the liberal-capitalist democratic state, provide a defense of some of the implicit premises of the approach and, importantly, in a historically informed manner examine the emergence, consolidation and reconfiguration of legitimacy and fiscal state-crafting. While these non-trivial supporting historical-theoretical procedures and additional analytical maneuvers – which of course always remain incomplete and somewhat tentative – sometimes entail unearthing and accentuating the implicit Weberian component of the approach, they also to a great extent consist in reaching firmly outside the LAF frame.

2.2 The fragmented post-1990s: The governance perspective

As argued earlier, across the academic social science disciplines (and sub-fields), whether perceived optimistically or pessimistically, the post-1970s/1990s period is typically characterized as an era of both (1) a relatively downgraded state/governmental authority and control mechanism (2) a relatively upgraded dynamism and causal saliency of markets, profit-maximizing corporate entities, and civil society actors more broadly. In recent decades, especially within political science, this multi-levelled overall diagnosis has found particular academic expression in analyses that address and/or are implicitly underpinned by the so-called 'turn to governance' or shift 'from government to governance'.

Notably, as mentioned, R. A. W. Rhodes' (1994: 151, 1996: 667) influential analysis of 'the new governance' spoke of the 'hollowing out of the state' and 'governing without Government' – a process introducing, notably, increased 'fragmentation', an 'erosion of central capability' and the proliferation of 'self-organizing interorganizational networks' that generally 'resist central guidance'. The post-1990s governance perspective straddles many thematic areas and issues within the overall political science discipline (on this, see also Kjær 2004), with some scholarly works focused more on national public policy and comparative politics, such as Rhodes, or global governance (e.g., Rosenau 1995) or, for example, 'New Public Governance' (e.g., Osborne 2006) or 'collaborative' governance (e.g., Ansell & Gash 2008). The governance perspective has been applied to, or implicitly informs analyses directed at, a vast amount of empirical cases or issue areas, from 'climate change' (Betsill & Bulkeley 2006) to 'security' (Krahmann 2003) to 'tourism' (Dredge 2006), and so on.

The term governance goes back more than two centuries – at first being more or less identical to the notions of government, governing or steering (Kaufmann & Kraay 2008: 3; Kjær 2004: 3). Later, in recent decades, it has partly taken on a new meaning, separating it itself from, and defining itself negatively in terms of, the notion of government (Kjær 2004: 3). In this relation, Offe (2009: 551) provides a helpful distinction between two possible understandings of governance (the second of which this study shall primarily examine): (1) as a 'generic category', i.e. entailing something broader than government or (2) as 'a counter-concept to government', i.e. 'a novel form of coordination among actors'. In the former case, governance seems to be used almost as another way of saying steering, governing, etc. – a usage in line with the generic definition provided in the *Oxford English Dictionary*, which refers to governance as simply the 'office, function, or power of governing' or the 'action or fact of governing a nation, a person, an activity, one's desires' ('Governance' n.d.). Also the definition

provided by one 2007 World Bank report, which refer to governance as ‘the manner in which public officials and institutions acquire and exercise the authority to shape public policy and provide public goods and services’ (as cited in Kaufmann & Kraay 2008: 4), arguably belongs in this category.

In the latter case, governance refers to a shift, a transformation, a turn; in Rhodes’ (1996: 652-3, emphasis in original) terms it ‘signifies a *change* in the meaning of government, referring to a *new* process of governing; or a changed condition of ordered rule; or the *new* method by which society is governed’. Clearly, this study is primarily interested in examining this latter understanding – although, of course, the two conceptions to some extent presuppose each other, co-exist and are sometimes applied simultaneously within one study. Arguably, both conceptions, although they include many different types of analyses, minimally operate with an understanding in which, to use Stoker’s (1998: 17) formulation, the ‘essence of governance is its focus on governing mechanisms which do not rest on recourse to the authority and sanctions of government’. Moreover, since the increased institutional and academic preoccupation with governance (in whatever sense of the term) in itself illustrates a shift, an increasing focus on steering, governing, etc., the former usage of the term in any case becomes integral to the latter understanding.

Informally and ideal-typically extracting insights from the vast governance-related literature for the purposes of this study, it is arguably possible to describe the governance phenomenon of the post-1970s/1990s period, or perhaps more precisely the post-1990s governance perspective, via the following four necessary (but not necessarily sufficient or sufficiently specified) overall attributes:¹⁵

- (1) A weakening, fragmentation, pluralization, decentralization, privatization or evaporation of statehood/sovereignty and nation-state-based democratic (party political) government.
- (2) A government/sovereignty-decreasing expansion of multi-level organizational (or intra-organizational) or steering-oriented relationships (involving, e.g., network patterns, hybrid setups, localization, regionalization, internationalization, Europeanization, globalization).

¹⁵ For other descriptions of basic governance dimensions, see, for example, Rhodes (1996), Kjær (2004), Goetz (2008) or Ruhanen et al. (2010).

(3) The proliferation of democratically-framed ‘co-production’ arrangements (e.g., participatory, self-steering/self-organizing or privatized activities).

(4) A heightened intensity and societal diffusion of steering, management, organization, etc. (i.e., what from a critical perspective can be understood as a governing fetishism).

Obviously, not all aspects of these four attributes shall be treated, or treated equally, in this study. The focus is on the overarching claim of the governance perspective, namely the first attribute above, which, in the context of the governance perspective, at varying degrees already implies and includes the other three. While it may take a more direct/explicit form, this overall attribute – concerning broadly speaking a ‘hollowing out’ of state/government – in many instances appears as an implicit premise: whether using a governance-specific vocabulary or not, a vast political science literature exists that has taken on board this main premise of the governance perspective, presupposing a shift ‘from government to governance’. In this light, the study is relatively less interested in specific governance takes than in examining the quality of the overall shared premises of the governance perspective in light of the overall analytical research agenda (which, as mentioned, is operationalized through an investigation of the main historical, state-situated and particularly legitimacy conditions of possibility for the governance phenomenon).

As indicated above, even the broader and more implicit governance perspective can be considered a significant political science-focused case of a larger population of social science perspectives directly arguing for or simply implicitly presupposing a relatively downgraded state/governmental authority and control mechanism in the post-1970s period. Although less (neo-)pluralist and generally more critical/power-focused, notable other cases would for example be the neo-Foucauldian ‘governmentality perspective’ (e.g., Miller & Rose 1990; Rose & Miller 1992) or neo-Marxist/neo-Keynesian interventions (e.g., Duménil & Lévy 2015; Streeck 2011, 2014) focusing on the state-weakening/retreating aspects of neoliberalism. In this sense, an examination of the (so to speak) ‘governance case’ arguably provides an alternative way of addressing the premises of this larger state/governmental downgrading literature. But relative to alternative cases, the governance perspective helpfully more explicitly focuses on governmental and governing issues (how states/governments

function, how certain processes are governed, governability and steering problems, etc.) – aspects that directly connect to the questions addressed by the LAF approach of the early 1970s.

Although this will become clearer throughout, it may be productive to flag, early on, this study's general implicit two-fold understanding and treatment of the governance phenomenon. Firstly, it should be considered both (1) a partly actualized phenomenon (but, importantly, one which should be critically analytically reinterpreted) and (2) a partly overstated and ideological-strategic phenomenon. Regarding the first understanding: on the one hand, it should be considered a partially empirically actualized phenomenon; certain aspects, trends, processes, etc., linked to the shift from government to governance are accepted. On the other hand, these partially actualized features should be construed, as shall be argued, in the context of the historically changing dynamics of legitimacy and fiscal state-crafting. Regarding the second understanding: many of the proposed aspects, trends, processes, etc., linked to the governance phenomenon have not actually taken place (or taken place to the degree suggested) and the governance perspective may to some extent be considered to be (1) partly overstating the case (on this, see also Goetz 2008), (2) unintentionally relying on an ideologically enmeshed framework and/or (3) part of a more strategic-performative institutional and discursive agenda focused on intensifying the empirical actualization of the governance phenomenon (on this, see also Stoker 1998: 18).

Against this backdrop, as argued earlier, this study intends to explicitly, actively and causal-functionally tie the LAF approach of the early 1970s to the post-1970/1990s governance phenomenon, while continuously critically considering the above mentioned partly overstated and/or ideological/strategic-performative aspects of the governance perspective. To repeat: this agenda of directly tying the state-situated tension-filled LAF approach to the governance phenomenon implies examining whether and to what extent the latter can be perceived as a distinctive post-1970s/1990s state-facilitated way of bridging or altering (reconfiguring or overcoming) the tension-filled relationship between state legitimation and fiscal accumulation in Western European liberal-capitalist democratic polities.

Having presented and discussed some of the key properties of the two main types of literature directly engaged with in this study – and explicated the relevance of these for the overall agenda – the next two chapters (3 and 4) shall engage in a necessary extended formalization, explanation and defense of the central, respectively, (1) philosophical and social-theoretical and (2) epistemological and methodological considerations critically informing the study.

Chapter 3. Philosophical and Social-Theoretical Considerations: From Critical Realist Emergentism to Corporate Functionalism

In this chapter and the next one, I shall engage in an important introspective discussion and presentation of the key broadly speaking philosophical/social-theoretical and epistemological/methodological dimensions of the study. In this capacity, these two chapters thus represent an all-too-rare chance to reflect on both the basic premises and conditions of possibility of social science research, more generally, and the many implicit/explicit considerations that have gone into developing and designing this study, more specifically.¹⁶ Basically, chapter 3 and 4 seek to serve two main purposes. Firstly, to ideally provide some reasonable degree of general justification of the basic research practices, procedures and style of the study. Secondly, and relatedly, to relatively pedagogically explicate and outline how the study is set up and methodologically organized in a way that hopefully improves the reader's capacity to follow the different arguments and overall structure of the study. Importantly, the nature of the study requires an extended formalization and discussion of the key philosophical/social-theoretical and epistemological/methodological considerations; as argued, and as shall be seen, these perhaps lengthier than usual meta-retroductive maneuvers are highly integral to the analysis of the conditions of possibility for (studying) governance.

This study is informed by a deep-seated intellectual belief in the intrinsic value and productiveness of a 'pluralist' approach to methodology and an inclusive understanding of 'science' (Jackson 2011: chapter 1, chapter 7, passim; see also Danermark et al. 2002: chapter 6, passim). In particular, the study opposes the increasingly 'disciplining function' of the term 'science'; the way in which it is more and more used in a 'tactical' manner as a 'rhetorical trump-card' by usually neo-positivist 'self-identified 'scientists'' and erroneously '[w]ielded as though it represented a single, unitary mode of knowledge-production' (Jackson 2011: 9, emphasis removed, 17, 19, 7, 189). Against this, a broad Weberian-like understanding of science – broad enough to unproblematically encompass all of the major social science paradigms/schools/positions or philosophy of science perspectives – is

¹⁶ Ideally speaking, this exercise/endeavor is broadly in line with Bourdieu's (1988: 784) more general programmatic advocacy of a critically informed 'genuinely reflexive social science'.

implicitly preferred, one that simply defines it as more or less ‘systematic inquiry designed to produce (...) knowledge’ (Ibid.: 2011: 24).¹⁷

I have structured the relationship between chapter 3 and 4 in what is arguably the most logically meaningful manner, namely one that first presents the philosophical and social-theoretical considerations (this chapter) and then proceeds to engage with the relevant epistemological and more concrete methodological/methods-specific aspects (chapter 4).¹⁸ Specifically, while this chapter is separated into two sections, dealing with (1) philosophy of social science and (2) functionalism, the next chapter, as things gradually become increasingly tangible, is split into three sections, focusing on (1) the logic/dynamics of ‘discovery’ and ‘justification’, (2) historical-theoretical research and (3) methods.

3.1 Philosophy of social science: Critical realism and emergentism

As a way of anchoring the next chapter’s more concrete epistemological and methodological considerations, it makes sense to first explicate the basic ontological premises and philosophy of social science background of this study. Such an ontological/philosophical basis is ‘foundational to particular modes of knowledge-production’ (Jackson 2011: 196); philosophical world-views ‘animate (...) technical procedures’ and ‘set the stage for the kinds of empirical and theoretical puzzles and challenges that a scholar takes to be meaningful and important’ (Ibid.: 34).¹⁹ In the following subsection, I shall briefly outline the basic philosophical orientation of this study, and indicate two crucial implications of this, taking departure in a critical realist philosophy of social science focused on the key writings of Roy Bhaskar (1975, 1979) as well as later notable elaborations of this overall approach (e.g., Archer et al. 1998; Sayer 2000; Danermark et al. 2002; Kurki 2007; Elder-Vass 2007a; Jackson

¹⁷ Although very few scholars would deny that their work bears any relationship to some ‘worldly’ aspects/dimensions (cf. Jackson 2011: 24), notice that this slightly tweaks Jackson’s (Ibid.: 24, emphasis added) definition which arguably too restrictively technically speaking refers to (some kind of) ‘*factual* knowledge’.

¹⁸ See Jackson (2011: 26, 26-32) for an alternative view of this standard ‘sequence’.

¹⁹ I shall here sidestep or collapse the distinction Jackson (2011: passim, especially 28) takes onboard and positively applies in his own way between ‘scientific ontology’ and ‘philosophical ontology’.

2011: 72-111).²⁰ Afterwards, in the next sub-section, I shall discuss how the study is critically informed by a so-called emergentist perspective.

3.1.1 Critical realism and its two implications

How should critical realism be positioned within the general terrain of philosophy of social science? It seems reasonable to argue that critical realism seeks to collapse, or place itself somewhere in between, Martin Hollis' (1994: 1-21) well-known distinction between 'explanation' and 'understanding'.²¹ On this level, critical realism wants to distance itself from two dominant alternative positions, namely positivism and ontological or radical epistemological constructivism. On the one hand, if positivism is ideal-typically defined as minimally a form of empirical realism – that is, as necessarily and sufficiently adhering to the two principles of realism and empiricism – and neo-positivism²² as a more specific Popperian or 'falsificatory' (that is, post-Vienna Circle) version of this (which I shall primarily be referring to), critical realism seeks to simultaneously defend realism and reject empiricism. Thus, together with (neo-)positivism, critical realism accepts a possible distinction between the mind, consciousness, language, concepts, etc., and the world, causal powers, objects, etc. – what (Jackson 2011: 35, 37, 74-111) labels a form of 'mind–world dualism'²³ – but against (neo-)positivism it rejects its fixation on (immediate) observability and 'data' and the necessity of systematic empirical testing.

²⁰ A few elements of the below sub-section on critical realism have been broadly conceived/thought out in the context of previous unpublished work done together with Raphaël Wolff and Annette Freyberg on the possibility of a genuine critical realist process-tracing method.

²¹ Although this arguably requires a more specific comparison (which have not been worked out here), it is reasonable to assume an overall similarity between critical realism's rejection of both positivism/explanation and constructivism/understanding and Pierre Bourdieu's (e.g., 1988) rejection of an objectivism/subjectivism opposition (see also, more generally, Wight 2013: 329, fn. 19).

²² For a sophisticated treatment of the term 'neopositivism', as well as a more substantial critique of this position, see Jackson (2011: 41-71). For a note on Jackson's usage of the term, see Neumann (2011: xiii-xiv).

²³ That said, Jackson (2011: 156-187) arguably tends to overstate the 'duality' aspect with regards to critical realism (see also Wight 2013: 329).

On the other hand, critical realism seeks to reject a non-realist or radical epistemological constructivist, hermeneutic, interpretivist, discourse-theoretic, etc., view that either outright rejects the existence of a ‘real’ material or causal world (the bold ontological claim) or, more typically found, argues, in a radical Kantian fashion, that while material objects and (also sometimes) social events, structures, processes, etc., may exist *an sich*, (1) the only way to gauge such entities is through their *für uns* quality and (2) the determining properties of an entity reside principally in this *für uns* dimension (the radical epistemological claim). In short, critical realism would, for example, reject – regarding the latter radical epistemological claim – Laclau & Mouffe’ (1985: 108) a priori, non-tendential and ahistorical indeterminacy/openness with regards to the question of whether the (actual) falling of a brick (which they use as an example) is interpreted as either ‘expressions of the wrath of God’ or part of a ‘natural phenomena’. Arguably, critical realism is critical in at least two ways (the former of which I shall not explore here) (cf. Sayer 2000: 18-19): (1) in a substantive manner (informed by Marxist and Frankfurt School questions of alienation and emancipation) and (2) in a philosophical manner (aimed at transcending the choice between empirical realism and ontological or radical epistemological constructivism).²⁴

Critical realism operates with a ‘stratified’, rather than a ‘flat’ (Sayer 2000: 12), ontological understanding of the world. In this stratified conception one finds ‘three overlapping domains of reality’ – namely the ‘real’, the ‘actual’ and the ‘empirical’ – each of which is constituted by, respectively, ‘[m]echanisms, events and experiences’ (Bhaskar 1975: 46). Bhaskar (1975) deconstructs the logic/conditions of scientific experimentation as a way of grounding and presenting this three-layered ‘stratified ontology’.²⁵ First, empiricists favor the ‘closed system’ of the experimental lab because it may synthetically close, and control for counter-acting factors pertaining to, the normally complex and contingent ‘open system’ of the world. Second, and most importantly, as Bhaskar (Ibid.: 4, 2) argues, the ‘artificially generated exception’ of the ‘experimentally closed conditions’, set up to grasp the

²⁴ As Sayer (2000: 8, fn. 2) argues, ‘although there are many affinities between critical realism and Marxism, the former does not entail the latter’. Of course, the philosophical dimension of critical realism’s criticalness also relies on a reflection on Karl Marx’s (at least implicit) philosophical grounding and methodological procedures. For an interesting discussion/debate on this (particularly) philosophical relationship, see Bhaskar & Callinicos (2003: especially 90-1, 100-2, 106, 108).

²⁵ See also the description in, for example, Sayer (2000: 12-17) and Danermark et al. (2002: 67-69).

character of specific causal mechanisms, demonstrates the non-identity of our ordinary experience of the world and the dynamics of its real structures and mechanisms, and thus the saliency of a stratified view. Following this logic implies that ‘real structures exist independently of and are often out of phase with the actual pattern of events’ and that ‘events occur independently of experiences’ (Ibid.: 2). Importantly, critical realism would argue, empirical realism – and arguably other versions of ‘phenomenalism’ that limit ‘knowledge to those aspects of the world that can be empirically grasped and directly experienced’ (Jackson 2011: 42) – is caught up in a form of ‘epistemic fallacy’ which reduces ontology to epistemology or ‘statements about our knowledge of being’ because in this view the ‘three domains of reality are collapsed into one’ (Bhaskar 1975: 5, 46).

We can point to two key implications for this study of the stratified view. Firstly, mechanisms,²⁶ and causal structures/powers/entities/forces more generally, are unobservable – that is, as Jackson (2011: passim, 38, 96, 114, 88, emphasis added) argues, ‘in-principle unobservable’, i.e. reflecting not so much ‘unobservable-but-*detectable* things’ as unobservable ‘real-but-*undetectable* causal powers’, the latter ‘defined (...) as entities and properties that cannot, even in principle, be observed or detected either with unaided or with augmented senses’ (cf. Wight 2013: 341-2). Importantly, for critical realists the unobservability of the ‘open system’ of the social world should necessarily point the scholar in the direction of what Jackson (2011: 36-7) in a critical realist vein calls ‘transfactualism’ – that is, the attempt to ‘[go] beyond the facts to grasp the deeper processes and factors that generate those facts’ – a procedure which inherently puts a relatively higher premium on theoretical contemplation, ‘thought experiments’ and ‘thought operations’, etc. (on these procedures, see Danermark et al. 2002: 73-114). The condition of unobservability also ‘makes reliance on strict observational knowledge problematic and entails some indeterminacy in explanation’ (Kurki 2007: 371). More generally, when setting up/applying standards for assessing an explanation one should ‘take into account the ontological nature of the objects studied’ (Ibid.), implying, to take a notable example pertaining to this study, that studying inherently abstract objects like ‘states’, over longer periods of time and at the macro-level, should grant the researcher relatively more methodological leniency and flexibility.²⁷

²⁶ For a productive and sophisticated philosophy of science understanding of mechanisms, see notably Machamer et al. (2000) and Machamer (2004).

²⁷ More generally, as Rosenberg (2008: 145) points out, ‘statements that transcend observation are to be judged on their explanatory power, not their testability’.

Secondly, because ‘objects have powers whether exercised or not, mechanisms exist whether triggered or not and the effects of the mechanisms are contingent’ (Danermark et al. 2002: 56), it follows that ‘causal laws must be analysed as their tendencies’ (Bhaskar 1975: 3) in ‘open systems’. And, in this view, tendencies should thus both be considered ‘potentialities which may be exercised (...) without being realized or manifest in any particular outcome’ and powers which may be ‘fulfilled or actualized *unperceived* by men [sic]’ (Ibid.: 40, emphasis added). This particular critical realist displacement from ‘statements of laws’ to ‘tendency statements’ (Ibid.: 7) not only naturally implies an increasing focus on the less strict notions of, for example, macro-level ‘tendency’ (as in Marx’s work) and more mundane sociological ‘dispositions’ (as in Bourdieu’s work) but also, with regards to mechanisms and social structures, a redirected emphasis on theoretical considerations and (if ontologically meaningful and pragmatically feasible) the discovery of theoretically framed symptomatic indirect/derivative empirical indicators/approximations (cf. Beach & Pedersen 2013).

3.1.2 Emergentist statehood and macro-mechanisms

A constitutive element of critical realism’s stratified ontological conception of reality is the notion of emergence (and emergentism), which in more than one way deeply informs this study. In specific relation to critical realism, emergentism not only provides a complimentary argument against collapsing the three domains into one empirical realm but also conditions and supports critical realism’s particular take on the perennial ‘structure-agency debate’ or, in Hollis’ (1994) terms, the distinction between ‘holism’ and ‘individualism’. Before treating the relationship between each of these two elements and emergence, it makes sense to provide a brief account of the latter notion itself, as it is applied in this study.

Put briefly, a (critical realist informed) emergentist social ontology (see notably Bhaskar 1975, 1979; Archer 1998; Elder-Vass 2007a, 2010) implies ‘that a whole can have properties (...) that would not be possessed by its parts if they were not organised as a group into the form of this particular kind

of whole' (Elder-Vass 2007a: 28).²⁸ Arguably, there is both a 'diachronic' and a 'synchronic' dimension to emergence (Elder-Vass 2007a: *passim*, 37, 2010: 16). Firstly, Archer's (1998: 375, emphasis added) so-called 'morphogenetic' approach argues for an analytically posited temporal separability of structure and agency; in this view 'structure necessarily *pre-dates* the action(s) which transform it' and 'structural elaboration necessarily *post-dates* those actions which transformed it'. Importantly here, emergence or extra-individuality, in Archer's (1998: 376, emphasis added, 375, 377) approach, stems in particular from the existence of '*pre-existing* structures' operating over and above individuals – that is, the analytically necessary temporal or 'diachronic' (Elder-Vass 2007a: 34) distinction between a prior 'structural conditioning' and a later agentic interaction/elaboration/reproduction.²⁹ Secondly, in Elder-Vass's (2007a, 2010: 23) so-called 'relational' or 'synchronic' account of emergence, it is construed as 'a synchronic relation amongst the parts of an entity that gives the entity as a whole the ability to have a particular (diachronic) causal impact'. In this synchronic view the origin of the irreducible *sui generis* quality of 'social wholes' lies particularly in 'the *organisation* of the parts: the maintenance of a stable set of substantial relations between the parts that constitute them into a particular kind of whole' (Elder-Vass 2010: 20, emphasis added). In other words, it is 'because a higher-level entity is composed of a *particular stable organisation* or configuration of lower-level entities that it may be able to exert causal influence in its own right' (Ibid.: 23, emphasis in original).

Now, brought together, this dual understanding of emergence provides the study with an initial firm philosophy of social science basis for accepting the existence of, and practically operating with, complex collective 'social entities', such as notably organizations and institutions, having 'causal powers in their own right' (Elder-Vass 2010: 26) – a coherent social-theoretical justification which many scholars who commonsensically treat collective/corporate actors often fail to provide.

²⁸ For a discussion of the similarity and, especially, ontological incommensurability between (particularly critical realist) emergentism and Luhmann's type of autopoietic (and partly emergentist) functionalism, see Elder-Vass (2007b).

²⁹ On the (perhaps seemingly) subtle yet crucial divergences between Anthony Giddens' well-known 'structuration' theory and Roy Bhaskar's so-called Transformational Model of Social Action (TMSA) and Archer's Morphogenetic approach – the former of which informed the latter – see notably Porpora (1998), Archer (1998) and Buch-Hansen (2005: 62-3).

Importantly, this study's particular treatment of statehood shall construe the state as an irreducible higher-level entity with extra-individual 'emergent powers' (notably, as shall be seen, in the form of 'state-crafting' and its related properties and strategies). In this study, the emergent connection between the lower- and higher-level properties of statehood is stressed in particularly two overlapping ways. Firstly, the study puts emphasis on the dynamics and tensions associated with the state's relational/synchronic organization of (what shall later be described as) both its *four organizational monopolies* and its *four institutional/structural functions*. Secondly, the study emphasizes the emergent simultaneity of the state's (a) complex lower-level constitution – implying a necessary dependence on the dynamics of elites, classes, bureaucratic personnel, voters, consumers, etc., and (b) peculiar irreducible extra-individual emergent causal powers.

As shall be argued in chapter 5, both the Skinnerian-Hobbesian conception and the *Staatslehre* tradition's understanding of modern statehood is commensurate with, compliments and implicitly operates with, such emergentist account of the state. The productiveness of an emergentist conception of entities like states can be understood in light of the way in which organizations and institutions more generally appear as particular paradigmatic forms of emergent collective/social action and social structure (see Elder-Vass 2007a: 31-34; Elder-Vass 2010: 115-168; Kaidesoja 2013: 312-19). Although both are ultimately merely different modalities of 'social structure' (Elder-Vass 2010: 167-8), institutions and organizations may be defined slightly differently: While the former refers to relatively continuing causally emergent rules, orders and structures that normatively pattern behavior and expectations, the latter denotes a more or less persisting, regularized, formalized, authority-constitutive, interest-driven and purposeful form of emergent collective/social/group interaction or association (cf. Elder-Vass 2007a: 31-34, 2010: 115-168; Kaidesoja 2013: 312-19; Hall & Soskice 2001: 9; Streeck & Thelen 2005: 9).

Importantly, it is critical to take into account both of these two dimensions when treating modern statehood – that is, both the more concrete, visible organizational apparatuses of the state and its more transfactual and functional institutionalized existence. Arguably, as this study shall continuously maintain, a productive way of grasping the state's simultaneous organizational and institutional presence – is to conceive it as a 'corporate actor' (on this term, see notably Coleman 1974, 1982).

Unlike ‘natural persons’ (Coleman 1982: 19), and some but not all organizations,³⁰ corporate actors have a transcendental legal status and codification; as juridical/legal persons, corporate actors *inter alia* operate with a heightened degree of: (1) ‘replacability’ of natural persons (Coleman 1974: 35-38, 1982: 26-7) – i.e. put in the presented emergentist vocabulary, the corporate actor, having emergent higher-level properties, structurally lowers the importance of the specific quality of the lower-level entities (see also Elder-Vass 2007a: 31-34); (2) actorness/agency/personhood – i.e. capacity for ‘unitary action’ or ‘coherent, goal-directed action’ (Coleman 1982: 33); (3) abstractness, providing them with an unusual transfactual and transcendental quality.

Importantly, the emergent ‘corporate’ character of the state critically complicates a purely empiricist conception of statehood – in other words, it provides an independent basis for rejecting ‘flat’ or non-stratified ontological perspectives. As shall be elaborated upon later, this implies a rejection of the largely ‘phenomenalist’ so-called neo-Weberian state perspective (e.g., Evans et al. 1985a), which tends to (over)stress Max Weber’s definitional/nominal account of the state and his programmatic emphasis on its organizational ‘means’.³¹ Specifically, both the relational organization of the state’s lower-level properties and the temporal separability of prior ‘structural conditioning’ and later agentic dynamics critically complicate the establishment of a 1:1 relationship between the state’s individually non-exhaustive components, their synthetic organization and the final contingent empirical manifestation of this in the form of an institutional-organizational whole. The transcendental and transfactual character of the state renders it not only much more than an identifiable organizational apparatus (as in the neo-Weberian view) but, more importantly here, makes it necessarily different from merely government (or occasionally party politics), as sometimes commonsensically proposed in the governance perspective. As shall be argued repeatedly, this empiricist tendency of failing to take into account the emergent corporate quality of modern statehood generally inhibits scholars’ ability to productively construe governance as an alternative historically specific modality of state-crafting.

³⁰ One can perhaps say that while all corporate actors are also necessarily organizations, the reverse is not necessarily true (cf. Coleman 1982: 33).

³¹ Although he occasionally falls prey to the above mentioned epistemic fallacy, a proper reconstruction of Weber’s broader substantial historically informed work, as also undertaken in, for example, Dusza (1989) and Anter (2014), shows him implicitly operating with a social-theoretically appropriate emergentist understanding of modern statehood.

As already hinted at earlier, the critical realist understanding of emergence also has implications for another perennially important and perhaps ultimately unsolvable question in social theory, namely how to treat the relationship between structure and agency. Importantly, the particular ways in which emergentism and the structure-agency question deeply intertwine in the critical realist perspective implies that both so-called ‘individualism’ and ‘holism’ should be rejected. Firstly, as mentioned, both Elder-Vass’ synchronic form of relational emergentism and Archer’s (1998: 376-7) morphogenetic approach implies the necessary operation of irreducible extra-individual higher-level causal properties. Secondly, it also follows from the presented form of emergentism that macro-causal arguments – pertaining to ‘social facts’, systems, structures, societies, fields, functions, networks, organizations, etc. – cannot meaningfully refuse to make, as Porpora (1998: 348) puts it, ‘reference to individual behavior’. Just as it is the case that ‘any entity’s emergent properties *depend* upon its being composed of a collection of lower-level entities that are its *necessary* parts and on the properties of those parts’ (Elder-Vass 2010: 19, emphases added), one can say that, as Bhaskar (1998: 216, emphasis added, 214) points out, ‘[s]ociety does not exist *independently* of human activity’ and ‘that such activity would not occur unless the agents engaging in it had a conception of what they were doing’.³²

Let me – by way of also going beyond critical realist reflections – specify this initial position. On the one hand, the acceptance of sui generis emergentist powers means that one can defensibly operate with authentic ‘macro-mechanisms’ (Kaidesoja 2013: 310-13) or processes of an ‘institutional’ or ‘social-organizational’ kind causally working ‘above the individual or elementary social level’ (Jepperson & Meyer 2011: 62). Clearly, if ‘individual-level microfoundationalism’ minimally implies ‘that all causal powers ascribed to social groups are ontologically reducible to the aggregates of casual powers of their individual members’ (Kaidesoja 2013: 308, emphasis removed), and if methodological individualism entails that ‘facts about societies, and social phenomena generally, are to be explained solely in terms of facts about individuals’ (Bhaskar 1998: 208) – or, as Elster (1982: 454, emphasis removed) seems to advocate, the necessary search for a ‘purposive actor’ – the above emergentist view rules out all (meaningful) versions of either perspectives.

On the other hand, as mentioned, the existence of some kind of agentic activity is necessary: there should always be ‘micro-instantiations’, micro-level events/objects/forces that are ‘present and

³² One can perhaps add to Bhaskar’s last point concerning agents having a ‘conception of what they were doing’ that this conception obviously need not be an accurate or normatively desirable one.

operative' and processes 'working through individual actors' (Jepperson & Meyer 2011: 66, 67). But, as pointed out, even though society – or any other form of 'social fact' – 'exists only in virtue of [individuals'] activity' it is nevertheless 'irreducible to people' (Bhaskar 1998: 214, 206). Moreover, as Jepperson & Meyer (2011: 67) argue, 'microfoundations must be distinguished from explanation' – that is, it is important not to confound two overlapping yet critically separate issues, namely (1) the selected level/unit of analysis and (2) questions of causation and explanation.³³ Although perhaps correlated in some way, these two dimensions are not identical: providing 'micro-instantiations' of a certain process – i.e. placing one's explanation, at least momentarily, at a relatively lower level of analysis (focusing, e.g., on detailed micro action) – is not the same as providing 'causal arguments at the level of individuals conceived as actors' (Ibid.: 67, emphasis removed). In other words, the existence of micro-level activity does not necessarily imply that it has 'explanatory centrality' (Ibid.).

Of course, while there is not necessarily a relevant micro-causal mechanism being activated higher-level emergent explanations are arguably all else equal relatively more convincing if they are supplemented with some kind of micro-level 'instantiations' of the proposed relevant process (cf. Jepperson & Meyer 2011: 66; Kaidesoja 2013: 315). Importantly, though, this study does not necessarily agree with Jepperson & Meyer's (2011: 66; although cf. 68) claim that while explanation and microfoundationalism should be disentangled, it is nevertheless a '(legitimate) requirement' to be 'able to illustrate micro-instantiations of any process'. This seems to be too strong an obligation; as Kaidesoja (2013: 316) for example argues: '[I]n many explanatory studies on large-scale macro-phenomena, it is sufficient that we have a general understanding [of] how the collective agents of this kind function (...) and empirically grounded reasons to believe that the macro-phenomenon of interest was causally generated by the interactions of this kind of collective agents with emergent powers'. The decision of what unit of analysis to focus on – or, relatedly, how abstract the study should be – cannot be decided a priori but is contingent on a number of factors, such as: (1) pragmatic considerations (time, space, skills, data, style, etc.);³⁴ (2) analytical considerations (the specific questions being

³³ It is arguably uncertain whether, for example, Rose & Miller (1992), as dominant exponents of the neo-Foucauldian literature (with its advocacy of the search for more micro-level 'mobile' and 'diverse' practices of government), are able to appropriately distinguish between these two dimensions.

³⁴ As Kaidesoja (2013: 316) for example argues, micro-level corroboration 'requires the uses of different methods and data from the explanatory studies on large-scale macro-phenomena'.

asked/studied);³⁵ (3) causal/ontological considerations (whether one thinks that the chosen unit of analysis is where, as Jepperson & Meyer's (2011: 68) would formulate it, the relevant 'causality lies').

It makes sense to now return to another issue which likewise obviously cannot be treated entirely abstractly (for early arguments in this vein, see Mills 1959: especially chapter 2), namely the earlier overall question of the relative weighing between structure and agency. As shall be seen throughout the study, this question critically hinges on at least the following four aspects. Firstly, the structure-agency issue obviously depends on the specific question(s) being asked. Secondly, and equally obviously, the relative strength of either structure or agency critically depends on the specific sphere, location, point in time, constellation, actor, etc., one is focused on studying (see also Berger & Offe 1982: 524). A movie director all else equal has more causal leverage (i.e., 'agency') than an ordinary citizen trying to alter global CO2 emissions through her/his individual consumption behavior. Thirdly, and relatedly, it is productive to make a simple analytical distinction – which many scholars involved in the structure-agency debate, surprisingly, fail to properly consider – between what might be described as *local agency* and *global agency*. Whereas local agency refers to a persons' capacity for positively affecting and cognitively supervising certain highly geographically and causally circumscribed parochial events or processes, global agency denotes a person's capacity to positively and genuinely affect, change, control or help restructure the key dynamics of certain geographically and causally encompassing and comprehensive large-scale social structures (i.e., systems, organizations, institutions, networks, etc.). Importantly, as shall be pointed out later, the two types of agency do not necessarily move in tandem.

Fourthly, implicitly in line with much historically inclined literature it makes sense to speak of a Weberian-like historical-temporal evolutionary logic of 'path dependency' connected to causally emergent social structures (more generally) and concrete institutional-organizational constellations (more specifically), which, at least within their circumscribed extra-individual domains, over time tends to lessen the general causal significance of individual actors and spontaneous human interaction.³⁶ In other words, the type of higher-level sui generis emergent powers that have been treated above is not only simply temporally situated; tendentially speaking, emergentist powers become increasingly

³⁵ As Jepperson & Meyer (2011: 68, emphasis in original) at one point argue – although this conflicts with their earlier point about this being a requirement – 'one may go on to seek micro-foundations *if* it is analytically useful to do so'.

³⁶ For a particular and formalized conceptualization of 'path dependency', see Mahoney (2000: 510-11).

accumulated and concentrated over time within a specific social structure/constellation. Specifically, organizations may be singled out as extreme examples of this temporal concentration process; as argued earlier, organizations/collective agents can be taken as ‘plausible candidates’ for higher-level emergent mechanisms (Kaidesoja 2013: 312, 313-16). Organizations not only ‘have real emergent causal powers that materially affect social events’ (Elder-Vass 2010: 168, 2007a: 32) but also, more specifically, coordinate relationships between humans through the explicit/implicit codification of ‘roles’. In other words, organizations (and, in particular, mature and formalized corporate actors) and their proliferation – or what can be described, following Coleman’s (1974, 1982) overall analysis, as a both quantitatively and qualitatively heightened societal corporatization – all else equal tend to reduce the importance of the distinct attributes of individual actors. As shall be seen in the next section discussing state functionalism, this generally inverse relationship between emergent corporatization and agency – the implications of which I shall return to many times – provides an independent justification for a state functionalist perspective.

3.2 Functionalism

This section shall not only shed light on how the above philosophy of social science considerations inform the applied type of functionalist perspective but also, more generally, spell out what kind of functionalism is being offered in this study. This is important because (1) functionalism is so often (unwarrantedly, as shall be argued) outright rejected or even ridiculed and, more importantly, (2) this study intends to analyze governance from a state-situated functionalist perspective. The section’s explication entails both a discussion and rejection of some of the often made criticisms of functionalist social science and an advocacy and positive outline of not only an arguably more ‘open’ functionalist take (on this, see Becker 1988) but a form of (what shall be described as) corporate functionalism.

3.2.1 Renovating the functionalist fortress

Partly following Uwe Becker’s (1988: 865-6) cue, I shall initiate the discussion/rejection of some of the standard claims against functionalism by making a helpful distinction between what may be called (1)

substantive/sociological functionalism and (2) methodological/causal functionalism. Whereas the former, whether in its traditional form or for example in the more recent ‘reconstructive’ guise of ‘neofunctionalism’ (Alexander & Colomy 1990), is firmly linked to Talcott Parson’s work and his substantive concepts and considerations, the latter – a perhaps more Anglo-American understanding linked to Robert Merton’s (1968: chapter 3) methodological discussion of functionalism – refers, less restrictively, to all types of social scientific work (implicitly or explicitly) addressing causal or quasi-causal logics or explanations (partly or solely) appealing to functions/functional dynamics. Importantly, when this study speaks of functionalism it (unless otherwise specified) refers to this latter methodological/causal version, and thus many of the intricate substantive criticisms and reconfigurations of, and questions ultimately linked to, Parsonian functionalism may be legitimately pushed to the side (see Becker 1988: 866, 880, fn. 6). With that crucial qualification in mind, I shall proceed to critically examine the merits of some of the key charges against (orthodox) functionalism.

- To start out, as Merton’s (1968: chapter 3) classical discussion and codification of functional analysis makes clear, one can fairly unproblematically dispense with three key postulates of functional analysis – or, more correctly (i.e., going beyond Merton in this regard), postulates that critics of functionalism unwarrantedly sometimes (still) claim are constitutive of this position.
 - The ‘unqualified postulate of functional unity’, that is, the claim that one should observe a full integration or ‘unity of the total society’, is unproductive since, inter alia, different actions/initiatives ‘may be functional for some groups and dysfunctional for others in the same society’ (Merton 1968: 84, 81).
 - The exaggerated ‘postulate of universal functionalism’ claiming that ‘*all* persisting forms of culture’ – and ‘social structure’ – ‘are *inevitably* functional’ and ‘fulfill *vital* functions’ simply cannot be sustained (Merton 1968: 90, emphasis removed, 85, 86, emphasis added).
 - The ‘postulate of indispensability’ claiming both the ‘indispensability of certain functions’ and the ‘indispensability of existing social institutions, culture forms, or the like’ overlooks that ‘just as the same item may have multiple functions, so may the same function be diversely fulfilled by alternative items’ – the latter element involving what is referred to as ‘functional equivalents’ (Merton 1968: 90, emphasis removed, 87-8, emphasis removed).

- Technically speaking, Elster (1982: 462) is correct when arguing, in his critique of functionalist analysis, that a ‘need does not create its own fulfillment’. But while it seems obviously true that, for a number of different reasons, any functionally ‘necessary collective actions may fail to materialize’ (Ibid.: 462), very few functionalists would actually conceive of functional strains in such a deterministic way, as implying automatic and ‘necessary’ action, as Elster suggests (see also Berger & Offe 1982: 521). In this sense, although Becker (1988: cf. 875) has a more specific agenda, any non-deterministic understanding of functionalism can be said to imply an ‘open functional logic’.
- Relatedly, functionalists are often criticized for relying on a flawed and temporally problematic mode of causal explanation ‘in which an event (...) is explained in terms of its effect’ (Cohen 1982: 485). But, as Cohen (Ibid.: 486, emphasis in original) points out, functionalists typically merely rely on so-called ‘consequence laws’ of the following form: ‘*e* [a cause] occurred because it *would* cause *f* [its effect]’. In this way, extending/complementing Cohen’s argument (and not necessarily following his terminology of ‘laws’), one can sensibly make the claim that a specific lower-level activity exists or is set up because it either tendentially has or is expected to have certain higher-level effects, consequences or properties.
- The above point immediately raises the question of both actors’ recognition of, and the intentionality behind, the functional logic of certain activities. In Merton’s (1968: chapter 3, passim, 114, emphasis removed) well-known codification, a helpful distinction is made between ‘manifest’ and ‘latent’ functions: whereas the former refers to the more subjective, apparent, avowed, nominal, designed, anticipated, purposive, recognized, intended, naïve and ‘conscious motivations for social behavior’, which contribute functionally to the maintenance of the relevant social unit, the latter notion refers to the opposite qualities of functionally relevant social activities. For Becker (1988: 867, 875) – and many other scholars addressing this – it is only really relevant to look at ‘latent functions’ when discussing functional analysis. For him, ‘intended functions’ – like, for example, ships, which are obviously ‘built to cross the sea’ – ‘do not produce theoretical problems’ (Ibid.). But while it may be true that intended manifest functional activity is not what functionalists typically are interested in, it is a grave mistake to disregard or at least underestimate the importance of designed activity, as it is arguably deeply constitutive of modern social organization. The

question of whether the proper object of study for functional analysis should be manifest or latent functions critically hinges on which actors (or group of actors), activities, organizations, etc., or what units of analysis, one chooses to examine. Of course depending on what type of ‘organism’ whose functional reproduction one is studying, organizational elites – for example, state actors or CEOs – usually further systemic maintenance through both recognized and purposeful (i.e., organized) action, whereas the relative manifest-latent mix tends to vary much more amongst non-elites (depending, naturally, on various kinds of historically specific geographic, demographic and class-based, etc., factors).

Moreover, it is not only important to not reduce functional analysis to the study of latent functions but also to appreciate the crucial dialectical connections between the subjective and objective levels of functional reproduction. Firstly, Paul Helm (1971), in his (sometimes a bit unwarranted) criticism of Merton’s manifest-latent functions scheme, helpfully points out that Merton unproductively lumps together two separate dimensions, namely recognition and intentionality. Indeed, while Merton construes latent functions as being both unrecognized and unintended, it is correct, as Helm (*Ibid.*: 52, 57) argues, that recognizing some action/activity is not the same as intending it. Secondly, the challenge, as shall be discussed later, for organizational elites is to find intentional ways of conjoining micro-specific manifest functions (meaning, in this case, that which is both intentional and recognized) with macro-relevant latent functions (i.e., that which is at least unintentional and perhaps also unrecognized). One short example might be helpful. In consumer-oriented liberal-capitalist democratic polities, the maintenance of a certain non-trivial level of aggregate consumption is almost by definition functionally (that is, fiscally and economically) pivotal. Now, from the perspective of the non-elite individual, consumption arguably has to do mainly with organic subjective (or inter-subjective) manifest questions of needs/desires, identity, status, etc., (cf. the discussion in Helm 1971: 54-6). But from the macro-level perspective of, for example, state elites and CEOs, non-elite consumption is mainly relevant in terms of its latent objective consequences for fiscal maintenance and profit-making dynamics. In the absence of ideal cases where the manifest functions has become identical to the latent functions (say, a situation in which individuals consume with the intention of reproducing economic growth), the exercise from the organizational elite perspective thus consists in intentionally (that is, manifestly) finding ways of designing frameworks that establish a productive relationship

between the micro-level subjective manifest functions of consumption and its macro-level latent objective fiscal/economic consequences.³⁷

- It is sometimes argued – although this is probably one of the least convincing or relevant charges – that functionalist analysis is politically biased; that it, for example, a priori implicitly supports explanations and analyses normatively favoring anti-radicalism and the reproduction of the macro-social status quo. This is obviously incorrect. Firstly, this claim typically lumps together the above distinction between substantive/sociological and methodological/causal functionalism and, in doing this, reduces functionalism to especially Parsonian functionalism, which is sometimes (not necessarily justifiably) considered politically conservative. Secondly, and more importantly, as Merton (1968: 93, emphasis in original) succinctly argues, the fact that functionalism ‘can be seen by some as inherently conservative and by others as inherently radical suggests that it may be *inherently* neither one nor the other’.³⁸
- Functionalist frameworks, it is said, cannot explain everything. This is true. But what single perspective or logic of explanation can ever really do this? Critics of functionalism like Jon Elster (1982: 454, 456, emphasis added) characteristically exaggerate the purported claims of functionalists along the following lines: ‘an institution or behavior *explain* the presence of that institution or behavior’ or ‘[a]ll activities benefit the capitalist class, and these benefits *explain* their presence’. This strawman-like way of presenting functional analysis – in which everything is explained functionally, where an entity is exhaustively accounted for, or fully ‘explained’, by functionalist logic – makes it easy for Elster to refute the perspective. While functional analysis may arguably be necessary in social science research (Davis 1959; Berger & Offe 1982: 523), it is of course by itself insufficient. Importantly, there is no reason why one should not consider functionalism and other perspectives ‘complimentary’ (Berger & Offe 1982: 523). The relevant

³⁷ For an implicitly slightly overlapping consideration, not directly couched in the Mertonian vocabulary, see Offe (1984: 83).

³⁸ As Davis (1959: 766) argues ‘the view of functionalism as disguised ideology is most often advanced by those who are themselves ideologically charged’.

question must be whether a functionalist type of analysis has (so to speak) explanatory horsepower and equips the researcher with salient analytical tools with regards to a specific issue, theme, question, case, etc. The unnecessary reductionism of Elster also finds (a bit more sophisticated) representation in Giddens' (1984: 293-297, 294) explicit critique of functionalism, which tries to simply substitute a purely functional model for another (allegedly) exhaustive interpretation that instead 'involves an attribution of rationality and of motivation to the agents concerned'. Again, why set the debate up, as Giddens seems to do, as a question of either/or? It makes little sense to apply a model that a priori solely includes reflexive, intentional and 'purposeful action' (Ibid.).

- It is argued, not entirely unjustifiably, that functionalist analyses in social science unwarrantedly take on board logics of explanation and terminology that only make sense in biology/the natural world. It is of course always dangerous to simply unreflectively transfer logics from the natural to the social domain (or vice versa). But two things may be said here. Firstly, it may (in specific instances) make purely heuristic sense to draw analogies to functional dynamics found in biology – that is, to use biological-functional terminology and make methodological reference to modes of explanation found in biology without genuinely taking on board any of the actual deterministic-biological content possibly implied by this (see also Merton 1968: 102; Rosenberg 2008: 168, cf. 165-8).

Secondly, while ontologically speaking non-human animals/mammals and plants are very different from the relatively self-reflexive and abstractly thinking contemporary *Homo sapiens* – in this sense there are surely, to put it in Merton's (1968: 103) words, 'differences in the character of the data examined by the physiologist and the sociologist' – there are arguably a range of instances of social life substantively resembling biological-functional patterns.³⁹ Notably, organizationally- and institutionally-emergent corporate entities like modern states or private profit-oriented firms are organized internally through hyper-professionalized logics, and are placed in external causal contexts, centered on strategy, self-interestedness, self-preservation, competition, adaptive behavior, needs, maintenance, etc. In such instances, one may perhaps speak of 'quasi-biologicality'

³⁹ Few social science scholars discussing functionalism doubt that functional patterns exist/persist in biology (on this point, see also Berger & Offe 1982: 523; Rosenberg 2008: 151, cf. 167; for examples of this, see Elster 1982; Becker 1988: 867-8).

(Berger & Offe 1982: 523).⁴⁰ The functional difference between social and biological domains is arguably a ‘matter of degree’ (Van Parijs 1982: 502). Ultimately, the functional potential of a social entity – and thus, perhaps, the potential for making more substantive reference to biological-functional explanations – depends on the ontological characteristics of the specific social sphere or object being examined.

- Functionalists are – due to an a priori focus on systemic reproduction and maintenance – classically charged with being incapable of explaining or accounting for change. Importantly, though, functionalist modes of explanation are, as established, non-exhaustive and thus other factors obviously also play a role and these may help change/alter the social or organizational order in question. As shall be specified in chapter 5, functional reproduction is always at varying historical degrees problematized or made difficult; if functions could always be fulfilled smoothly without any type of difficulties, if there were no counter-acting forces to consider, social science research would be both sociologically unrealistic and analytically meaningless (or at the very least highly uninteresting). Since it is not a question of simply either/or, it is meaningful to set up a basically functionalist framework that includes and incorporates class-factors, conflict or ‘societal trial and error’ (on this term, see Becker 1988: 974-5, 879-80), both ‘critical junctures’ and ‘incremental changes’ (e.g., Streeck & Thelen 2005), micro-level normative changes, etc.

Moreover, even if one only made use of functional analysis, change would not necessarily be excluded. Firstly, the notion of ‘functional equivalence’ implies that alternative tools or efforts may be used to satisfy similar functions and this modality-specific choice or ‘opportunity structure’ may introduce contingency and steer action/activity in different directions. Secondly, and relatedly, static reproduction – that is, basically non-change – may in itself paradoxically introduce changes. Doing the same things over and over may over time alter the quality and composition of factors – a logic that, as shall be seen later, not only applies at both the micro and macro level but also works

⁴⁰ Whether this view is correct or not, even Jon Elster (1982: 455), who is otherwise critical of extending functional logics to the social sphere, nonetheless admits – as both Berger & Offe (1982: 523) and Van Parijs (1982: 498) notice – that ‘market behavior’ may be explained functionally ‘through a natural-selection model of competition between firms’.

to emergently chain the two levels to each other. Thirdly, as shall be argued, it is productive take state-facilitated functional mechanisms of change into consideration – notably, how state functional reproduction indirectly sets processes, mechanisms, organizations and actors (that all have their own dynamics and rationality) in motion.

3.2.2 The productiveness of corporate functionalism

It is not only possible and quite justifiable to apply functional analysis – as the above discussion have tried to make clear – sophisticated functionalist frameworks can also be very productive. According to Kingsley Davis' (1959) classical statement there is simply no way social science research⁴¹ can dispense with functional questions, logics and answers. While Davis arguably overstates his case when claiming that 'if there is functional method, it is simply the method of sociological analysis', and because of this arguing that one might as well dispense with the functionalist brand and vocabulary, he is quite correct in (at least indirectly) suggesting that whether a scholar intentionally uses an explicit functionalist vocabulary or not, functional logics are almost always embedded in her/his modes of explanation. Extending, or perhaps inverting, the logic of Davis' wish to oust the functionalist label (since it is for him in practice identical to sociology), one can perhaps say that precisely *because* most social science scholarship to some degree is (knowingly or not) functionalist it makes sense to retain, for the sake of clarity, logical sharpness, convenience, etc., the functionalist brand and vocabulary.

As is partly evident from the above, a positive case for functional analysis that is grounded in analytical factors can be made; or, put differently, functionalism also appears beneficial as 'an analytical strategy' (Rosenberg 2008: 158, see generally 158-62). As Rosenberg (Ibid.: 159) explains: 'appeals to functions (...) are used for 'individuating' and classifying things, for identifying units or wholes, for tying together disparate and apparently unconnected things into a larger category'. In this view, to '[individuate] social institutions by functions' implies 'discovering the common function that many disparate things serve' – something that also enables us to 'begin to frame interesting generalizations about them' (Ibid.: 161, 159). Rosenberg (Ibid.: 159) gives the example of a 'clock', asking us to 'consider the incredibly diverse set of physical objects that have this function' (i.e., not

⁴¹ His view focused specifically on sociology and anthropology.

only the endless different types of clocks but ‘the many different kind of watch mechanisms’). As he points out: ‘what enables us to identify them all as clocks is their function’ (Ibid.). Moreover, in this way, ‘knowing functions enables us to identify wholes made up of components and to tell which components go with which wholes’ (Ibid.). Categorization/classification is thus essential: although it may seem counterintuitive, in functional analysis certain (at least superficially different) institutions ‘will be classified together with other social institutions having the same role’ (Ibid.: 160). Importantly, this maneuver may ‘enable us to recognize the artificiality of distinctions between social institutions’ (Ibid.: 161). This study’s state-situated functionalist examination of governance seeks to productively utilize these analytical attributes of functional analysis.

More generally, although a sophisticated form of functional analysis can neither provide exhaustive explanations nor guarantee the actual fulfillment of a function, it can point us in the right analytical directions and force us to ask productive questions, such as: what are the functional needs or requirements of this entity? Or: what function(s) does this piece of legislation seem to serve? To be a sophisticated functionalist simply implies assuming (1) that there is a systemic functional ‘pressure’ towards something (the precise logic of which depends on the ontological character of the object(s) being studied) and (2) that this pressure is relatively strong (unless historical and empirical contextualization suggests something contrary).⁴² In this view, recalling the above Bhaskarian understanding of mechanism-oriented causation, to speak of functional necessities or the functional fulfillment of needs is to speak of ‘tendency statements’; it suggests not necessity or determinism but strong structural tendentiality or disposition. Such form of functionalism may perhaps best be described as, to borrow terms used in a slightly different context, a functional ‘orientation’ or ‘outlook’ (Merton 1968: 100, 85, 86), which, imbued with core ‘provisional assumption[s]’, provides a strong ‘directive for research’.

Two additional aspects may be added to this productive characterization of functional analysis. Firstly, as Becker (1988: 874, 875) convincingly points out, although there may be no such thing as a genuine ‘transhistorical human need’, one may nevertheless reasonably speak of ‘general existential

⁴² Pressure is here meant in an analytical sense and not in the more specific and substantive way in which Becker (1988) seems to refer to it.

necessities of social life'.⁴³ It is, for example, arguably possible to locate (through empirically informed theorization) 'the general conditions of life in a capitalist society' – a 'central condition of existential reproduction' inter alia being 'a certain level of profitability' (Ibid.: 876). In this way, by pointing to structural necessities and 'comprehensive existential condition[s]' of certain systems/structures/entities, it is possible to justifiably tendentially speak of functional needs or requirements (Ibid.: 876). Secondly, partly following Van Parijs' (1982: 504, 510, fn. 14; see also Becker 1988: 873) considerations, it often makes more sense to speak of the existence of entities, institutions, items, etc., in terms of defensive categories such 'minimization' or 'satisficing' rather than more optimistic and expansive ones such as 'optimality', 'maximization' or 'optimization'. As Van Parijs (1982: 504, emphasis in original) puts it (although the meaning of evolutionary should be left open here): 'the metaphor of evolutionary *attraction* towards a locally stable optimal position should be replaced by the metaphor of evolutionary *repulsion* away from grossly suboptimal (and therefore unstable) positions'. In this sense, 'pressure for functionality' should typically 'be interpreted as pressure toward non-dysfunctionality' (Becker 1988: 873).⁴⁴

As shall become clear throughout the chapters, this study crucially indirectly departs from much substantive/sociological functionalism – notably of the Durkheimian or Parsonian kind – in perceiving the modern state, and not the 'social system' or 'society' as such, as the master unit (i.e., the organism) of the functional analysis. While this identification of functional analysis with a more substantive account of the functional reproduction of a broader social system is predominant, it is, as the above appeal to methodological rather than sociological functionalism also implicitly suggests, not necessary. While Merton (1968: 79, emphasis removed, 98, 93, cf. 106) sometimes slips between in principle speaking of any type of 'organism' or 'social structure' and launching his codification of functional analysis in relation to works addressing the 'total social system'⁴⁵ or 'society as a whole', it seems (at least indirectly) clear that (1) he accepts the existence of other arguably smaller units such as 'the

⁴³ It should be stressed that contrary to Becker (1988: 878), and in line with the above reasoning, these 'general existential necessities' need not only imply objective (and thus for Becker unintentional) necessity.

⁴⁴ It should be stressed that while this study shares Van Parijs' and (partly) Becker's emphasis on 'minimization' over 'maximization', it rejects their explicit suggestions that only the former can or should be taken into account or that the two types of functional dynamics are mutually exclusive.

⁴⁵ This is Radcliffe-Brown's formulation (as cited in Merton).

patriarchal family system'⁴⁶ and (2) the methodologically-oriented functionalist terminology which he applies perfectly allows for conceiving functional reproduction and maintenance from within a specific organization or corporation (and specifically the modern state). Partly reconstructing and partly going beyond Merton's (1968: chapter 3) terminology, I shall propose a descending three-level conceptual hierarchy suitable for this study consisting of (1) an *organism* (whatever chosen emergent system/society/social structure, etc.), (2) its *functions* (its analytically identified structurally constitutive component parts) and (3) specific *items* (Ibid.: 81-2), or clusters of items (that is, analytically identified functionally relevant concrete practices and actions, policies/regulations, beliefs, etc.).⁴⁷

This conscious switch from what may be called *total societal functionalism* to *corporate functionalism*, not only implies that this study has little explicit or direct to say about the maintenance of society as such or the 'total social system' – in this type of state functionalism, in which the state is the master unit of analysis, focus is rather on total state reproduction – but arguably also that the applied functional framework is in fact provided with a more social-theoretically convincing basis.⁴⁸ On the one hand, the shift from society to the state merely implies a shift from one type of large-scale social structure (or social system) to another. On the other hand, as discussed, corporate entities, such as notably modern states, are different from other types of social structure; they are transcendental and administratively formalized organizationally- and institutionally-emergent juridical actors with a high degree of agency and a strong historically concentrated self-interested orientation.⁴⁹ Because corporate actors, modern states being powerful large-scale extreme examples of these (see also Coleman 1974: 29, 1982: 50, 35), are extraordinary in their emergentist powers, i.e. in the independent extra-individual causality that is organizationally- and institutionally concentrated and possessed, they are also the most functionally believable social entities. Self-interested corporate personhood is highly correlated with a hyper-strategic functional (i.e., maintenance/maximization-oriented) sense of direction, and thus makes

⁴⁶ This is a Richard LaPiere's formulation (as cited in Merton).

⁴⁷ In this view, using the (inappropriate or not) metaphor of the human organism, the state is the organism, the (state's) functions are its vital organs and the specific (regulatory, fiscal, cultural, etc.) items are the body's individual cells.

⁴⁸ As argued earlier, although this move technically speaking breaks with the terminology of Habermas' and Offe's early nominal sub-systemic LAF setup, it is nonetheless in line with the spirit and implicit logic of their analyses.

⁴⁹ The notion of self-interest with regards to corporate actors/states shall be addressed in more details in chapter 5.

corporate actors especially prone to functional analysis. Arguably, a basic social-theoretical condition of possibility for, for example, commonsensically addressing the corporate activities of Coca Cola or making foreign policy comments in the form of the French or Chinese state ‘saying’, ‘signing’ or ‘doing’ something, is that one unproblematically accepts the existence of, and can at least implicitly identify, a causally emergent and functionally constituted form of personhood. In this sense, emergentism allows for, or conditions, the higher than usual functional logic and outlook of corporations.⁵⁰

Corporations are functionally hardwired in a much more convincing way than any overarching ‘society’ or ‘social system’; as proactive institutional-organizational actors, they are reasonably and commonsensically understood to be routinely and strategically (that is, with a high degree of both intentionality and recognition) seeking ways/patterns of maintaining/maximizing certain structurally constituted needs and requirements. This commonsensical intentionality implied by corporate personhood has an important overlooked implication for understanding the distinction between subjective (or manifest) and objective (or latent) functions. Recalling Becker’s (1988: 867, 875) point – arguably shared by many – that functional analysis should refer to latent (unintended and/or unrecognized) functions rather than unproblematic regular ‘intended functions’, one can say that corporate actors, like modern states or multinational profit-making companies, dissolve or at least problematize any sharp distinction between the manifest and the latent. To some non-trivial extent, emergent corporate personhood renders a marketing campaign or a particular piece of fiscal regulation, intentionally and explicitly designed to enhance, respectively, profitability or (for example) economic growth, identical to the equally goal-specific practical activity of drinking water because one is thirsty (i.e., to fulfill a ‘thirst function’). Importantly, because (1) strategic and self-interested functional activity is deeply constitutive of corporate actors and (2) as mentioned (and as shall be discussed later), a heightened societal corporatization has taken place, it is clear that (3) every functionalist is obliged to also accept as functional most types of intentional and conscious fulfillments of functions and take these into account when diagnosing societal patterns.

It is important to stress two things regarding the proposed maneuver of conceiving the modern state as an alternative type of functionally constituted social structure than the ‘total social system’.

⁵⁰ Compare this argument with Rosenberg’s (2008: 143, 158, 160, 162) generic claim about a natural connection between methodological holism (or social facts) and functionalism.

Firstly, this maneuver in no way implies that the state is identical to or exhausts society. Arguably, something which may be labelled ‘society’ exists, and is typically more encompassing than the state.⁵¹ Just as the employees of The Coca Cola Company are also simultaneously its (potential) costumers, one can say that citizens, as lower-level entities, are simultaneously (1) part of the state’s specific internal corporate structure and (2) part of society and the larger social system. Thus, in this view, although the state is not identical to this, it is part of society or arguably a larger entity called, for example, the ‘total social system’. In other words, while society’s existence (and extra-statist societal dynamics) is accepted, this study is focused on the institutionally-organizationally speaking internal dynamics of the functional reproduction of modern statehood⁵² – a perspective that conceives the modern state as a distinctive emergent social system in its own right. Importantly, though, accepting the existence of society does not necessarily imply that the researcher must be able to provide a fully-fledged theory of society – as shall also be discussed more generally in the next chapter, whether and to what extent such a task is necessary critically depends on many factors, substantive as well as pragmatic ones.

Secondly, and relatedly, to view something from within the corporate social system of the modern state in the above way does not presuppose a commitment to the type of effective ontological or radical constructivism that for example arguably informs Luhmann’s (e.g., 1986; see also examples in Elder-Vass 2007b: 416-20) system/environment conception. Rather, what is being proposed here, with regards to the question of the status of the inside/internal vs. outside/external distinction in the case of the corporate entity of the state, is a form of (critical) realist founded epistemological constructivism.

On the one hand, there is, as mentioned, a real ‘outside’ which is at varying degrees causally impinging on the state entity. On the other hand, as shall be discussed, the emergent historical logic of modern corporate statehood also points towards the constitution of a form of ‘organizational solipsism’⁵³ (Marchese 2012), in which states comes to perceive and factor in social reality from their own interest-driven functional perspectives, or, as Scott (1998) might put it, their simplifying and categorizing ‘lenses’. Thus, this (what might be called) ‘lens effect’ ensures, in a Luhmannian fashion (albeit here a muffled and non-radical one), that a productive mediation between the inside and the outside takes place inside the corporation. As Offe (1975: 135) argues, albeit a bit cryptically and

⁵¹ Of course, ‘societies’ may principally exist at whatever level (local, national, regional, global, etc.).

⁵² The specific type/model of statehood to be studied shall be specified later.

⁵³ Marchese (2012) uses the term in relation to leadership roles and management practices.

perhaps ultimately too boldly: '[e]very time a state deals with a problem in its environment, it deals with a problem of itself, that is, its internal mode of operation'. Importantly, again, the relatively solipsistic functional 'lens' of the corporate person does not imply that the outside/external reality of the corporation is non-existent but rather that this lens fosters an intensified search for dimensions and properties of this larger social reality that may further the maintenance/maximization of this entity. Here, in an analogous way, one can say that the patterns, opinions, whims, etc., of the costumers and the rest of society (of which there might also be potential costumers) figure into The Coca Cola Company's calculations, rationale and systemic/functional practices to historically varying degrees, depending on the specific organizationally-institutionally specified functional relevance of these 'outside' dimensions.

Although this issue shall be addressed more carefully in chapter 5, it is possible to flag some basic analytical considerations regarding the inside/internal vs. outside/external distinction and the problem of ensuring smooth functional reproduction. Firstly, it seems evident that Luhmannian a priori posited notions such as systemic autopoiesis – or what should actually more realistically be considered 'quasi-autopoietic' dynamics – 'must always be supported by an explanation of why lower-level mechanisms and external causal factors can be neglected in a particular range of cases' (Elder-Vass 2007b: 421, emphasis removed), or, less strictly put, should preferably be historically and empirically situated. Secondly, and more generally, one can say that while the extent to which the outside/external impinges on the inside/internal is ultimately historically/empirically contingent it nevertheless systematically depends on the relatively causal saliency of the outside/external forces – that is, more specifically, (1) the specific ontological character of the objects being studied (the causal forces associated with the relevant entities), (2) the socio-historical 'opportunity structures' connected to these objects/entities and obviously (3) chance and the specific dynamics of micro-situated interaction. Specifying this a bit further, the degree to which outside factors – which, as mentioned, have an independent reality – impinge on and figure into a corporation's considerations depends on the degree to which, firstly, one or all of the above three factors kick in and, secondly, these outside factors are considered to be potentially affecting it (which of course is related to the former).

While this issue shall be explored in more details later (especially in chapter 5), one can say that this perspective, first of all, tries to overcome two ideal-typical traps: frameworks that abstractly or a priori focus exclusively (or one-sidedly) on either the internal/endogenous or the external/exogenous

constitution and functional reproduction of a social structure. Second, and importantly, this perspective argues that while the importance of the outside/external dimension for functional reproduction varies empirically, this variation is not free-floating but structurally and historically situated in relatively systematic or patterned ways that can be, as I shall variously attempt to do throughout the study, further detailed, sketched, outlined and surveyed (cf. Alexander & Colomy 1990: 48).

In this chapter I have explained and discussed how key ontological/social-theoretical considerations concerning notably emergentist statehood and corporate functionalism critically inform and constitute the study. Importantly, as part of doing this aspects integral to the governance phenomenon, and in particular the basic scientific conditions for studying it, has been addressed and sought tackled. In the next chapter, the study's key epistemological/methodological considerations and maneuvers, relevant and necessary for examining governance, shall be presented and discussed.

Chapter 4. Epistemological and Methodological Considerations: The Discovery-Justification Nexus, the Historical-Theoretical Approach and the Methodological Strategy

Against the background of the previous chapter's constitutive philosophical/social-theoretical considerations, this chapter shall focus on key (still very much related) epistemological-cum-methodological questions. More than anything, as shall become clear, this study's advocacy (and particular account) of historical-theoretical research, is deeply informed by a general intellectual desire, obviously shared by eminent scholars such as C. Wright Mills (1959) and Pierre Bourdieu (for a programmatic statement, see 1988), to in all modesty try to break with many of the arguably unproductive epistemological/methodological dichotomies, dualities, etc., still prevailing in social science. In this general dichotomy-breaking spirit, the chapter shall engage in three overall tasks. The first section centers on the problematic aspects of the dominant neo-positivist distinction between 'discovery' and 'justification'. This epistemological undertaking is necessary since it serves to defend and set up the subsequent methodological maneuvers. Through a critical discussion and selective synthesis of some of the relevant extant literature, the second section presents and discusses the main properties of the historical-theoretical approach (HTA) organizing the study's analysis of governance and its conditions of possibility. The third and last section, informed by the two previous ones, proceeds to explain the more detailed methodological procedures of the study. As this chapter, like the preceding one, more generally constitutes a reflection on the important scientific conditions of studying governance, and thus should not be considered merely introductory, extra energy is spent on these epistemological/methodological issues.

4.1 The discovery-justification nexus

As mentioned, this study's analysis of governance is informed by and organized through a specific type of HTA, which shall be explained in section two. But before, and partially as part of, unpacking the

main characteristics of this ideally dichotomy-breaking approach it is necessary to prepare the ground by discussing and transcending a few of the dominant pitfalls organically informing mainstream neo-positivist thinking, as well as assess the methodological merits and philosophical compatibility of some of the important well-known social science tools. The section shall both question the social-scientific dominance of the distinction between ‘discovery’ and ‘justification’ and critically discuss the merits, implications and analytical usability of certain prevailing methodological procedures in terms of this distinction. As a useful way of framing/organizing this task, I shall first briefly introduce two important pairs of conceptual distinctions/relations (that is, four concepts in total).

Firstly, although this theme is rarely explicitly referred to in social science research (for an exception, see Swedberg 2014), philosophers of science have, ever since the logical positivist/empiricist Hans Reichenbach introduced it in 1938 in his work *Experience and Prediction*, discussed the relevance of a distinction between a ‘context of discovery’ and a ‘context of justification’ – what Hoyningen-Huene (2006) labels ‘the DJ distinction’. Arguably, proponents of this DJ distinction generally refer to it as a separation between (1) a (typically temporal, empirical, factual or historical) process related to the more private generation or formation (i.e., ‘discovery’) of ideas/theories/hypotheses/arguments, etc., and (2) a process, method or logic related to the more public testing and validation (i.e., ‘justification’) of these (cf. Richardson 2006: 42; Hoyningen-Huene 2006: 120; Arabatzis 2006: 215; Steinle 2006: 183, 188).

Secondly, and relatedly, Marx (1990: 101-2) – in his all-too-rare meta-commentary, presented in the postface to the second edition of the first volume of *The Capital* – sets up a helpful distinction between his ‘method of enquiry’ and his ‘method of presentation’. In the spirit of the above DJ distinction, this conceptual pair may be referred to as Marx’s *EP distinction*. Sidestepping otherwise interesting discussions concerning the detailed contextual and analytical properties of Marx’s dialectical method (e.g., Paolucci 2000), the following commonsensical characterization of the distinction can be fleshed out: while the ‘method of enquiry’ refers to the specific intellectual procedure or logic through which certain ideas/theories/hypotheses/arguments, etc., have actually been generated, the ‘method of presentation’ refers to the specific form (or the intellectual procedure or logic underlying this) in which these are being presented. In sum, the chapter now has at its disposal two distinctions – both the DJ and the EP distinction – and four concepts, namely the ‘context of discovery’ and the ‘context of

justification’, on the DJ side, and the ‘method of enquiry’ and the ‘method of presentation’, on the EP side.

4.1.1 Problematizing the distinction

I shall now problematize the DJ distinction. As the important book on the DJ distinction entitled *Revisiting Discovery and Justification: Historical and Philosophical Perspectives on the Context Distinction* (Schickore & Steinle 2006b), an edited collection of chapters written by established philosophy/history of science scholars, clearly demonstrates, the distinction is extremely precarious and contested. As Schickore & Steinle (2006a: vii) point out, the status of the DJ distinction within philosophy of science gradually weakened already from the 1960s, with two ‘related lines of critique’ being brought forward – one focused on ‘the exclusion of discovery from the domain of philosophy of science’ and another focused on ‘the exclusion of history and sociology’ (Ibid.: vii). This chapter/study is mostly interested in the implications of the latter type of critique, initiated with Kuhn’s pioneering work (Ibid.: ix), which focuses on questioning the merits of the separation itself. Drawing on the sophisticated discussion in Schickore & Steinle (2006b), I shall try to recap and synthesize some of the most important arguments against maintaining the distinction (or at least a strict separation):

- As Hoyningen-Huene (2006: 120) points out regarding the assumption of a temporal distinction between a discovery phase and a justificatory phase, ‘[i]t is doubtful that it is really possible to identify discovery and justification processes in the history of an item that is an unquestionable candidate for having been discovered and having been justified’.
- As Steinle (2006: 190) points out, ‘justification is always relative to a specific conceptual framework and this relativity transfers to the validity of the results that have been justified’. Moreover, ‘not only have concepts been formed and stabilized in historical processes, but they continue to bear traces of these processes as well; their historicity is irreducible’ (Ibid.).
 - In this way, as ‘justification turns out to be more genuinely bound to history than is usually assumed’, it becomes possible to establish a strong correlation between ‘the historicity of concepts’ and a kind of ‘historicity of justification’ (Ibid.: 183, 192) – and perhaps even to

speak of regular historical regimes of ‘justificatory procedures’ (cf. Schickore & Steinle 2006a: xiv).⁵⁴

- Concepts are typically ‘formed and corroborated at the same time’ (Steine 2006: 187). As Arabatzis (2006: 216) points out in a more general manner, ‘hypothesis generation and theory construction are extended problem-solving processes with many stages, each of which involves (partial) justification’. In a somewhat similar vein, as shall be discussed below concerning the ‘ideal-type’, rather than reflecting any kind of neat temporal separation, one can say that social science conception-formation processes most often actually involves a swaying series of sub-level or smaller heterogeneous packages of discoveries and justifications or hypotheses and tests.⁵⁵
- In the spirit of Kuhn’s claim that ‘scientists who share the concerns and sensibilities of the individual who discovers a new theory are ipso facto likely to appear disproportionality frequently among that theory’s first supporters’ (as cited in Arabatzis 2006: 216), it can more neutrally be argued that the validity of a theory/argument is either bolstered or weakened as the knowledge of or intimacy with its actual historical formation increases. Also in this specific sense is it true that, as Steinle (2006) points out continuously, genesis and validity is highly correlated.
- Arabatzis (2006: 271) gives the example of ‘the discovery of unobservable entities’. In this relation, although I shall not take on board Arabatzis’ (Ibid.) entire argument on this matter, it is minimally obvious that ‘[t]he context of discovery is ‘laden’ with the context of justification because ‘discovery’ is a term which refers to an epistemic achievement; if one succeeds in discovering something then, no doubt, this something exists’.

⁵⁴ Relatedly, in a Kuhnian sense, one may speak of historically changing ‘communal cognitive values’ (Hoyningen-Huene 2006: 127).

⁵⁵ More generally, on the multifarious structure/logic of ‘complex’ explanatory schemes such as the one utilized in Weber’s *The Protestant Ethic*, see also the argument in Hernes (1989: 157-9), which provides a formalized reconstruction of Weber’s thesis. See also, again more generally, Beach & Pedersen (2013: especially 64-67, 34-36) on the ‘eclectic’ setting up of ‘non-systematic mechanisms’ (more on this later).

- As Nickles' (2006: 159) forcefully argues, although this is often overlooked, the 'context of justification' not only involves what he calls 'epistemic appraisal (EP)' but also to a very large extent 'heuristic appraisal (HA)'.⁵⁶ Whereas the former 'attends to truth-conducive features of justification and decision-making', the latter 'attends to a variety of heuristic and pragmatic considerations relating to economy of research' (Ibid.). As a necessary and 'distinct form of evaluation', heuristic appraisal 'evaluates the promise, the future potential (including what is at stake), the problem-solving capacity, or what we might call the 'opportunity profile' of a claim, technique, proposal etc.' (Ibid.: 161). Clearly, one cannot '[treat] justification as a purely epistemic affair' (Ibid.: 163).
 - Arguably, understanding HA generically, as 'a loose, catch-all category that includes a great diversity of things, including pragmatic as well as strictly heuristic ones' (Ibid.: 164), it also involves standard but actually non-trivial necessary pragmatic decisions/considerations/declarations by the scholar regarding for example the time spent on researching an issue, what to include, the level of specification of an argument, etc.⁵⁷ As Nickles (Ibid.: 162-3, 169, passim) stresses, EAs and HAs, epistemic and heuristic/pragmatic considerations, do not have to be correlated. Theories, hypotheses, findings, etc., cannot purely depend on 'internal factors' – and, as a matter of historical fact, they are never actually solely epistemically assessed in terms of their truth-value (Ibid.: 169, 164, 168, passim). Typically, '[s]cientists are not so much interested in final justification of truth claims as in getting results reliable enough to continue on to the next stage of investigation' (Ibid.: 175).
 - Of course, the salient question – which Nickles naturally cannot answer (and is not really interested in) – remains what factors regulate the relative primacy of EA and HA regarding both the formation and later assessment of a certain scientific item? Even though it may be argued – in a Popperian spirit – that while HA may be factually, historically, descriptively, causally, etc., important, justification must/should in any case exclusively remain an ex-post logical or normative assessment (e.g., Hoyningen-Huene 2006: 122), one is still left with the

⁵⁶ As Nickles (2006: 159) points out, heuristic appraisal is connected to both types of contexts.

⁵⁷ Although there is nothing in Nickles' definition of HA that would exclude such usage, it is unclear to what extent his understanding in the first instance concerns these more mundane pragmatic considerations.

fact that, as established, the ‘two contexts are inextricably linked’ (Arabatzis 2006: 217) and the unanswered question of both (1) ‘how (...) one attain[s] the norms for proper justification and testing’ (Hoyningen-Huene 2006: 122) and, related to the above, (2) by which standards one may determine whether EA or HA should be most important in a given case.

In sum, although one may arguably retain a certain ‘lean’ version of the DJ distinction that simply differentiates between two possible ‘perspectives’ or ‘attitudes’ on scholarly work (one being factual/descriptive, the other being normative/evaluative) (Hoyningen-Huene 2006: 128-30; see also Schickore & Steinle 2006a: xiii), the above (highly non-exhaustive) series of arguments against maintaining a distinction between the two contexts either ‘sets definite limits to the separability of genesis and validity’ or entail that the separation ‘is useless and may even hinder an appropriate understanding’ (Steine 2006: 191, 187).

4.1.2 The unproductive vitality of the distinction

Importantly, though, despite this questionable philosophical status of the DJ distinction, one may nevertheless speak of the ‘persistent if unstated force of the distinction’, which is for example notably visible ‘[i]n methodological introductions of science textbooks’ where ‘it shapes the regulations for scientific research’ (Schickore & Steinle 2006a: x, ix). In these textbooks/handbooks it is typically unrealistically and simplistically claimed that ‘the (unsystematic) process of discovery is completed before the (regulated) process of justification and testing can begin’ (Ibid.: ix). Of course, as ‘scientists and science educators’ also argue, this supposed ‘two-step scheme is frequently violated in practice’ (Ibid.). Arguably, ‘[t]extbook accounts (...) contrast most sharply to the actual research process in the laboratory, in the field or at the desk’ (Steinle 2006: 189) – in this sense, they are extremely ‘dehistoricized and decontextualized’.

There is every indication that the DJ distinction also (explicitly or implicitly) informs mainstream (most often neo-positivist) social science guidelines on methods, research design, case study analysis, etc., in a similar unproductive way. Importantly, to the extent that this is the case, it follows that such work and its methodological procedures naturally lose its convincingness and saliency.

As a first observation it is symptomatic that so many of the leading social science methodologists prefer not to mention the DJ distinction or engage with philosophy of science issues more generally. As for example the highly influential social science methods book, *Designing Social Inquiry* (King et al. 1994: 6), widely known as simply KKV, makes it clear in its opening pages: '[o]ur focus here on empirical research means that we sidestep many issues in the philosophy of social science'.⁵⁸ Also Gerring (2001, 2007), a more contemporary dominant scholar of 'social science methodology' does not discuss the philosophical critique of the DJ distinction or the many philosophy of social science problems associated with the arguably empirical realist perspective that implicitly informs his methodological guidelines.

Importantly, although King et al. (1994: e.g., 13) and particularly Gerring (2001: 22-3, 230-40, 2007: 39-43) seem to implicitly accept that in actual research practice the DJ distinction is (especially temporally) fuzzy, they nonetheless – along with more sophisticated and KKV-skeptical social science methodologists (e.g., George & Bennett 2005: 111-123; Beach & Pedersen 2013) – effectively maintain a (both temporal and logical) separation between the two contexts when discussing the choice between either deduction or induction or the generation/building/development/conjecturing/exploration of a theory/hypothesis/case, on the one hand, and the testing/confirmation/refutation of these, on the other.⁵⁹ Importantly, while the above scholars seem to factually accept that some social science work straddle the deduction-induction divide, in the end they (1) tend to think of such 'iterative' activity as 'forming the background for further searches' (Beach & Pedersen 2013: 18, see also 64) and/or (2) think that legitimate tests or revisions of a theory requires '*new facts* or *new evidence* within the same case' (George & Bennett 2005: 219, emphasis in original, see also 111-12).

Interestingly, also otherwise sophisticated recent works like Swedberg's (2014) *The Art of Social Theory* unfortunately fails to problematize the DJ distinction that effectively informs and thus weakens

⁵⁸ On the general tendency of neo-positivists, like, for example, King et al. (1994), to 'unreflectively' or implicitly conflate all philosophy of science/methodology/methods with specifically *neo-positivist* philosophy of science/methodology/methods, see Jackson (2011: 222, fn. 29, 67-88). See also more generally Mills (1959: 57).

⁵⁹ While, to be sure, Beach & Pedersen's (2013: 18-21, 19, 169, 63-64) more refined setup introduces the more 'iterative' and messy 'explaining-outcome process-tracing' (to be briefly engaged with later) as an alternative to the two more traditional 'theory-testing' and 'theory-building' variants, this former process-tracing strategy is arguably still constituted by 'deductive and inductive paths' – these are 'two alternative paths' – and in their description of it they still speak of, for example, different 'stages'.

the book. Swedberg (2014: 26) attempts to theorize and provide practical ‘tips’ for dealing with what he calls the ‘prestudy’ (effectively the context of discovery), while leaving open the details and core tenets of what he calls the ‘main study’ (effectively the context of justification). Importantly, though, while Swedberg (2014: 26, 211, 219, 220-22, 247) a few times seems to briefly acknowledge the dialectical connection between the pre- and main study, the book’s entire structure and argumentation is hampered by a bold prestudy/main study separation (Ibid.: 26, 98, 8), and thus a firm maintenance of the DJ distinction, which is accompanied by statements for example promising/requiring that the prestudy should later be ‘properly tested against facts’.

Moreover, while Swedberg (2014: 209, cf. 207-8, 218-19) for example mentions that final presentations should preferably be ‘logical, clear and analytical’, the book overall leaves open the question of how to justify the method of enquiry applied in the context of discovery/prestudy phase. For example, how to reconstruct or present the logic that made something make sense?

That the writing process itself is deeply connected to thinking and the method of enquiry/context of discovery is something that the ‘classic social analysts’⁶⁰ were greatly aware of. For example, in the preface to his *A Contribution to the Critique of Political Economy*, Marx (1904: 9) writes:

The entire material lies before me in the form of monographs, written at long intervals not for publication, but for the purpose of clearing up those questions to myself, and their systematic elaboration on the plan outlined above will depend upon circumstances

We see here that writing, for Marx, is a way of ‘clearing up those questions to [himself]’; the thinking process is directly constituted by the writing/drafting. The next question naturally becomes: how to present this necessary draft – that is, necessary in terms of ‘discovering’ your ideas/theories/arguments – in a way that is helpful, productive or convincing? Or asked differently: what kind of considerations goes into the method of presentation? Clearly, these questions depend on many factors: the perennial time issue (which implies that all presentations are always in the midst of the context of discovery), pragmatic considerations (e.g., practical possibilities for rewriting), the maturity/level of understanding of one’s own arguments, what counts as convincing in a given situation

⁶⁰ Mills (1959: 6, 21) speaks fondly of the ‘classic social analyst’ or ‘classic social analysis’ (such as Marx, Durkheim, Weber, Mannheim, Veblen).

or context, and so on – which all necessarily help decide how much the method of presentation reflects the method of enquiry.

Interestingly, many works are convincing exactly because they to some non-trivial extent take you through their method of enquiry, because they present, and keep somewhat intact, their context of discovery. Arguably, many of the superior now classic texts – such as notably Marx's *Primitive Accumulation* section (1867: part eight), Weber's *The Protestant Ethic and the Spirit of Capitalism* (1930), Karl Polanyi's *The Great Transformation* (1944) and Foucault's *Discipline and Punish* (1975) – achieve their intellectually productiveness (which is easily evidenced by the endless academic and popular references made to these texts (see also Mills 1959: 125)) precisely because they, in a (for them) organic and natural manner, (1) collapse the DJ distinction and (2) manage to somewhat match the method of presentation with the method of enquiry; they reveal how presentation is productively linked to justification: showing the context of discovery/method of enquiry can help justify it.

Mainstream textbooks and much neo-positivist social science work firmly upholding the DJ distinction are of course representative of the complete opposite maneuver: the 'clean' results are usually neatly presented in the final reconstructed 'decontextualized' (Steinle 2006: 188-9) version. As Blachowicz's (2009: 331, 330) systematic philosophy of science examination of textbooks symptomatically show, although some of them do acknowledge for example 'feedback loops', 'none of the examined texts scrutinizes revision/correction very closely at all'. Although it of course makes sense to engage in an ex-post synthetic 'reconstruction process' (Nickles 2006: 176; see also Arabatzis 2006: 218), as any work (including this study) necessarily must do, it is not unproblematic. Firstly, it may not only give an imprecise depiction of scholarly work (thus failing to properly guide others) but also serve to make the final product more neutral and 'scientific' in the specific neo-positivist sense.⁶¹ Moreover, in the case of an extremely synthetic 'reconstruction process', the above argued pedagogical and justificatory productiveness of taking the reader through the method of enquiry is lost.

Secondly, by sterilely cleaning up the final product (or advising scholars to do this), social science scholars and textbook authors in this way sidestep the fact that, as mentioned, presented concepts and arguments most often represent, embody, constitute and involve a whole range of underlying or embedded swaying packages of discoveries and justifications or hypotheses and tests.

⁶¹ For a more (condoning) description of this 'reconstruction process', see Nickles (2006: 176). Interestingly, even King et al. (1994: 13) at some level seem to accept this process as lying behind synthetic revisions of texts.

Interestingly, the earlier mentioned neo-positivist maxim that qualitative scholars must not ‘[use] the same data to generate and test a theory’ (King et al. 1994: 23) is of course not even upheld by (self-described Popperian) regression-based scholars (for a similar observation, see Rueschemeyer & Stephens as cited in Gerring 2001: 237, fn. 6).

4.1.3 Three attempts at overcoming the distinction

Some qualitative scholars implicitly try to sidestep/tackle the annoyance of the dominant neo-positivist separation between deduction and induction – which in some ways is a specific variant of the more general problem of the DJ distinction – by making reference to Charles S. Peirce’s increasingly popular notion of ‘abduction’. Although very productive, rather than necessarily helping to dissolve the DJ distinction or transcend its embedded deduction-induction separation, it in some ways also serves to entrench and codify these demarcations. This is especially evident from Swedberg’s (2014, 230-48, *passim*) helpful appendix reconstructing the notion of abduction and Peirce’s work more generally. Here, one learns that abduction, which means ‘[coming] up with a new idea’ – and which thus at first glance correctly seems to resemble a call for collapsing the DJ distinction – ‘must be followed by deduction and induction to be complete and for a scientific enquiry to be possible’ (Ibid.: 236, 240, more generally 235-40). In this sense, Peirce have through the notion of abduction to a large extent simply theorized/highlighted another, third, mode of thinking/investigation of the scientific repertoire, and placed it in a temporal chain which, because ‘abduction can never represent the end of the enquiry’ (Ibid.: 240), necessarily requires subsequent steps/stages of deductive and inductive maneuvers. In this way, while it surely represents a step in the right direction, abduction remains a limited tool; it arguably keeps the DJ distinction intact.

Another complimentary potential way of getting around the DJ distinction and the related deduction-induction division is through what critical realists refer to as ‘retroduction’ (see notably Danermark et al. 2002: especially 96-106), as also discussed earlier.⁶² As ‘a mode of inference’ or ‘a thought operation’, operating more or less alongside/together with induction, deduction and abduction,

⁶² A discussion of the relationship between the two notions of retroduction and abduction can be found in, for example, Danermark et al. (2002: 80-1, 88-100).

retroduction aims ‘to identify foundational conditions behind concrete historical events’ (Ibid.: 96, 99). It is sometimes considered ‘the vital contribution of critical realism to social scientific methodology’ (Ibid.: 11). Through retroduction, which can operate ‘both as analyses at a very high level of abstraction and as analyses of more specific conditions for social processes’, the scholar seeks to ‘[provide] knowledge of transfactual conditions, structures and mechanisms’ (Ibid.: 98, 80).

Clearly, as addressed in the introduction and as shall be discussed further below, this study is both sympathetic to the retroductive agenda and explicitly set up in a way that directly relies on overall retroductive inferences and questioning. Importantly, because retroduction, relying on the researcher’s ‘[a]bility to abstract’ (Danermark et al. 2002: 81),⁶³ naturally straddles the three (critical realist) domains in its quest to explain the social conditions of possibility for certain entities, it organically collapses the DJ distinction. That said, although retroductive scholars like Danermark et al. (Ibid.: e.g., 108-12) to some extent (at least indirectly) acknowledges many of the problems associated with the DJ distinction, it is unclear whether, to what extent and how retroductive analysis should be both later scrutinized and finally presented, and retroduction sometimes simply becomes yet another ‘complimentary’ (Ibid.: e.g., 75, 79, 87, 109, 113) tool, alongside deduction, induction and (now) abduction, which at other stages of the research is accompanied by more specific tests, scrutiny, theoretical clarification, etc. Thus, while genuinely taking us one non-trivial step in the right direction, retroduction neither exhausts the criticism of the DJ distinction nor necessarily constitute the most important basis for promoting a historical-theoretical approach that tries to overcome the unproductive deduction-induction division.

While abduction and retroduction can only take us so far, ‘ideal-types’ (Weber 1949) constitute a more genuine break with the unproductive dichotomous logic of the DJ distinction and the related deduction-induction division; interpreted in the right way, ideal-types, or ‘ideal-typification’ (e.g., Jackson 2011: 114), arguably best embody the spirit and proposed productiveness of (this study’s understanding of) a HTA. Ideal-types, as Weber’s (1949: 90, emphasis in original) well-known definition puts it, are:

⁶³ I do not have space here to elaborate on the importance of the notion of abstraction, whether in critical realist thinking or as part of Marx’s (implicit or explicit) methodology.

(...) formed by the one-sided accentuation of one or more points of view and by the synthesis of a great many diffuse, discrete, more or less present and occasionally absent concrete individual phenomena, which are arranged according to those one-sidedly emphasized viewpoints into a unified analytical construct

Both interpreting this definition and attempting to integrate and slightly weigh some of the useful meta-writings on Weber's ideal type, the following defining elements shall be non-exhaustively mentioned and discussed:

- The ideal-type is an active and 'deliberate construction' (Ringer 1997: 112, 114, 116, 120; Jackson 2011: 145, 152; Drysdale 1996: 80-1).
- The process underlying the selective accentuation and synthesis of factors constituting an ideal-type is intrinsically and necessarily connected to both the contextual 'sphere of values' surrounding the researcher and her/his specific 'stand-taking' and 'value commitment(s)' (Jackson 2011: 144-5).
- This always already necessary interpretive or subjective dimension notwithstanding, as Drysdale (1996: 82, 83, 82, fn. 23) stresses, the 'traits/elements accentuated' are not simply arbitrarily free-floating, but needs to somehow be in 'conformity to the object'; the selected elements 'are 'found' in reality' – or, minimally, represent an 'objective possibility' – and 'are understood as 'characteristic' of the phenomenon in its distinctiveness' (cf. Ringer 1997: 110-121; cf. Jackson 2011: 142-155).
- However, despite this correlation (or non-arbitrary limiting relationship) between the ideal type and the ontological nature (and empirical observability) of the relevant underlying entity, ideal types remain synthetic creatures that must ultimately primarily be assessed according to a pragmatic (or perhaps heuristic) theory of truth (Jackson 2011: 146, 142); what matters is simply whether the ideal-type is 'useful' – that is, 'an appropriate means to the analytical end that animates the scholar's scientific activity' – and for that reason ideal-types are 'not available for any kind of direct empirical verification or falsification' (Ibid.).

Importantly, an overlooked aspect of ideal-types is that as natural bearers of both deductive and inductive elements (and abductive and retroductive for that matter) they fruitfully implicitly collapse the DJ distinction. Implicitly against this, it is typically argued – usually based on textual evidence

(Weber 1949: e.g., 92) – that ideal-type concepts are merely ‘*means* in the service of the end of hypothesis construction’ or ‘*elements* out of which judgements, in the form of hypothetical constructions, are formed’ (Drysdale 1996: 79, emphasis in original). Or as Swedberg (2014: 63, 60-4, 77, 188) describes it, the ideal-type primarily serves a ‘heuristic’ function, which ‘makes it particularly well suited for theorizing during the stage of the prestudy’; it should be ‘discarded’ once it ‘has fulfilled its function’. Clearly, this mainstream view indirectly reproduces a sharp (both temporal and logical) distinction between discovery and justification. But, besides the obvious problems connected to the DJ distinction, what is important here is that Weber many times actually presented these ideal-types in his final substantive work; his ideal-types were not always subsequently tested by himself, but often effectively operated as valuable end products within one of his specific substantive works/publications, as de facto results which was then later either (1) directly taken on board or (2) tested, evaluated or reconfigured by other scholars as part of their own work.⁶⁴ Thus, otherwise helpful interpretations of Weber’s ideal-type, such as that of Swedberg (2014: 62-4) or Drysdale (1996: 79-81, 81, fn. 22), oddly overlook the fact that Weber actually proudly presented his ideal-types to the reader; Weber’s ‘ideal-typification’ process were not simply part of his own initial private method of enquiry. Interestingly, Weber (1949: e.g., 90, 94, 97) also speaks of ideal-types in terms of not only (1) their ‘heuristic’ employment and usefulness in ‘research’ but also (2) their ‘expository’ function.

Moreover, the ideal-type should be understood within a ‘broader strategy of causal analysis’ (Ringer 1996: 119, more generally 113-16); more specifically, it ‘permits Weber to join interpretation to explanation’ (Mommsen as paraphrased in Ringer 1996: 118; see also Rosenberg 2016: 85-6, 89, 91-3, 96-8). Interestingly, final manuscripts usually erroneously give the reader the impression that the presented ideal-type is either (1) an inductive product of an empirical investigation (which ideally is further scrutinized by the same scholar using fresh data or exported to others for their own unique assessment/testing) or (2) an imported deductive product which is then neutrally tested or empirically assessed on new data. But a presented ideal-type, whether a concept, category, model, typology, periodization etc., is always already simultaneously constituted through both a deductive and inductive logic; it usually both: (1) served as a guiding analytical lens/filter/framework through which certain

⁶⁴ Compare this argument with Burger’s view as cited in Drysdale (1996: 81, fn. 22) or Rosenberg’s (2016: 99) point that Weber’s ideal-types, otherwise regarded as initial products or means, ironically ‘have become so much a part of the cultural literacy of contemporary society’.

empirically observable events and entities have been selected/accentuated/evaluated/synthesized (the deductive logic) and (2) operates as the (so far) final summarizing product of the empirically informed investigation, an analytical output that has been selectively extracted from the available data and observable events as a way of explaining/organizing/making sense of these. Thus, the ideal-type usually simultaneously serve a both guiding and summarizing function. Of course, the relative dominance of either deductive or inductive logic or content varies across different texts (and within the same text), and depends to a large extent on the chosen method of presentation, to what extent the ideal-type is lifted from another study and applied to the new one (a maneuver which, in a sense reifies or decontextualizes the history of the concept), etc. In this sense, an ideal-type implicitly contain, at varying degrees, both a discovery and a justification within itself.

These dichotomy-breaking ideal-types are used heavily throughout this study; they are at varying levels of precision, depth and contextualization, brought forward and utilized, serving as both initial and final products, means and ends, or guiding and synthesizing tools. The way in which this study tries to put ideal-type categories to productive use is perhaps best exemplified by the study's understanding of modern statehood, which, in chapter 5, on the basis of both deductive maneuvers and inductive historically informed contextualization shall be described as being emergently and institutionally-organizationally constituted by four monopolies and four roughly corresponding functions – as well as the historically varying, dialectical and tension-filled dynamics between these dimensions.

Importantly, ideal-typification refers to the search for the 'essential' aspect(s) of a certain phenomenon (Weber 1949: e.g., 93, 97). Weber (Ibid.: 91, 90, 94, emphasis removed) speaks of the 'accentuation' of an ideal-type's 'essential tendencies', of being able to 'delineate' the 'utopia' or 'governing principle' of a concept, of synthesizing phenomena that are 'more or less present', of concepts that do not 'appear in full conceptual integrity', etc. Clearly, there is a connection between Weber's ideal-type and the so-called 'family resemblance' (Collier & Mahon 1993) perspective on social science concepts/categories.⁶⁵ In this latter perspective, 'the category', which may not fit every case perfectly, 'captures a set of commonalities considered by the researcher to be analytically important' (Ibid.: 847). The analytical construct is 'expected to be only a partial approximation' – and there is no 'expectation that the full set of attributes would be found in every instance' (Ibid.). Importantly, in this approach, 'family resemblance can (...) be assessed by identifying attributes that

⁶⁵ Collier & Mahon (1993: 847, 853, fn. 8) also briefly explicitly recognize this connection.

are present to *varying degrees* in particular cases, rather than being simply present or absent' (Ibid.: 848, emphasis added). It thus implies degreeism – a full obtainment is not necessary. From such an ideal-typical or family resemblance conceptual perspective, it is much less of a problem that, for example, (1) one of the (whatever) identified attributes of the modern state is not found in a particular case or (2) the intensity or quality of this attribute does not live up to the 'utopian' ideal-typical standard.

4.2 A historical-theoretical approach

Having discussed the main epistemological considerations informing the historical-theoretical approach (HTA) organizing this study – which, as seen, concerned both the collapse of the DJ distinction and the deduction-induction division and a reassessment of some distinctive social-scientific tools – this section shall proceed to outline some of the main features of this HTA. To be sure, this outline of the HTA should not be thought of as exhaustive (also, it has to be considered in relation to the preceding premises). Moreover, the HTA is not necessarily supposed to be novel – it is to a large extent a selective synthesis of existing productive insights and particularly implicit practices, not the least among the 'classic social analysts'. I am mostly trying to briefly map and discuss some of the main aspects, as these pertain and are relevant to the study, of an approach that can broadly be considered historical-theoretical.⁶⁶ The argument is of course not that this is the only way of approaching social

⁶⁶ Since many scholars of course explicitly/implicitly combine theory and history in various ways (and have done so in the past) – whether it be the 'classic social analysts', social historians, historical sociologists (including comparative sociologists), critical theorists, etc. – it makes most sense to speak of *a* HTA, or a specific type of HTA, rather than *the* HTA. While a label like 'historical sociology' might have been used, the more generic title of HTA seems more suitable since: (1) there is arguably no real agreement on what 'historical sociology' actually covers and which ontological, epistemological and methodological assumptions that informs it (see also, e.g., Kumar 2015: 267); (2) the suggested HTA is underpinned by both a clear philosophy of social science position and an above elaborated critical perspective on the DJ distinction, the deduction-induction split, ideal-types, etc.; (3) the domain or discipline of 'sociology' does obviously not exhaust theory; (4) although compatibilities may exist between this study's HTA and some forms of historical sociology (of particularly the more rare non-

scientific work, but rather, and merely, that the suggested features of the HTA should be considered both completely justifiable and productive. In the HTA informing/organizing this study, the following five procedural elements apply and are celebrated (at varying degrees).

1. The study's theoretical analysis is historically informed

This foundational element of a HTA implies at least the following two things. Firstly, and most obviously, it implies both (1) a productive attention to time, development, temporal patterns and context and (2) that relevant historical literature is allowed to play an integrative role in the analysis. In this way, following Streeck's (2012b: 23, 21, 3) general advocacy, a higher premium is naturally put on a 'longitudinal' perspective that looks at major objects of study, such as, for example, capitalism, 'over time', as opposed to a more 'static' view that tends to construe these entities as practically 'timeless'. Thus, although there is obviously nothing intrinsically wrong with, for example, more narrow regression-based scholarship – it may (if relevant, possible, etc.) very well be productively utilized in a selective manner to, for example, corroborate a certain argument – such typically diachronic statistical/variables-based/correlation-oriented procedures are naturally less suitable for retroductively theorizing events and constellations through the historically informed examination of macro-causal mechanisms and processes operating over long time spans.⁶⁷

Secondly, the historical dimension of a HTA does not mean it is historical in any formal or technical sense, but, much more loosely, merely implies that the work represents a historically contextualized form of theorization. Arguably, this more loose or restrictive understanding also finds representation in C. Wright Mills' (1959) advocacy, outlined in his book *The Sociological Imagination*,

empiricist implicit kinds), the former represents a specific version of historical-theoretical analysis that has been molded in relation to the purposes of this study.

⁶⁷ See Danermark et al. (2002: passim, 154, 161-5) for a more general discussion of the congruity between critical realism and 'quantitative' or statistical work and the difference between, and complimentary of, so-called 'extensive' and 'intensive' designs/strategies.

of a sociology⁶⁸ that is, as Kumar (2015: 268) labels it, ‘historicized’. In this study, this rather soft characterization of the historical leg of the HTA, as work that is merely ‘historicized’ or (as this study prefers to describe it) *historically informed*, implies three things.

- Firstly, although at times being too polemical, Mills (1959: 50, 20, 34, 74, 71) correctly criticized and rejected the two rival positions of ‘Grand Theory’ and ‘Abstracted Empiricism’ for being, respectively, either (1) marked by the ‘fetishism of the Concept’, ‘addicts of the high formalism of ‘theory’ and for operating at ‘high levels of abstraction’ or reversely (2) marked by a specialized and narrowly oriented ‘methodological inhibition’ and a ‘usual thinness of result’, which is ‘stuck (...) in what are essentially epistemological problems of method’.⁶⁹ Clearly, a proper HTA, or at least the version found useful for this study, should place itself somewhere in between these two extremes (see also Mills 1959: 124): more historically/empirically informed and circumscribed than Grand Theory, but much less narrow, fetishized with data/methods and skeptical of social theory than Abstracted Empiricism. More specifically, one can for example say that while the LAF approach perhaps leans slightly too heavily towards Grand Theory – although still very far from Mills’ ideal-type category – more recent approaches like Varieties of Capitalism (VoC) or the well-known welfare state analysis of Esping-Andersen (1990), for all their worth, leans too heavily towards Abstracted Empiricism.
- Secondly, as non-specialists in history, macro-oriented social scientists ‘cannot generally undertake (...) primary research in the archives’ (Kumar 2015: 271). For this reason, social scientists are forced to draw on either ‘what are taken to be the best or most scholarly publications by historians’ (Ibid.: 271, although cf. 274) or the work of other historically-inclined social science scholars providing a productive historical context (who are themselves either interpreting insights/findings from historians or drawing on other historically informed social science work).

⁶⁸ To be sure, although Mills (1959: 18-9, fn. 2) for specific historical and disciplinary reasons focused on ‘sociology’, it is both implicitly and explicitly clear that his argument pertained to ‘the social studies’ more generally.

⁶⁹ Bourdieu (1988: 775) arguably launches a similar type of critique when rejecting (also implicitly through his actual work) both ‘theoreticist theory and empiricist methodology’.

- Thirdly, and relatedly, this condition is natural and relatively unproblematic given that the aim is not ‘to outdo the historians at their own game’ or to examine history ‘for its own sake’, but to deal with the past in order to ‘understand our own world, in its own time’ (Ibid.: 277): in this sense, as opposed to the formal objective of historical work and the practice of some scholars within historical sociology, ‘the past is mainly important (...) for the light it sheds on the present’ (Ibid.: 277, 276).

2. The study seeks to productively roll out and reinvigorate a flexible but primarily macro-level historical-theoretical analysis

This element, which is intrinsically connected to the historical leg of the proposed HTA, in the first instance implies a research agenda that focuses on long-term structures, mechanisms, processes, tendencies, patterns, developments, configurations, etc., that operates and are deliberately studied at a relatively abstract macro-level. Obviously, this intentional focus on emergent macro-level entities and processes taking place over long time-spans necessarily or logically entails a trade-off in the form of a loss of detail, depth, intensity or, as qualitative scholars sometimes puts it, ‘thickness’ (on the natural trade-off between breadth and depth, see Gerring 2001: 24-25, 2007: 48-50);⁷⁰ reversely, focusing on the micro-level (whether through, e.g., a narrow case study, field work or running regressions), which is also simply another legitimate choice, entails a weakened scope and breadth and that less attention is put on context, broader structures, the so-called ‘longue durée’, etc.⁷¹ Importantly, focusing on either the micro or the macro-level (or, of course, something in between) is simply a question of research strategy – the two strategies serve different purposes, have different qualities and are in principal equally valid – and, as argued, it is both meaningful, justifiable and productive to operate with macro-causal mechanisms.

⁷⁰ For a particular, and slightly problematic, take on the more general question of trade-offs in social science, see Gerring (2001: 23-29).

⁷¹ For a discussion of the distinction between ‘extensive’ and ‘intensive’ procedures, see Danermark et al. (2002: 161-5).

That said, productive historical-theoretical approaches operating at the macro-level preferably do this in a flexible manner. Flexibility in this sense implies that the macro-situated analysis either (1) as Mills (1959: 34) prefers, is able to at varying degrees ‘shuttle between levels of abstraction’ throughout the study or (2) shows awareness of the possible implications of shifting between units of analysis or somehow provides some initial indications of the structure/direction of relevant formally unstudied micro-mechanisms (which may be studied in a later separate study). By scrutinizing the relevant historical development in more details through a case study looking at the two specific countries of the UK and Sweden and, at one point, trying to theorize the micro-dynamics of state legitimation (or at the very least preparing the ground for doing this more extensively in a possible later work), this study lands somewhere in between the above two scenarios of a flexible macro-model.

Although everyone would obviously ideally like to engage in a careful ‘continual shuttle’ between the macro- and micro-level (Mills 1959: 126), this is rarely possible and not even automatically productive to do in all studies; ultimately, the choice of level of analysis depends to a very large extent on questions of skills, scholarly habits, time, word count, practicalities or more generally ‘heuristic appraisals’, or importantly, as discussed above, the specific ontological characteristics of the objects being studied (and their conditions of empirical possibility). Specifically, besides the above factors, this study’s choice of focusing on the macro-level depends very much on timing; given the particular diagnosis of this study, a higher relative premium should be put on inclusive long-term macro-situated functionalist work that in all modesty seeks to genuinely and legitimately focus on ‘substantive problems’, that is, ‘the major issues for publics and the key troubles of private individuals in our time’ (Mills 1959: 21), such as was arguably much more frequent in the mainstream academic world before the 1980s.

3. The study seeks to zoom in on the essential dimensions of certain entities and deliberately focuses on dominant long-term tendencies, dispositions, trends and ‘conjunctures’ cutting across different types of variations

Put simply, following Streeck (2012b: 23, 22), this study finds it most productive to examine ‘longitudinal commonalities’ – that is, search for and scrutinize a relevant ‘inherent generic dynamism’ and focus on how ‘common dynamics’ in various ways are causally connected to ‘parallel trajectories’.

Obviously, this deliberate attention to ‘commonalities’ implies a simultaneous de-emphasis on ‘cross-sectional variations’, such as those notably found in the VoC literature (Ibid.: 21, 22). This strategy of course recognizes all kinds of variations (e.g., organizational, institutional, geographical, national, regime-based differences). But this study’s substantive analysis, its overall research agenda, the critical realist stratified ontology and mechanism-based focus on tendentiality and disposition, and the logic and expected productiveness of the applied Weberian ideal-typification procedure and partly ‘family resemblance’ (Collier & Mahon 1993) perspective – which, respectively, among other things deliberately zooms in on the ‘utopia’ or ‘governing principle’ of a category (Weber 1949: 91) and accepts (and actually expects) that not all of the relevant dimensions are necessarily empirically activated or fully operative in many specific cases/instances due to ‘countervailing’ factors – clearly predispose it to favor the examination of shared cross-cutting macro-mechanisms.

Although the study is overall structured through a descending level of abstraction⁷² (see below), which means that the analysis generally becomes increasingly empirically/historically detailed, contextualized and concrete as it proceeds – culminating in a case study that zooms in on two particular countries showing maximum variation across the relevant macro-mechanisms and processes – it is undoubtedly generally more interested in examining temporally preceding, structural/contextual ‘remote’ factors than more immediate, variable/changeable, agency-specific ‘proximate’ ones (on this remote/proximate distinction, see Schneider & Wagemann 2006: 759; Young 2012: 669).⁷³ This study, in line with the largely implicit productive practice of the LAF approach, focuses on a specific emergent configuration, namely modern liberal-capitalist democratic statehood. And as part of this, the study concerns itself with a specific cluster of countries, namely modern Western European liberal-capitalist democratic polities; countries which despite many ‘proximate’ differences share a similar set of ‘remote’ conditions and many times display corresponding general tendencies and dispositions. In this study, as shall be seen/argued, the overall ‘remote’ macro-level dynamic shared across Western European liberal-capitalist democratic polities – within which more ‘proximate’ historically contingent variations (e.g., welfarist, party-specific or agentic) are analytically embedded⁷⁴ – is connected to the tension-filled functional relationship between legitimacy and fiscal state-crafting.

⁷² Compare this to Giovanni Sartori’s ‘ladder of abstraction’ (see discussion in Collier & Mahon 1993: 846).

⁷³ Natural scientists generally refer to a distinction between ‘distal’ and ‘proximal’ factors or causes.

⁷⁴ See also more generally Kaspersen (2008: 30-39).

Additionally, on the analytical organization of this study: variously, certain concepts, categories, models, typologies, periodizations, etc., shall be rolled out or developed in an ideal-typical manner, selectively focusing (in the Weberian sense) on what is ‘essential’ about a certain phenomenon. For example, when variously discussing and mapping the development of party politics – or more precisely, the historically varying relationship between statehood and party politics – the study is, despite recognized variation, primarily interested in the ‘essential tendencies’ (Weber 1949: 91) of a party system or a party-type and the overall development and pattern cutting across the different nationally specific party systems.

4. The study seeks to productively transcend stifling disciplinary borders and synthesize insights from different thematic specializations

The HTA of this study is underpinned by a deep-seated preference for a genuinely ‘unified social science’ (Mills 1959: 138). As Mills (Ibid.: 142) succinctly points out: ‘[t]o state and to solve any one of the significant problems of our period requires a selection of materials, conceptions, and methods from more than any one of [the] several disciplines’. However this is realized it should ideally imply that the unhelpful ‘departmentalization of social science’, the ‘lazy safety of specialization’ or ‘the idea of distinct ‘fields’’, etc., to some non-trivial extent is buried or transcended (Ibid.: 140, 21, 141). Moreover, in contrast to Mills’ (Ibid.: 139-42) seemingly optimistic diagnosis of his times of a slow but gradual overcoming of specialization and departmentalization, a concentration of academic specialization and proliferation of disciplines and fields (and sub-version within these) over the last 30-40 years has arguably taken place. For this reason, there is an even greater need for transcending disciplinary boundaries than before.

Of course, although they are intellectually unsustainable, the ‘oppositions between disciplines’ should nevertheless be taken seriously in a Bourdieusian manner (1988: 778, emphasis removed); while most disciplinary divisions are ultimately ‘absurd’, connected to ‘false quarrels’, disciplines nonetheless have a causally important both objective existence, ‘as academic departments, professional associations (...)’, etc., and subjective existence, ‘as mental categories, principles of vision, and division of the social world’, etc. (Ibid.: 779, 778, 777; cf. Mills 1959: 140). Thus, when approaching – and ultimately transcending – disciplinary boundaries, one must adopt a classical reflexive Bourdieusian stance (see

1988: 784, 782), which challenges the ‘social and historical determinants of scientific practices’ by in this specific case simultaneously incorporating both (1) the ‘objective’ intellectual unnecessary of disciplinary divisions and (2) the actual subjective ‘experience’ of disciplinary specialization and the implications of this for the molding of research and research-related practices.

As part of pursuing its research agenda, this study integrates various social science disciplines, accumulating insights from especially political science, sociology, philosophy of (social) science, history and economics (as well as their various sub-fields), and selectively synthesizes different types of work – qualitative and quantitative, social-theoretical and more applied. Moreover, the study seeks to go beyond a too strict ‘division into theoretical denominations’ (Bourdieu 1988: 779, emphasis removed), aiming to relatively agnostically and pragmatically integrate insights from different theoretical perspectives and schools (aiming for, as Bourdieu puts it, ‘cross-fertilization’), while at the same time recognizing the core tenets of certain positions and the fact that some theoretical combinations inherently work better than others. While this usually underrated explicit aim and procedure of productively integrating, synthesizing, surveying, accumulating, mapping and rethinking/reworking various disciplines/fields/positions/techniques/arguments/results can never be fully realized – accumulating different work in an integrative manner is an in principle never ending process, always in need of further development and always infused with certain tensions and inadequacies on the part of the researcher⁷⁵ – it should be recognized as a time-consuming and actually creative analytical technique, which may potentially serve as a genuine intellectual contribution. Importantly, while this ideal of transcending (particularly) disciplinary and field-specific borders might seem daunting, it should be absolutely stressed that ‘[a] social scientist need not ‘master the field’ in order to be familiar enough with its materials and perspectives to use them in clarifying the problems that concern him [sic]’ (Mills 1959: 142).

Despite the strictly speaking intellectual unnecessary of social science disciplines/fields, all specific research obviously leans more heavily towards some of these than others, and most scholars have a specific educational profile, skill-set, interest and specialization that steers them in certain directions and thus inevitably narrows the social-scientific scope. Thus, while the most appropriate or inclusive disciplinary/field-specific designation for a proper HTA (in relation to this study) would simply ideally

⁷⁵ As Mills (1959: 142) points out, ‘[it] is quite impossible truly to master all of the materials, conceptions, methods of every one of [the] disciplines’.

be *historically informed social research*, this study nevertheless by necessity take departure in a much more circumscribed academic arena. At a substantive level, the study primarily takes departure in the two main interdisciplinary sub-fields of political economy and political sociology.⁷⁶ Additionally, history (including the interdisciplinary sociological sub-field of historical sociology) – or, much more modestly, a ‘historicized’ or historically informed social science – and key insights from philosophy of *social science* are utilized and critically underpin the overall study. As for specifically the case study, selective insights/findings from the economics-oriented sub-fields/studies of business history, industrial/employment/labour relations, business administration, etc., also inform the analysis. In the end, this study may perhaps best be described as doing (or striving to do) *historically informed political economy and political sociology* (or, stating the same thing slightly shorter and more formally, *historical political economy/sociology*).

5. The study seeks to explicitly accept and take seriously certain inherent trade-offs with regards to research choices

This banal but underappreciated final element simply implies that (1) although every scholar would like to do and maximize everything – roll out every method, design, perspective and style and operate at all levels of analysis, etc. – this is of course not possible, and (2) because of this, trade-offs, in the form of conflicting scholarly choices, should be fully recognized and incorporated into assessments of scholarly work (cf. Gerring 2001: 23-27, 234). Because trade-offs imply that deciding on or maximizing the quality of one thing tends to rule out or minimize the quality of another possible thing – as is, for example, seen in the choice between providing historical context and running regressions or between running regressions and doing participatory field work – research (and particularly research design) inevitably, as Gerring (2001: 23) points out, becomes a question of ‘prioritization’.

Although doing field work almost inevitably bolsters the findings of a regression scholar, this is rarely feasible or meaningful – and indeed rarely seen – for reasons that has to do with a compound battery of heterogeneous historically varying factors and typically conflicting criteria and choices,

⁷⁶ While political economy straddles the two disciplines of political science and economics and is formally a sub-field of the former, political sociology straddles the two disciplines of sociology and political science and is formally a sub-field of the former.

which are in no way easily or uniformly decided/agreed upon or capable of being unproblematically assessed in a transcendental or commensurable manner (cf. Gerring 2001: 26-7). Importantly, in contrast to both Gerring's (2001: 29, emphasis removed, 30) unproductive decision to not take into account various 'considerations of expediency' or the (at one point expressed) rather unrealistic assumption of King et al. (1994: 13) 'that researchers have unlimited time and resources' – a decision/assumption which is integral to both of their methodological advice – this study's call for a realistic HTA not only takes seriously a much broader repertoire of often conflicting decision-making factors (for example, as discussed, not merely an 'epistemic appraisal' but also a heuristic/pragmatic one) but also considers these inevitably integral to both the study's logic of prioritization and any meaningful academic 'appraisal' of its results. Put simply, it is perfectly meaningful, defensible and productive to both (1) engage in a relatively wide and integrative macro-level examination and (2) not do everything or address/tackle every principally relevant question or issue while doing this.

To briefly sum up: the specific HTA that is utilized in this study to examine governance in the context of the historical dynamics of legitimacy and fiscal state-crafting is not only informed by the preceding philosophical-cum-epistemological considerations but also non-exhaustively constituted by the above addressed five properties.

4.3 Methodological strategy: Activating the HTA

This last section of the chapter shall both outline and discuss how the overall study is organized and set up more concretely – notably, how and through what procedures and methods the research questions are going to be answered/examined – and how the case study, treated in Part IV, fits into this and has been selected.

4.3.1 Outlining the overall setup

As mentioned in the introduction, taking departure in (but also both critically historically resituating and analytically reworking) the LAF approach, this study has set itself the task of examining whether and to what extent governance has served to bridge/reconfigure/overcome the state-situated tension-

filled relationship between legitimation and fiscal accumulation in Western European liberal-capitalist democratic polities. This is done by investigating the main historical, state-situated and particularly legitimacy conditions of possibility for the governance phenomenon.

Arguably, ‘retroduction’ (Danermark et al. 2002: see especially 96-106), as briefly described above, can roughly be seen as the main procedure, tool or overarching ‘mode of inference’ through which the study seeks to engage with the above task and research question. Recalling the above description, a retroductive type of analysis, or a research design organized principally around a retroductive logic, aims ‘to identify foundational conditions behind concrete historical events’ (Ibid.: 99). Specifically, as retroduction in this way concerns the search for ‘the basic conditions for the phenomena under study’ (Ibid.: 100), this study thus focuses on examining the three operational questions mentioned in the introduction: how is governance historically possible?; what state-situated macro-causal mechanisms are related to governance?; and, most importantly, what legitimacy qualities must exist for governance to be possible? It is through this basic retroductive research design logic – which proceeds through these three retroductive inquiries – that the main research question of this study is examined and sought answered.⁷⁷ Moreover, the more basic and informal meta-retroductive issue of locating the philosophical/epistemological conditions necessary for properly understanding and studying governance – which this and the preceding chapter has tried to do – also forms an integral part of the overall examination of governance.

With some important qualifications, this study may alternatively or complementarily be described as a form of ‘explaining-outcome process-tracing’ (Beach & Pedersen 2013: especially 18-21).⁷⁸ In

⁷⁷ For various reasons this study does not (at least slavishly or directly) follow the proposed ‘stages’ of a critical realist ‘research process’ involving retroduction (Danermark et al.: 109-11, 109).

⁷⁸ Any designation of this study as ‘explaining-outcome process-tracing’ should be heavily qualified given that: (1) despite sophistication it is still underpinned by the DJ distinction and the deduction-induction division (as also mentioned earlier); (2) in the end, it relies on a too unrealistic formalization/codification of mechanisms, which many studies, particularly historically informed macro-level theorizations, cannot practically utilize without severely sacrificing quality; (3) it is more or less hinted that a connection exists between this type of study and (what Patrick Jackson has termed) a ‘monist ontology’ (or at the very least pragmatism) (Beach & Pedersen 2013: 12, 13); (4) it is improbably and thus a bit unproductively explicitly supposed to provide a ‘minimally sufficient explanation’, which somehow manages to ‘[account] for all of the important aspects of an outcome with no redundant parts being present’ (Ibid.: 18).

short, in this type of study, the scholar seeks to ‘explain particular historical outcomes’ – outcomes that are ‘particularly interesting (...) both because of their substantive and theoretical importance’ – via ‘the pragmatic use of mechanistic explanations’ (Ibid.: 63, 61, 11). Importantly, in contrast to other types of process-tracing studies, it relies on two key elements, namely ‘eclectic theorization and the inclusion of non-systematic mechanisms’ (Ibid.: 66). The former element refers to the ‘need to combine mechanisms into an eclectic conglomerate mechanism to account for a particular outcome’ (Ibid.: 34). The latter element refers to the need, as part of the eclectic theorization of a specific phenomenon, to also include ‘case-specific (nonsystematic) parts’ and mechanisms (Ibid.: 156). Generally, as may be evident, scholars engaging in ‘explaining-outcome process-tracing’ tend to ‘prioritize accounting for cases about which they care more than they prioritize theoretical parsimony’ (Ibid.: 66). In this specific manner, the turn to governance can be perceived as the interesting historical outcome, phenomenon or perhaps even single ‘case’ (more on this term below) to be historically examined and explained through a ‘complex conglomerate of systematic and case-specific causal mechanisms’ (Ibid.: 169).⁷⁹

The particular predominantly retroductive, and partly ‘explaining-outcome’, research logic of this study implies a break with the mainstream neo-positivist constitution of social science scholarly work. In the first instance, this implies a rejection of any misleading simplistic dichotomous separations between quantitative and qualitative work or positivism and interpretivism (Jackson 2011: 36, 67-8; Danermark et al. 2002). Secondly, it implies a break with not so much the separation made between field work and (so-called) ‘desk work’, but the way in which the latter is most often thought to be exhaustively constituted by either regression analysis or straightforward case study research. Of course, the mainstream assumption, particularly propounded by certain dominant social science methods textbooks, that anything other than field work must automatically center on, and be dominated by, either regression or case study analysis betrays the obvious historical fact that many of the most

⁷⁹ From this perspective, it seems correct to say, following Beach & Pedersen’s (2013: 36, 67) argumentation, that the study to a large extent develops/presents ‘case-specific conglomerate’ mechanisms, which, due to the incorporation of nonsystematic factors, ‘cannot be exported per se to other historical cases’. Of course, this is relatively unproblematic since both (1) ‘explaining-outcome process-tracing’ studies are primarily ‘driven by a strong interest in accounting for a particular outcome’ and (2) many of the specific pre-existing or developed mechanisms, factors, processes or findings are ‘more generally applicable’, or ‘systematic’, and can therefore ‘be exported’ (Ibid.: 156, 67, 157, 36).

powerful and cited works within social science (whether ‘classics’ or more contemporary) do not confine to this rather unproductive simple codification in any meaningful or straightforward manner. More specifically, case study textbooks usually take for granted that the case study analysis dominates the overall examination; the presumption is that the weight should be heavily placed on the case study, that the overall research design is primarily organized around the case or that the case study design constitutes, or is identical to, the research design as such. As discussed above, and as a legitimate alternative to the two usual ‘desk work’ procedures of regression analysis or straightforward case study research, this study is based on a HTA: a historically informed macro-level theorization that relies on a retroductive questioning and search for ‘proximate’ conditions and ‘eclectic conglomerate mechanisms’ and (highly) informally utilizes the tools of deduction, induction, abduction, abstraction, ‘thought experiments’, etc., in an ideally DJ distinction-collapsing manner.

In this study, the core historical-theoretical analysis – which is taken up in Part 1, 2 and 3 and will later serve as an analytical framework⁸⁰ to be drawn upon for the case study in Part IV – is launched/developed relatively independently of the constitution of the subsequent case study analysis. Although there is of course an important ‘feedback’ connection between the core analysis and the case study (see below), the analysis/framework should not be perceived as simply pre-existing ‘theory’ or a pre-existing theoretical perspective or framework instrumentally taken on board in order to be applied to, or tested via, a specific case. Nor is the analytical framework simply something that has been developed on the straightforward basis of the case study analysis and is characteristically presented towards the end of the study. Thus, the core historical-theoretical analysis centered on the historical, state-situated and particularly legitimacy conditions of the governance turn launched/developed in the study’s three key parts – as well as more informally in this and the preceding chapter – constitutes the main contribution of this study; although the study itself utilizes this analysis in Part IV, it should also ideally speaking be considered an overall contextual analysis/framework or diagnosis that (at least) potentially or ideally may be engaged with by other scholars either by being employed as part of their own more specific work or by being further empirically tested/corroborated, theoretically reconfigured, etc.

⁸⁰ In this sense, depending on timing/purpose, it can both be meaningfully characterized as a core historical-theoretical analysis and a framework.

Rather than through regression or straightforward case study analysis, the above described HTA is mainly executed through two procedures, which are not easily separated (since they also utilize each other). Firstly, a productive continuous swaying juxtaposition of (1) a relatively abstract adoption, discussion and analytical reworking of the LAF approach and (2) an empirically informed reading and theorization of state dynamics and state history – both done in order to gauge and in the end, drawing on insights from the critical second procedure below, develop and launch a productive understanding of the generic features of Western European legitimacy and fiscal state-crafting. Secondly, and most importantly, the HTA is executed through a particular organizing historical-theoretical scheme, termed the ECR model, which is simultaneously used to, in a selective ideal-typical manner, both (1) inductively historically-theoretically *summarize* the ‘discoveries’ of the core historical-theoretical analysis (i.e., the actual method of enquiry) and (2) deductively historically-theoretically *guide* this analysis both before and as it is being launched/developed.

Although the logic and key dimensions of this important organizing ECR model shall be formally unpacked in chapter 6, it makes sense to very briefly describe it. The ECR model, which shall be utilized for the case study analysis of the development of the automobile industry in Britain and Sweden in Part IV, represents an ideal-typical mapping/examination of the changing historical dynamics of fiscal and legitimacy state-crafting, leading towards the post-1970s governance phenomenon. As can be seen in figure 1 below, the ECR model not only covers the *emergence* (late 19th century-till 1945), *consolidation* (1945-1970s) and particularly *reconfiguration* (post-1970s period) of fiscal and legitimacy state-crafting but also connects each of these historical-theoretical periodizations to a distinctive status of the legitimacy and fiscal tension as well as the correlative dominant logic of tension-management. Each periodization shall be treated in the study (although at varying degrees): the emergence period in Part I, the consolidation period in Part II and the reconfiguration period in Part III – and all three periods in the case study analysis of Part IV.

As explained, while concrete country experiences are variously drawn out and emphasized – and while the later case study zooms in on the details of the specific English and Swedish historical experience – the HTA-underpinned ECR model generally deliberately focuses on the generic, essential and shared trends/features of fiscal and legitimacy state-crafting. More geographically and historically specifically, the study is interested in the compound emergent configuration of modern liberal-capitalist democratic statehood. In its broadest sense, this roughly corresponds to the so-called OECD countries –

that is, so-called ‘developed’, ‘rich’, ‘advanced’ or ‘high-income’ democratic and ‘market-based’ polities.⁸¹ Even more specifically, this study primarily focuses on, and intends its main arguments to overwhelmingly pertain to, Western Europe, understood in its most inclusive, vernacular and non-technical geographical sense.⁸² Undoubtedly, this study’s core analysis is implicitly biased towards a certain set of countries within this larger inclusive category of Western Europe, namely the ‘rich’, fully ‘modernized’ – and, utilizing the ‘Welzel-Inglehart Cultural Map’,⁸³ traditionally either ‘Protestant’, ‘English speaking’ or sometimes ‘Catholic’ – countries of (in no particular order): Belgium, Denmark, Sweden, Norway, Finland, France, The Netherlands, (West) Germany, Austria, Britain, Iceland, Ireland and Switzerland – and thus to a lesser extent (although this very much depends on the nature of the argument, the empirics available, etc.) the southern European countries of Italy, Greece, Spain and Portugal or the small, relatively ‘lucrative’ and alternatively constituted polities of Monaco, Liechtenstein, Luxembourg and Malta.⁸⁴

⁸¹ At times, when certain trends and trajectories – or specific data/datasets – happen to refer to this type of country (or cluster of countries), these shall be referred to as ‘OECD-wide’.

⁸² Using, for example, the ‘geoscheme’ set up by the United Nations Statistics Division, this inclusive sense of Western Europe includes/incorporates the regional categories of Western Europe, much of Northern Europe and some of Southern Europe.

⁸³ See here Inglehart-Welzel Cultural Map (n.d.).

⁸⁴ This varies though; the implicit selection of countries is pragmatic and largely non-systematic.

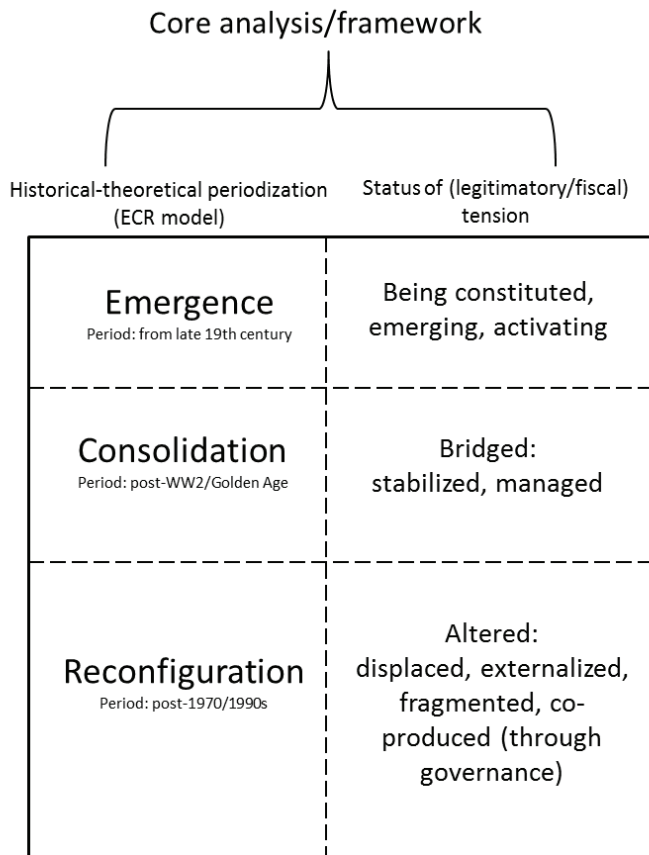


Figure 1. The core historical-theoretical analysis/framework.

This basic cross-country ideal-typification procedure is not only entirely defensible but also both (1) a standard implicit characteristic of some of the most productive works within social science⁸⁵ and (2) additionally bolstered by a general historical/empirical contextualization and variously placed specifications. Moreover, although the focus is on Western Europe, many of the arguments of the study also pertain to, and include, (notably) the US experience – a typically ‘extreme’ country (1) in which many of the dominant factors, mechanisms, processes, etc., of interest are highly active/observable and (2) from which many events and factors of importance for other countries stem from. For this reason, since the US in many ways represents, as a contemporary Marx (1990: 90, 91) might easily have put it,

⁸⁵ Such as those of Karl Marx, Herbert Marcuse, Pierre Bourdieu, Jürgen Habermas, Claus Offe, Fred Hirsch, Zygmunt Bauman, Ulrich Beck, Wolfgang Streeck, etc. The list is extensive.

the ‘locus classicus’ of the dynamics that the study are interested in,⁸⁶ its particular ‘advanced’ experience, which arguably ‘shows, to the less developed, the image of its own future’, shall inevitable a few times be selectively drawn upon throughout the study.

Importantly, to repeat, the above described HTA approach underpinning the constitution of the ECR model relies on a genuinely ‘pluralist’ approach to methodology/methods (see Danermark et al. 2002: e.g., 152) and a broad heterogeneous repertoire of sources, data, perspectives and analytical tools and procedures. Although the analysis is overwhelmingly based on qualitative and integrative theorization, which seeks to synthesize and rework many different perspectives, arguments and typologies in an interdisciplinary manner, this theorization is typically contextualized through various types of historical literature and heterogeneous empirical findings, descriptive empirics are sometimes briefly utilized to corroborate an argument and a few times other scholars’ more narrow regression-based findings are brought in. As mentioned, in this specific study the exercise of searching for and developing an ‘eclectic conglomerate mechanism’ (see above), which involves a productive continuous swaying between deductive and inductive procedures and the drawing out of many very brief illustrative examples and informal (so to speak) mini/quasi-‘cases’ at different levels of analysis (as in, e.g., chapter 10), implies the setting up of a swaying series of sub-level packages of arguments/‘discoveries’ and tests/‘justifications’, which are not easily internally separated or codified. Importantly, the heterogeneous nature of such compound emergent macro-level mechanisms, whose internal constitution is reflective of a collapsing of the DJ distinction, usually makes sure that the potential weakness or refutation of a particular discrete sub-level element does not necessarily undermine the overall argumentative integrity of the ‘conglomerate’ mechanisms (on this, see also Hernes 1989: 158).

⁸⁶ In the preface to the first edition of volume one of *Capital*, Marx (1990: 90, emphasis removed) famously refers to England as the ‘locus classicus’ of his particular analysis, which is also why it serves as, as he puts it, ‘the main illustration of [his] theoretical developments’.

4.3.2 The automobile industry case study

As can be seen in figure 2 below – an extended version of figure 1 above which now includes the case study analysis – I shall map, organize and interpret the development of the automobile industry in Britain and Sweden using the launched/developed macro-governance analytical framework,⁸⁷ and, specifically, the ECR state-crafting model integral to this. Thus, in Part IV of the study, the above ECR model, which shall be unpacked in chapter 6, shall be used as the explicit organizing tool for historically mapping/analyzing the British and Swedish automobile industry. The main intention of this case study is to place the changing historical dynamics of automobile production in the historically varying context of fiscal and legitimacy state-crafting; to perceive the different stages of the development of the automobile industry in the two countries as, in a certain sense, nationally specific sectoral-level articulations of the changing historical logics of state-crafting.⁸⁸ Moreover, by juxtaposing the ECR scheme and the historical development of the automobile industry in Britain and Sweden, and by focusing on a sector often considered reflective of the ‘turn to governance’, the study intends to both highlight and qualify, through the case study analysis, some of the claims and contextual premises associated with the governance phenomenon.

⁸⁷ Notice, as mentioned, that what was before considered the core historical-theoretical analysis of the study is now, in relation to the later case study, considered an (analytical) framework to be utilized.

⁸⁸ Besides placing the study of the automobile industry in the context of the state-crafting ECR scheme, one can loosely situate automobile production in a larger contextual literature looking at some of the dominant macro-structural changes in the political economy (focused on industrial relations, economic production and managerial-organizational practices). According to some of these a decisive shift can be observed from: (1) ‘Fordism’ to ‘post-Fordism’ or ‘flexible accumulation’ (e.g., Aglietta 1979; Harvey 1990), (2) ‘mass production’ to ‘flexible specialization’ (Piore & Sabel 1984; Zeitlin & Tolliday 1987), (3) ‘organized capitalism’ to ‘disorganized capitalism’ (Lash & Urry 1987). Importantly, what these characterizations all share is the attempt to conceptually grasp, within a certain literature and sphere, what is considered an important transformation from a more consolidated structure to a reconfigured one from roughly the 1970s and onwards. While loosely having these overall contextual distinctions generically simmering in the background, the ECR model shall be used as the explicit organizing analytical tool for mapping the historical development of the automobile industry in Britain and Sweden.

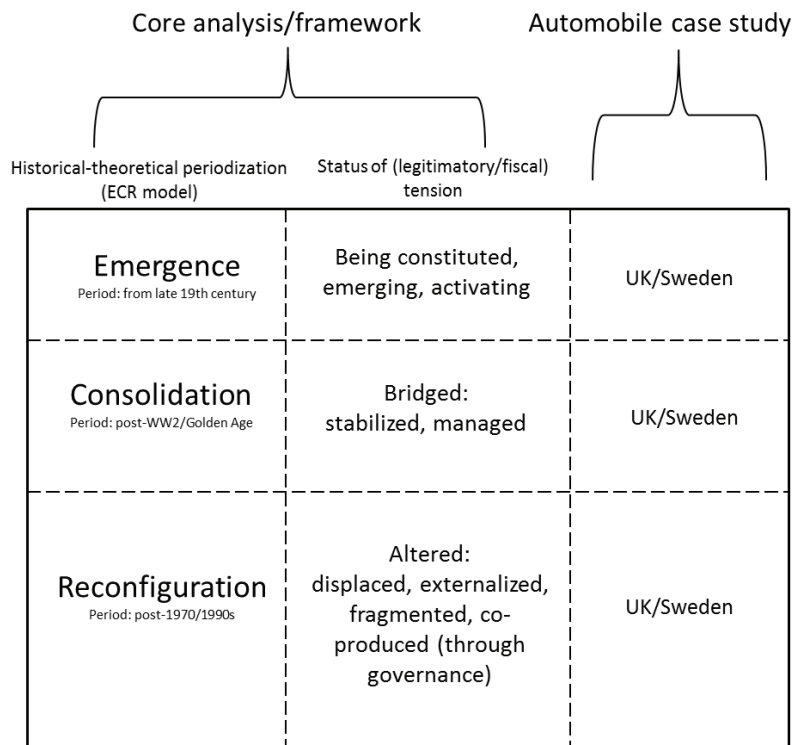


Figure 2. The core historical-theoretical analysis/framework and case study setup

Without necessarily taking on board Thomas & Myers’ (2015: 29-52) particular understanding of ‘theory’ and advocacy of abduction and ‘phronesis’, I shall in the following utilize their productive ‘typology of case study’ (Ibid.: 53-55) in order to describe and classify the nature of the case study research undertaken in this study. Stated upfront, and selectively using the vocabulary of Thomas & Myers’ (2015: 53-55) typology, this study engages in what may (formally) methodologically be described as: a key diachronic single case study, chosen for instrumental and explorative reasons and operating with semi-parallel and semi-comparative nested elements, which uses a primarily illustrative but also partly theory-building/testing approach and a varied or eclectic repertoire of methods and empirical sources.⁸⁹ This specific case study and case selection logic may be graphically depicted as shown in figure 3 below.⁹⁰

⁸⁹ Following Thomas & Myers (2015: 7), case studies shall be defined as: ‘analyses of persons, events, decisions, periods, policies, institutions or other systems which are studied holistically by one or more methods. The case

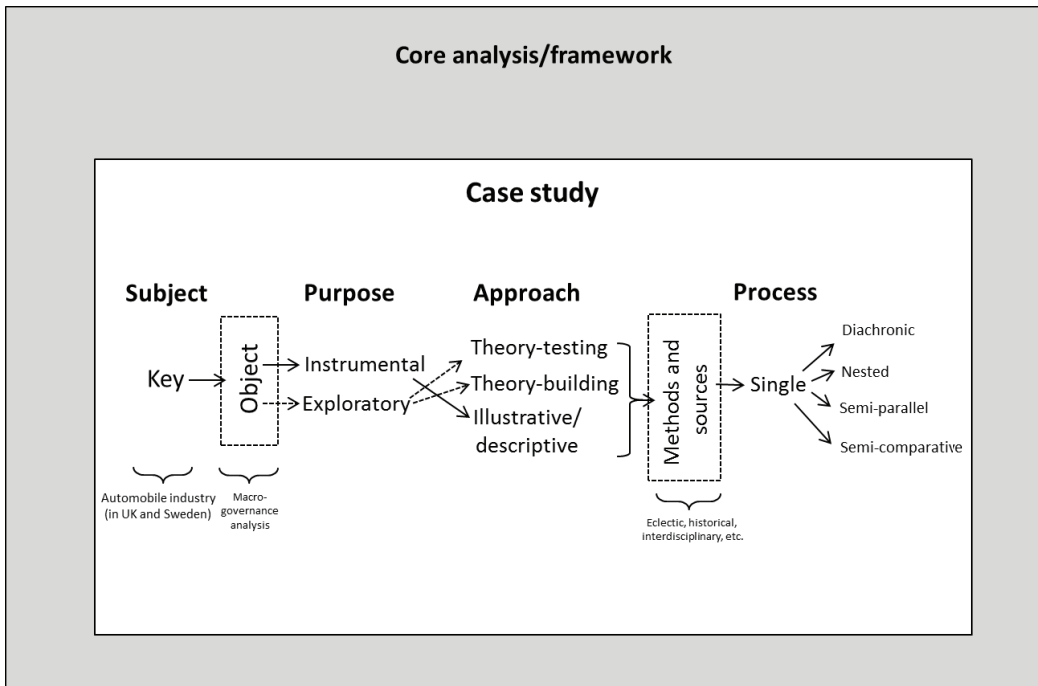


Figure 3. The case study design

Source: based on a selective adaption of Thomas & Myers' (2015: 64) typology/figure.

The logic of figure 3 can be explicated in the following nine-fold manner.⁹¹ Firstly, Thomas & Myers (2015: 6, 15, 55, 7) draw a key distinction between the 'subject' and 'object' of a case study – an important separation that is overlooked in many mainstream case study textbooks (which sometimes conflate the two): whereas the subject refers to an 'instance of some phenomenon', a concrete 'person, place, event or phenomenon' or a 'practical, historical unity',⁹² the object is the crucial 'analytical or theoretical frame', the theory 'within which the study is conducted and which the case illuminates and

that is the subject of the enquiry will be an instance of a class of phenomena that provides an analytical frame – an object – within which the study is conducted and which the case illuminates and explicates'.

⁹⁰ Although figure 3 draws on Thomas & Myers' typology and figure (2015: 53-55, for their figure, see 64), the latter has been altered and tweaked, as shall be seen, in a number of instances for the purposes of this specific study.

⁹¹ Notice, that the order of this explication does not entirely follow what might be the intuitive order of figure 3 (or the intended order of Thomas & Myers' scheme).

⁹² The description 'practical, historical unity' comes from Michel Wieviorka (as cited in Thomas & Myers).

explicates'. Importantly, as Thomas & Myers (2015: 55, 6, emphasis in original) stress, in any proper case study, the subject, for example WW2, has to have a 'theoretical, scientific basis',⁹³ it has 'to be a case of something', namely an 'analytical frame' (i.e., object), such as for example the notion of 'justness' or 'just war'. In the case study of Part IV, the subject is the automobile industry and more specifically the historical development of the automobile industry in Britain and Sweden from roughly the late 19th century-till recently. The theoretical/analytical object is the analytical framework that has been relatively independently launched/developed in chapter 3 and 4 and Part I, II and III (although see below) – that is, the study's overall analysis of the conditions of the governance phenomenon and the particular state-facilitated reconfiguration of legitimacy and fiscal state-crafting implied by governance.

Secondly, the automobile industry subject clearly represents a 'key case' – that is, a 'classic or exemplary case that reveals something from in-depth study' (Ibid.: 122, 56-7). Importantly, given the above 'subject-object distinction', as Thomas & Myers (2015: 7, 56) points out, '[t]he subject is in no sense a sample, representative of a wider population'. Rather, as a 'key case', or actually more precisely a key *subject*,⁹⁴ the automobile industry, due to inter alia its size (and economic importance), its iconic style of production, the timing of its development, its infrastructural presence, its intimate connection to capitalist production and state intervention, etc., demonstrates and embodies many of the dominant features of interest for the study of governance. Arguably, the automobile industry can be perceived as a 'key' reflection or mirroring of the governance turn. In particular, the changing historical stages of the automobile industry, as they shall be analyzed in this study, can be seen as variant articulations – placed at the nationally specific sectoral level – of the changing dynamics of state-crafting.

Thirdly, it is a 'nested' case study. Clearly, the subject of a case 'can be singular or plural' (Ibid.: 62, emphasis removed). Thus, the 'nested' character of the case study stems from the fact that 'the subject comprises different elements', namely both the British and the Swedish experience, and that these 'elements are nested (...) in the sense that they form an integral part of a broader picture' (Ibid.: 124, 125). Here, 'the breakdown is *within* the principal unit of analysis' (Ibid.: 63, emphasis in original) – that is, a national breakdown within the automobile industry. Although Thomas & Myers (Ibid.: 62, 63 124-5) designate all 'nested' studies as automatically 'multiple studies', this is not necessarily

⁹³ The description 'theoretical, scientific basis' comes from Michel Wieviorka (as cited in Thomas & Myers).

⁹⁴ It would arguably have been more precise had Thomas & Myers spoken of a 'key subject'.

obvious since one might simply be dealing with *one* subject that legitimately ‘contain[s] more than one element’, as is the case with the analysis of the automobile industry in both Britain and Sweden, rather than a *plurality* of different subjects. Fourthly, the case study is semi-comparative⁹⁵ in the sense that it concludes the case study analysis by making some informal/non-systematic comparisons between different ‘elements within one broader case’ (Ibid.: 125), namely between the automobile industry experience of Britain and Sweden.⁹⁶ Fifthly, while it should be designated a ‘parallel’ case study in the sense that the two national experiences ‘are all happening (...) at the same time’, it is arguably only semi-parallel⁹⁷ since in parallel studies the relevant entities are also ‘being *studied* at the same time’ (Ibid.: 125, emphasis added), which is not primarily the case in the automobile study; rather, the case study looks at each country separately, first Britain then Sweden, but focuses on an identical (or parallel) historical period.⁹⁸

It seems appropriate to provide some additional considerations on the logic of the selection of the two elements of the subject of the case study, namely Britain and Sweden. Firstly, and most obviously, Britain and Sweden are European polities and have had a home-grown automobile industry. Secondly, because the two countries helpfully straddle both Esping-Andersen’s (1990) welfare-state typology (the UK being a ‘liberal’ and Sweden a ‘social democratic’ regime), Hall & Soskice’s (2001) political-economic typology (the UK being an ‘LME’ and Sweden a ‘CME’) and the recent ‘growth models’ perspective of Baccaro & Pontusson (2016) – with the UK relying relatively more on (debt-based) consumption-driven growth and Sweden more on a hybrid of export- and consumption-driven growth – one is in a better position to bring to light both the shared structural features cutting across the expected

⁹⁵ Thomas & Myers do not use that term.

⁹⁶ Similarly as above, even though Thomas & Myers (2015: 62, 63 124-5) designate all (even slightly) ‘comparative’ studies as necessarily ‘multiple case studies’ one might simply be dealing with a more informal or non-systematic comparison between the different elements of a single subject, as is precisely the case in the automobile industry analysis.

⁹⁷ Thomas & Myers do not use that term.

⁹⁸ While Thomas & Myers (2015: 125) define a ‘sequential’ study as one in which ‘the cases happen consecutively’, which means that this label obviously does not apply to the automobile industry study, there is nevertheless in the separately presented semi-parallel study of Britain and Sweden a slight ‘assumption that what has happened in one or in an intervening period will in some way affect the next’ (which is the second constitutive dimension of a ‘sequential’ study).

diversity and the specific peculiarities associated with each countries' 'path dependent' history. More specifically, the country selection setup is intended to optimize the task of uncovering the shared structural attributes of the diagnosed governance turn, and the reconfiguration of legitimacy and fiscal state-crafting underpinning the (in practice) caricatures of the 'extreme' small-state liberal-market British regime and the 'extreme' welfarist coordinated-market Swedish regime.⁹⁹

Sixthly, with regards to the 'varieties of time-use' it is clearly a 'diachronic' study (Ibid.: 63). This is clear, since, as would be obvious, (1) the 'diachronic study shows change over time' (Ibid., emphasis removed) and (2) the case study examines the historical emergence, consolidation and reconfiguration of the automobile industry. Seventhly, with regards to the basic 'purpose' of, or 'reason for doing', the case study, the automobile industry study should be described as being both 'instrumental' and 'exploratory' (Ibid.: 59, 64). It is 'instrumental' because, rather than being entirely 'open-ended' (Ibid.: 76, 44) or studied 'for its intrinsic interest', it is primarily done 'for a particular reason' – namely to 'illustrate' the object (see below), i.e. the launched/developed macro-governance analytical framework. That said, it also has an 'exploratory' purpose (Ibid.: 64, 76, 79), which is more 'open-ended', aiming to potentially locate or examine new or interesting explanations, findings, mechanisms, processes, etc.

Eighthly, and perhaps most importantly, with regards to the 'approach' of the study it should be regarded as primarily 'illustrative' (Ibid.: 61, 64). According to Thomas & Myers (2015: 3, 2, 67, 59) a key distinction should be made between studies that are 'theory-centered' and studies that are 'illustrative'. Whereas the former type involves either a 'theory-testing' or 'theory-building' approach (or a combination), the latter refers to an approach that is more 'descriptive' and 'picture-drawing', that is 'showing something' – a strategy that is often seen in medicine/law where case study analysis is typically used 'as a vehicle for exemplifying and illustrating novel or archetypical phenomena' (Ibid.:

⁹⁹ Notice, that this selection logic does not imply that the study overall accepts the core arguments of the above frameworks or necessarily find their 'comparative' typologies particularly analytically productive. Rather, the point of situating the choice of Britain and Sweden within the above (mostly) well-known 'varieties'-focused typologies, matrixes and analytical dimensions is merely to emphasize how the specific country selection all else equal maximizes the opportunity to make generic claims concerning the shared dominant features and trends associated with legitimacy and fiscal state-crafting.

64, 81, 83, 5). The case study of the historical development of the automobile industry is illustrative because it primarily seeks to ‘illustrate the theoretical position’ or ideally ‘[demonstrate] the validity of an already-developed thesis’. The object of the study, ‘an already formulated theoretical position’ – i.e. the launched/developed macro-governance analytical framework – is thus sought ‘illuminated and explicated’ (Ibid.: 85, 86); the chosen subject serves as ‘the *lens* through which we can examine the theoretical object of interest’ (Ibid.: 15, emphasis added, 86).

That said, while the more descriptive and elucidating/illuminating character of the primarily illustrative automobile industry case study implies that it is not supposed to, for example, ‘prove’ the analytical framework in any straightforward sense, like many other studies it nonetheless also contains some ‘theory-testing’ and particularly ‘theory-building’ dimensions.¹⁰⁰ The automobile industry study is simultaneously partly a ‘theory-building’ case because (1) it has also to some extent allowed the analytical framework to be further ‘developed’ and helped ‘build explanations’ and (2) the case material was examined ‘with an open mind’ (Ibid.: 82, 76, 88). Although less so, it can also simultaneously be considered a partly ‘theory-testing’ case study since it also to some extent served to ‘test’ or assess the relatively independently developed analytical framework. As usual, rather than a simplistic either/or one is of course dealing with relatively varying moments or intensities of either of these approaches.¹⁰¹

¹⁰⁰ Thomas & Myers (2015: 67-91) goes through a number of works in their presentation of the typology that unproblematically combine different approaches. As they point out, ‘there are numerous valid permutations of the dimensions’ of their typology and thus ‘many trajectories (...) open to the case inquirer’ (Ibid.: 67).

¹⁰¹ Of course, not all of these low-intensity ‘building’ and ‘testing’ procedures taking place during the context of discovery has been subsequently reconstructed in, or synthetically incorporated into, Part I, II and III of the overall study. Firstly, texts are always unfinished products, always already somewhat reflective of the actual raw method of enquiry as it organically progressed throughout the text. Especially due to time restraints, it is often difficult to perfectly synthetically reshape the final text and incorporate and import all of the continuous findings and the organic developments that were naturally part of the dynamics of the method of enquiry. Secondly, instead of, for example, necessarily recrafting the (tentatively) ‘finished’ analytical framework in accordance with these, some of the relevant findings or oddities of the actual examination of the case material and the specifics of the automobile industry of the two countries of Britain and Sweden are instead presented and explicitly addressed in Part IV, with the purpose of productively highlighting or discussing certain aspects.

Ninthly, and lastly, the case study analysis, just like the core analysis of Part I, II and III, is principally informed by a more or less pragmatic ‘eclecticism in the choice of methods’ (Ibid.: 80). In this relation, it seems principally true, as Thomas & Myers (Ibid.: 64, 73, 83) points out, that ‘methodological eclecticism is the hallmark of the case study’ and that great case study scholarship ideally uses both ‘a wide range of methods’ and a ‘panoply of different sources’. That said, the ‘eclecticism’ of this case study is of course severely limited/constrained by numerous (especially) practical, substantive and theoretical considerations and thus inevitably biased in certain directions. In practice, rather than, technically speaking, formally employing different ‘sources’ and ‘methods’, the case study, as well as the core analysis, should be understood as merely selectively and instrumentally *drawing on* various types/qualities of content and procedures as well as more loosely being informed by insights/findings from other scholars that are originally based on the employment of a variety of sources/methods. Thus, rather than formal ‘triangulation’ (for a review of typical neo-positivist types of triangulation, see Thurmond 2001), the case study analysis is (of course, ideally speaking) simply based on ‘the intelligent putting together of evidence’ (Thomas & Myers 2015: 75) – that is, various forms of theoretically focused retroductive, deductive, inductive and abductive reasoning that are ‘buttressed with evidence’ stemming from a variety of studies, perspectives and sources. Importantly, such a more informal type of ‘inclusion of (...) data, argument, reasoning and analysis is a form of triangulation that should not be downplayed in importance’ (Ibid.).

Although both the core analysis and the case study may principally and overwhelmingly be termed a so-called ‘qualitative’ study, it nevertheless seeks to strategically, selectively and informally incorporate into the overall argumentation more ‘quantitative’ types of findings, trends or data. From the perspective of (perhaps otherwise skeptical) qualitative researchers, as Danermark et al. (2002: 174, 175) point out, ‘quantitative analytical models can be fruitful and are undoubtedly valuable’ – they might be productively utilized or drawn upon, in a preferably critical-conscious manner, in order to both ‘explore how common a phenomenon is’ or, more theoretically relevant, to ‘indicate connections and conditions not to be found in qualitative analyses’. Since qualitative and quantitative procedures – or, perhaps better put, ‘intensive’ and ‘extensive’ approaches – often ‘complement each other’ and typically ‘correspond to different issues and needs’, it seems perfectly legitimate to utilize or draw on ‘both intensive and extensive designs in [one’s] data collection’ and to let a certain phenomenon, development or trend be ‘described with the help of extensive studies’ that are not necessarily

‘performed by the author [herself/himself]’ (Danermark et al. 2002: 176, 112, 111).¹⁰² Importantly, both the core historical-theoretical analysis and the case study analysis at various points engage in such informal, selective and pragmatic incorporation of different types of data or findings from also ‘quantitative’ scholarship.

That said, the case study overwhelmingly draws on the ‘qualitative’ contextual accounts and detailed insights and findings of the mainstream historical literature on the automobile industry – a historical literature that thus constitutes the main source of evidence on the subject of the case study. Alongside historical accounts of the development of the automobile industry – and its development in specifically Britain and Sweden – the case study utilizes a fairly wide repertoire of additional types of literature and sources, which deals with both very detailed aspects of a certain relevant period, event, trend or country and the overall macro-contextual background within which to place the overall dynamics of the automobile industry (in particularly the two countries). This is a very heterogeneous overall cluster of additional literature and sources which includes country-specific statistics (e.g., OECD/Eurostat) and industry statistics, automobile industry reports, governmental reports, plans or white papers, country-specific publications within the sub-field of business history or business administration literature and scholarly work that addresses both the overall political-economic themes of industrial relations, economic production and managerial-organizational practices and the specific party-political/political-institutional history of Britain and Sweden.

As discussed above, the treatment of this case material is inevitably and productively two-sided. On the one hand, the partly intrinsic historical dynamic of the case material is to some extent reflected in the slightly ‘neutrally’ descriptive character of the case study; the relevant historical (and additional) sources/literature have been allowed to organically emerge and wrap itself around the case illustration; the narrative has been inductively shaped by the ‘objective’ development itself. On the other hand, the examination and presentation of the case material have of course been fundamentally instrumentally organized, and structured both (1) according to the agenda and research questions of the overall study and (2) through the ECR model and broader repertoire of launched/developed theoretical perspectives, categories, mappings, etc.

¹⁰² Danermark et al. (2002: 111-2) outlines a concrete example of a scholar doing exactly this as part of her study.

4.3.3 The Chomskyan funnel setup

It seems possible and productive, as a final exercise of this relatively extensive chapter, to contextualize the basic methodological organization of the overall study – and, specifically, the relationship between the core historical-theoretical analysis and the case study – through a funnel-like logic, going from a relatively high degree of rule-bound abstractness to an increasing degree of context-specific concreteness. This setup can arguably be very loosely pedagogically exemplified through a strictly metaphorical reference to the linguistic theory of Generative Grammar, as famously advanced by Noam Chomsky (see, e.g., Chomsky 1957, 2008; for an introduction, see Carnie 2013: chapter 1).¹⁰³ Put in a short and of course simplified manner, Chomsky’s understanding of a Universal Grammar posits the effective existence of a more or less fixed and genetically coded, largely subconscious, innate or built-in capacity for language – a largely invariant system of cognitive computation and prior principles. This finite rule-bound system or basic cognitive competence generates, in a systematic, structurally limiting and hierarchical manner, infinite derived and (at least superficially) variant forms of sentences, and linguistic outputs or performances.

Now, as figure 4 below shows, for this study’s alternative and, again, specifically heuristic purposes the Chomskyan funnel setup consists of three main layers, separated by varying relative levels of abstraction and empirical-historical content. Firstly, at the most ‘universal’ level, one finds the description, discussion and surveying of the organizational-institutional properties of statehood and the functional dimensions of state reproduction. As seen, although formal and relatively invariant, the presentation of these properties is also historically-empirically informed – and, as argued above, this is always already the case. Secondly, freely tweaking the conventional terminology, there is what may be called *grammatical performances* (GPs).¹⁰⁴ These are variant outputs or instantiations limited by the relatively invariant institutional-organizational properties of statehood (i.e., using the metaphor, the universal grammar). Thus, although the performances are highly context-dependent, they are always

¹⁰³ Arguably, even though (1) I shall claim no expertise with regards to this theory, (2) the theory has been revised, extended and sophisticated during the last couple of decades (as witnessed, e.g., in the Lakatosian-like so-called Minimalist Program (e.g., Chomsky 2008)) and (3) it may ultimately be a false/incorrect linguistic theory, the theory of Generative Grammar may nevertheless provide a productive metaphor for situating and understanding the varying levels of abstraction of the overall study.

¹⁰⁴ On the Chomskyan distinction between ‘competence’ and ‘performance’, see Carnie (2013: 17).

rule-bound and ordered in a systematic and causally hierarchical manner. So, GP1, in the overall setup of this study, includes the historically embedded cross-cutting trends and general (and temporally circumscribed) historical stages associated with the dynamics of legitimacy and fiscal state-crafting. More particularly, GP1 surveys the ‘commonalities’ and cross-cutting trends associated with the historical emergence, consolidation and reconfiguration of the legitimacy and fiscal functions of Western European liberal-capitalist democratic polities (the ECR model).

GP2 concerns the unique, yet systematically rule-bound, specific historical trajectories of the British and Swedish automobile industries in the period covering the ECR model. Such historically embedded grammatical performances – which are systematically ordered by general state-crafting dynamics linked to the historically developed relationship between legitimation and fiscal accumulation, as outlined in GP1 – are distinguishable variant historical outputs/experiences, which according to for example mainstream comparative political economy interpretations are associated with the specific historical institutionalization of, notably, economic production (e.g., CME versus LME), welfarist arrangements (e.g., a Social Democratic, Conservative or Liberal regime) and growth models/patterns (e.g., consumer-driven vs. export-driven). Of course, causally unique variant features associated with the industry itself – such as the specific technological features of automobile production – are all factors that serve to further, so to speak, ‘muddy the waters’ (Carnie 2013: 17) of the competence-situated universal grammar.

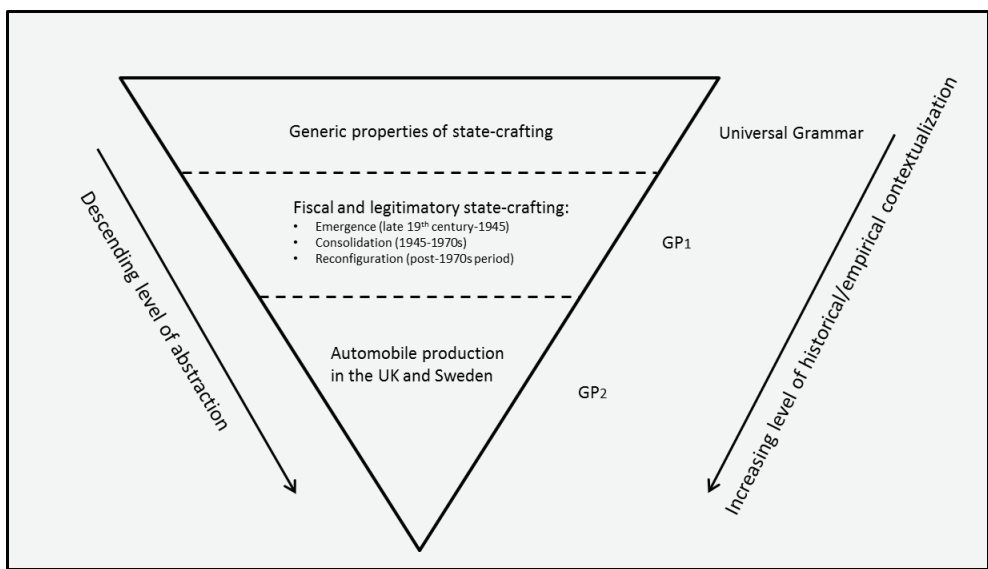


Figure 4. The Chomskyan funnel approach

Importantly, as may be evident, the GPs are, at varying degrees, historically-empirically informed; as the study moves from the universal grammar of state-crafting to GP1 and GP2, the relative degree of abstractness, formalism, universality and invariance decreases and the relative degree of concreteness, historical-empirical embeddedness and variance increases.

Thus, as the study proceeds one can generally observe a descending level of abstraction (or, conversely, an increasing level of historical/contextual embeddedness). Moreover, despite this generally downward sloping abstraction curve, the study, in line with the logic of the above described HTA, remains always already varyingly historically/empirically informed. Notice, that the funnel setup is one representation of the analytical logic of the study, not a detailed outline of how the study is actually practically presented (i.e., the order, structure or titles of the different chapters); although highly correlated, the funnel setup and the chapter structure do not entirely correspond.

This chapter has provided a thorough presentation and discussion of the study's key epistemological and methodological considerations and procedures, focusing on the discovery-justification nexus, the HTA to be utilized and the concrete methodological strategy. While extensive, the considerations provided in this chapter are absolutely crucial. They are not only important for understanding many of the key maneuvers performed in this study, especially in relation to making sense of Part I (coming up next), which both discusses the conditions of modern functionalist state-crafting and develops a framework centered on legitimacy and fiscal state-crafting suitable for studying state-facilitated governance. The chapter has also, more generally, shed light on many of the necessary epistemological conditions for productively understanding and studying governance.

**Part I Emergence: Towards a Framework for Studying State-
facilitated Governance**

Chapter 5. The Conditions of Modern Statehood

This chapter shall examine and discuss some of the key theoretical and historical conditions of possibility for (studying) modern statehood. This exercise is pivotal for two main reasons. Firstly, as argued, despite its overall productive analytical perspective and repertoire, the LAF approach both (1) did not provide systematic insights into the historical context and foundations of modern statehood or the genesis of its two functions, operating with a postwar Golden Age-like analytical baseline, and (2) relied on many unquestioned or undertheorized premises concerning the status of statehood. Secondly, and directly related to this, as shall become clear, in order to genuinely understand the conditions of the governance phenomenon, it is necessary to grasp the historically situated conditions and dynamics of modern statehood.

Rather than analyzing the state as such, the chapter is interested in selectively and ideal-typically shedding light on particular aspects associated with specifically modern statehood – aspects that are necessary to grasp since their proper comprehension permit and provide the possibilities for later developing the relatively more specific framework focused on legitimacy and fiscal state-crafting in chapter 6.

The chapter is split into two main sections. The first part examines the ‘modern’ side of modern statehood, focusing on the historical pre-modern/modern statehood nexus, the four monopolies of the state and its impersonal characteristics. The second section examines the functional side of modern statehood, focusing on the problems of functional reproduction and the dynamics of the relationship between the different state functions.

5.1 Towards the modern state

Any attempt at defining – or at least sketching the key traits of – the modern state must somehow make reference to Max Weber’s work. Importantly, Weber’s treatment of the state not only involves his famous minimal definition of the state – as that human entity or association which ‘claims the monopoly of the legitimate use of physical force within a given territory’ (Weber 1948: 78, emphasis

removed) – it also concerns his well-known conscious decision to approach or define the state through its (organizational) means instead of through its functions.¹⁰⁵ Because Weber (1948: 78, emphasis added, 77-8, emphasis added) thought that ‘[t]here is scarcely any *task* that some political association has not taken in hand, and there is no *task* that one could say has always been exclusive and peculiar to [the modern state]’, he was convinced that ‘[u]ltimately, one can define the modern state sociologically only in terms of the specific *means* peculiar to it’. One of the main aims of this chapter is to go beyond this distinctive conceptual-methodological maneuver – and more generally the often seen simple distinction between means and functions – by explicitly defining the state through *both* of these two aspects. In one sense, Weber is of course correct in pointing out the heterogeneity of ends and tasks of modern states. Both historically and across the various contemporary modern states one can locate a seemingly diverse field of aims, tasks, ends purposes, objectives, etc. (the terms are many). But, in another sense, scholars following Weber’s advice to construe the state conception through its means and not (also) its ends/tasks arguably mistakes the concrete aims, tasks, ends, operations, purposes, objectives, etc., of the state for more abstract ‘state functions’ (cf. Anter 2014: 24).¹⁰⁶ But while the empirically observed plurality and complexity of contemporary ‘advanced’ state operations of course is undeniable it does not mean, as argued in chapter 3, that one cannot group various seemingly heterogeneous operations/activities within larger more generic and structurally patterned functions, or, more generally, that it is not both possible, meaningful and productive to also construe statehood in functional terms. Thus, I shall try to get at the concept of the modern state from two sides, firstly looking at its means and secondly at its functions. I shall initiate the attempt at conceptually sketching out the modern state by outlining, in ideal-typical fashion, its overall traits and organizational characteristics.

¹⁰⁵ In *Politik als Beruf*, Weber (1948: 77, emphasis added) starts out by claiming that ‘[s]ociologically, the state cannot be defined in terms of its *ends*’.

¹⁰⁶ Arguably, while Weber dismisses the idea of defining the state in terms of its ends, tasks, objectives, etc., these objectives are mostly understood narrowly, as concrete objectives, not more generic functions. At least one can conclude, as Anter (2014: 23, see also Weber 1978: 905) reminds us, that while Weber dismisses the abstract cataloguing of state ‘objectives’ he accepts and lists ‘an entire catalogue’ of ‘state functions’, pointing to a ‘legislative function’, ‘police’, ‘administration of justice’, ‘the various branches of administration’ and ‘military administration’.

5.1.1 A journey: Between pre-modern and modern statehood

An initial sensible way of approaching the characteristics of the modern state is to compare it with its pre-modern counterpart. The historical literature on pre-modern statehood speaks of states in the minimal sense of simply the existence of a relatively ‘autonomous political unit’ (Carneiro 1970: 733). And when discussing the gradual rise of the primitive or early pre-modern state forms, emphasis is typically put on the so-called ‘agricultural revolution’ initiated roughly 10-12,000 years ago – that is, the pivotal shift from a Paleolithic seasonal life of hunting and gathering to a Neolithic life of agricultural production and more permanent settlements. Importantly, the spread of agriculture and agricultural settlement – which appeared largely independently in many places and at different times, starting in the Middle East around 9000 BC (in south-eastern Turkey, Iran and the Levant) and then in places like China, Central and South America (e.g., Harari 2014: 77-79) – involved and triggered a number of key social, institutional and organizational mechanisms integral to state-formation processes.

To start out, the agricultural revolution implied the twin dynamics of the cultivation of plants (implying vegetable wheats and storable cereal) and the management of domesticated animals (such as sheep, goats, cattle, pigs, chickens), allowing for population growth, economies of scale and new water and tool-making techniques (e.g., Smithsonian Institution 2011: 18-9; Diamond 2002). Harari (2014: 80-97) describes the organized cultivation of wheat, associated with the shift towards permanent villages, as part of a Faustian ‘wheat bargain’: while the overall population would increase markedly, agricultural life, compared to that of the nomadic and sensual hunter-gatherer, was much more decesseridden and involved physically hard and psychologically self-disciplining work. Importantly, in contrast to the seasonally-based nomadic wildlife, one may argue that permanent settlement implies an attempted fixation of social structures over time, a territorial investment with the expectation of a certain continuity. Arguably, it seems, with increased temporal fixation and organizational investments comes increased motivation for seeking territorial protection. Partly historically approximating Hegel’s (2008: 265) formative analytical distinction between internal and external sovereignty, one may say that out of the processes of agricultural domestication – the move to farming-based permanent settlement and beyond – comes not only the idea of the ‘domestic’ or ‘home’ but also the constitution of a ‘need’ for territorial protection. The process of domestication thus dialectically institutes two of the main traits of generic statehood (that is, whether pre-modern or modern), namely internal/domestic social and

resource management and externally-oriented capacities for war-making (e.g., to protect the village against unwelcome intruders).

Eventually, around 3000 BC, larger, more organized and complex settlements appeared in the form of cities and civilizations. Uruk, the world's first city or walled urban settlement, emerged in the region of Sumer in Southeastern Mesopotamia. In Uruk, pictographic writing appeared for the first time together with the crafting of bureaucracy and military techniques. Other city-states of southern Mesopotamia included, for example, Nippur, Kish, Ur. Besides the crafting of complex social and organizational structures, the city-states of ancient Mesopotamia were seemingly structured around early forms of social 'stratification' (Aguilera-Barchet 2015: 13). Also ancient Egypt stands out as an especially complex and organized form of civilization and kingdom. Under Pharaoh-based dynastic Egyptian rule, we see not only the flourishing of engineering, craftsmanship, arts, hieroglyphic writing, ship-building but also complex bureaucracy. Of course, Pharaoh-anchored bureaucracy had, as Service (1975: 230) puts it, a 'patriarchal character' – compared to modern bureaucratic practices, it can be seen as a form of 'familistic aristocratic theocracy'. That said, Egyptian bureaucratic centralization nevertheless involved not only such positions as a 'chief of fields' (in charge of agriculture) and a 'master of largesse' (in charge of livestock) but, notably, the Grand Vizier (Ibid.) – that is, the highest official, a form of 'permanent secretary' to the Pharaoh. Other important ancient civilizations, preempting modern state-formation processes, appeared in China around the Yellow River region. From the Shang dynasty (most likely the first Chinese dynasty emerging around 1800 BC) and onwards, we see a gradual process of increasing organizational complexity involving relative organizational centralization and stability and increased bureaucratic and military efficiency. With this pre-modern history in mind: in the pre-modern post-Neolithic journey from egalitarian primitive society (non-ruler driven bands and tribes), through politically organized or ruler-driven multi-village chiefdoms (whether simple, compound or consolidated), to complex city-states and empires (Service 1975; van Creveld 1999: 1-52; Carneiro 2000), one can locate the early contours of a key mechanism of later modern statehood, namely the territory-centered centralization and institutionalization of political power (see, e.g., Service 1975: 8; Poggi 1990: 18).

Arguably, one can learn a great deal about the *generic* mechanisms of state-formation when observing the evolution of the pre-modern types; they reveal insights that are useful for looking at the logic of the later modern trajectory. Firstly, in the pre-modern state-formation trajectory, we see a co-

constitutive mixture of externality (acquisition or protection) and internality (internal evolution) (e.g., Carneiro 1970: 736) – a generic dialectic that is also integral to the constitution of modern statehood, which is typically construed as a double process involving both internal and external pressure (Møller 2012: 20-1; Kaspersen & Gabriel 2008). Secondly, pre-modern state-formation trajectories reveal the internal mechanism-based character of this (doubly constitutive) process. As Service (1975: 7, emphasis added) points out, ‘not only did some of the archaic civilizations probably develop *independently*; they also developed surprisingly *similar* kinds of new cultural features’. This combination of independent developments producing shared outcomes – a combination that also holds for the initial agricultural revolution, in which agriculture spread independently at different times, in different regions – is important for understanding state formation: ‘since it happened several times independently we immediately wonder (...) what *causes* or repetitive *processes* were at work’ (Ibid.: 6-7, emphasis in original). In this sense, one can meaningfully study generic mechanisms located across otherwise varying temporal, geographical and institutional settings; and as shall be seen later, and as argued more generally in chapter 4, it makes sense, in a parallel manner, to examine cross-cutting contemporary ‘commonalities’ (notably Streeck 2012b) – that is, in this study’s case, the generic and endogenously-anchored organizational and functional mechanisms and traits tied to liberal-capitalist democratic statehood.

Thirdly, a cursory juxtaposition of pre-modern and modern statehood reveals that the distinction between the two categories is one of both cumulative continuation and qualitative change. In many ways, Weber’s work is representative of this duality. On the one hand, he placed his overall rationalization thesis within a long-term historical trajectory. In Weber’s (1948: 323-359) fascinating *Intermediate Reflections (Zwischenbetrachtung)* – with the translated subtitle *Religious Rejections of the World and Their Directions* – he speaks, somewhat preempting Luhmann and (less so) Bourdieu, of the crucial differentiation of value spheres (*Wertsphären*), i.e. the political, aesthetic, erotic and intellectual spheres, somehow leading towards, or triggering, modernity or the rationalization process.¹⁰⁷ According to Weber, the differentiation and rationalization of the different value spheres follows from both their own internal rationalization logic and through the clash with religion, in particular the major universalist and ‘world-denying’ salvation/world religions emerging from around 1000 BC, which forces each sphere to provide a ‘competing form of salvation’ (Bellah 1999: 293;

¹⁰⁷ See Bellah (1999) for a productive account of Weber’s *Intermediate Reflections*.

Weber 1948: 330). In a rather complex way, Weber situates his rationalization thesis in an more than two millennia old value-anchored trajectory – locating ‘rationalizing potentialities’ in the Axial age (Bellah 1999: 280) – and even points to India, not the Western world, as the original ‘cradle of those religious ethics which have abnegated the world’ (Weber 1948: 323).

Moreover, when Weber (e.g., 1978: 1402) refers to, for example, the Egyptian and Chinese civilizations he sometimes emphasizes their, to use Bellah’s term, bureaucratizing and ‘rationalizing potentialities’.¹⁰⁸ In this way, Weber’s ‘rationalization’-oriented view – which, in contrast to Marx’s (1990: 874) ‘reification’-oriented historical trajectory that focuses on the relatively recent ‘process that divorces the worker from the ownership of production’,¹⁰⁹ emphasizes the long-term co-evolutionary dialectics of institutionalized political power and capitalistic profit-making and the millennia-old emergence of an ideational ‘methodical way of life’ (Weber 1948: 327) – in some sense supports the view that modern statehood can be seen as a long-term cumulative continuation of pre-modern structures and mechanisms having ‘rationalizing potentialities’.

On the other hand, Weber’s work also systematically points to the qualitative uniqueness of *modern* forms of organization and institutionalized relations of economic and political power. At the very same time as Weber (1978: 1402) reaches back to, for example, ancient Egypt to locate ‘rationalizing potentialities’, he immediately qualifies this: while a non-private property state bureaucracy ‘would be similar to the situation in ancient Egypt’, such a situation, were it ever to be fully realized, would nevertheless ‘occur in a much more rational – and hence unbreakable – form’. While, as he points out in a conference intervention in Vienna in 1909, ‘to this day, there has never been a bureaucracy that could have come even close to Egyptian bureaucracy’ and that it is ‘clear that today we are rushing inexorably towards a development that follows precisely this model’, this is now done ‘on a technically refined, more rationalized, i.e., on a far more mechanized basis’ (Weber 1909).

¹⁰⁸ When, towards the end of *Economy and Society*, Weber (1978: 1402, emphasis in original) discusses the possibility of statehood without private capitalism, he pessimistically argues that ‘[s]tate bureaucracy would rule alone’, comparing this to ‘the situation in ancient Egypt’. Reflecting on the possibilities of a full ‘machination’ of social life, the existence of a sublime and all-engulfing form of ‘rational bureaucratic administration’, Weber (Ibid.) commented that in such a situation people might be ‘as powerless as the fellahs of ancient Egypt’.

¹⁰⁹ Although notice that when Marx (1990: 876, fn. 1) launches his epochal historical-theoretical analysis of the ‘primitive’ emergence of capitalism, he proceeds to study the critical case of England fully aware that it was in the Italian city-states ‘where capitalist production developed earliest’.

Compared to the modern ‘contractually employed official’, in the Egyptian ‘hydraulic’ bureaucracy (Weber 1978: 198), the ‘officials were slaves of the Pharaoh, if not legally, at least in fact’ (Weber 1948: 208). With the pharaoh as ‘the source of law, governing by inspired decisions’ (Service 1975: 230), Egyptian bureaucratic domination differs markedly from Weber’s (1948: 196-8; see also 1978: 218-220) well-known six ideal-typical dimensions of modern bureaucracy. The same would obviously, and to an even larger extent, apply to chiefdoms which, although based on ‘centralized direction’, implied ‘hereditary hierarchical status arrangements with an aristocratic ethos’ (Service 1975: 16). Importantly, as I shall discuss later, a key element separating pre-modern from modern statehood is the latter’s relative activation of officialdom/formality and impersonality (or emergentist corporate-institutional abstractness).

In this context, it is uncertain whether Charles Tilly’s (1990) distinction between ‘states’ and ‘national states’ covers the key elements that are central to the transformation from pre-modern to modern statehood. In Tilly’s (1990: 1, 2) framework, states are defined as ‘coercion-wielding organizations that are distinct from households and kinship groups and exercise clear priority in some respects over all other organizations within substantial territories’, while national states are defined as ‘relatively powerful, centralized, and differentiated sovereign organizations’. But do these aspects adequately capture the difference between pre-modern and modern statehood? Does Tilly’s neo-Weberian definition adequately capture the Weberian, i.e. formal and bureaucratic, character of modern statehood or, importantly, the significance of, as shall be argued below, the emergentist, impersonalized, corporate-institutional logic of a modern state?¹¹⁰ Moreover, as shall be discussed later, conceptions in line with Tilly’s neo-Weberian, and arguably neo-positivist, explicit overemphasis on the immediately observable organizational means of the state, critically neglects the functional dynamic of modern statehood, a functional side that shall be appreciated later in this chapter and throughout the study more generally.

In sum, one can say that it is useful to operate with an understanding of the modern state that is able to capture both the cumulative continuations and the qualitative changes instituted through the shift

¹¹⁰ Of course, Tilly might to some extent be excused since his intention with the term national state is not necessarily to produce a definition of the *modern* state but simply an intermediate concept placed in between pre-modern states and what he calls ‘nation-states’, defined as ‘a state whose people share a strong linguistic, religious, and symbolic identity’ (Tilly 1990: 3).

from pre-modernity to modernity. As I shall argue in the next chapter, the always gradual and never-ending character of modern statehood – our inability to locate, in a fully exhaustive manner, all of the defined attributes of statehood ‘out there’, i.e. the necessary discrepancy between ideal-types and real world entities – motivates us to operate with alternative terms such as ‘state-crafting’, which alludes to the always already ongoingness of statehood, the artful and always unfinished making of stateness.

5.1.2 The four monopolies of the modern state

Before, and partly as part of, discussing what makes the modern state modern in more details, I shall proceed to outline the main conceptual attributes of the modern state. Following the German tradition of *Allgemeine Staatslehre* (Jellinek 1914; Loughlin 2009), one may initially construe the generic state as a composite entity consisting of three aspects (*Drei-Elemente-Lehre*):

- ‘Staatsgebiet’ – that is, a relatively circumscribed state territory.
- ‘Staatsgewalt’ – that is, a state power/apparatus or some form of ruling authority.
- ‘Staatsvolk’ – that is, a state people, or, following the first of the four components of the Montevideo Convention on the Rights and Duties of States of 1933, the existence of a (relatively) ‘permanent population’.¹¹¹

Thus, when dealing with the state, we are initially, and minimally, dealing with a territory, a people and state power. Importantly, as Loughlin (2009) explicates, in the *Staatslehre* tradition the state is a multi-faceted ‘relational’ category, meaning both that an ‘inextricable’ connection exist between the three elements and that each element’s constitutive nature makes it problematic to reduce the state to only one of them. Thus, while any state needs, for example, a population/people (*Volk*), the ‘people’ does not exhaust the category of the state.

Clearly, although the *Staatslehre* tradition does not formulate its account in a social-theoretically emergentist manner, one can detect a certain implicit homology between its description of the relational irreducibility of the constitutive elements of the state entity and the overall emergentist ontology adopted in this study. Besides entailing that one cannot reduce the state to any of its individual constitutive elements, the emergentist character of the above multi-faceted state entity has another

¹¹¹ See Montevideo Convention on the Rights and Duties of States (1933).

related important implication: its irreducible quality, the fact of it being more than the sum of its constituent parts, provides the social-theoretical condition for its both organizational and institutional presence. On the one hand, the state has an *organizational* existence – it is present, and comes into existence in its gross form, not only as a particular type of empirically recognizable social association with a limited membership (*Verband*), but as a compulsory association (*Anstalt*), marked by ‘[c]ontinuous rational activity’ (*Betrieb*) and with a, at least when speaking of modern organizations, ‘continuously and rationally operating Staff’ – that is, as an *Anstaltsbetrieb* (Weber 1978: 48-56; see also Dusza 1989: 76). On the other hand, the state has an *institutional* existence – it is present, and comes into existence in its abstract form, as a less directly empirically observable matrix of historically institutionalized (formal or informal) rules, structures and functional patterns. While the former dimension alludes to the more materially anchored organizational aspects of the state’s actorness, the latter points to the abstract cluster of enabling and constraining forces linked to the institutional presence of the state.

It follows from this important dual characterization that the state’s immediate empirical-organizational presence cannot exhaust the category of the state. While, as discussed, Weber actually had a much more sophisticated conception of the institutional and historically variegated structural and functional properties of the state, the otherwise productive so-called neo-Weberian conception of statehood, as for example launched by Tilly (1990) or in Evans et al. (1985a) cannot be considered optimal precisely because it tends to reduce statehood to its organizational presence. Since, in this view, states are ‘conceived as organizations’ (Skocpol 1985: 9), neo-Weberian scholars are constantly on the lookout for ‘specific organizational structures’ (Evans et al. 1985b: 351). In this view, the organizational practices of the state sufficiently constitute, or exhaust, the state. While this definitional approach at first glance seems perfectly meaningful, it tends to perceive a *necessary* aspect of statehood – its organizational presence – as also a *sufficient* aspect. Thus, as argued, while the state necessarily exists as an organizational entity it also necessarily exists as an emergent institutional structure.

More generally, the neo-Weberian conception remains suboptimal because its implied empiricism makes it fail to appreciate the varying institutional modes of sovereignty; it makes it difficult to grasp the emergent and relatively immediately unobservable institutional power of the state underpinning and operating across different concrete organizational modes of actuality. Ultimately, as I shall argue, in order to understand the ‘state-crafting’ logic underpinning the turn to governance, it is necessary to also

recognize the abstract quality of statehood – that is, its existence as an immediately unobservable emergent corporate-institutional structure. In sum, in line with the distinction made in the beginning of this chapter, one can say that the above three-dimensional state entity has two overlapping and individually insufficient ontological forms of actuality.

Within a certain relatively circumscribed territory, having a relatively permanent population, state power appears, or is activated, through what may be described as *four types of monopolies*: 1) A force monopoly; 2) A bureaucratic monopoly; 3) A fiscal monopoly; 4) A symbolic monopoly.¹¹²

1) According to Weber (1978: 54), an absolutely essential, that is both historically and conceptually necessary, characteristic of the state is its (or its staff's) ability to 'successfully [uphold] the claim to the monopoly of the legitimate use of physical force in the enforcement of its order'. Importantly, the Weberian force monopoly centers on the domestic arena: the unique ability of the state to authoritatively concentrate and manage the use of physical force within the territorial domain sets it apart from other potentially competing internal groups (social classes or other corporate entities). Through the state's monopolization of force, violence is 'not eliminated from society, but is deposited and stored in a separate domain of its own' (Dusza 1989: 88).

2) According to Weber (1978: 52), the modern state is a compulsory organizational enterprise (*Anstaltsbetrieb*) – that is, a historically speaking, and ultimately, involuntary formal organization with 'a continuously and rationally operating Staff'. That it has a 'rationally operating staff' does not imply a superior form of knowledge or extreme strategic capacity but merely that state agents formally strive to rationally and administratively optimize decision-making processes. In the Weberian conception, the modern state concentrates 'the means of administration' (Weber 1948: 221) and 'possesses an administrative and legal order subject to change by legislation' (Weber 1978: 56). In Bourdieu's (1994: 4, emphasis removed) historical-theoretical account, the modern state is conceived as the historical 'culmination of a process of concentration of different species of capital' (physical, economic, cultural, etc.). This historical concentration has constituted the state as a bureaucratic 'meta-field' in possession of 'statist capital' (or 'meta-capital'), which 'enables the state to exercise power over the different fields and over the different particular species of capital, and especially over the rates of conversion between them' (Ibid.: 4). For Bourdieu, the 'statist capital' is the modern state's own distinctive type of power, namely the power to, in an authoritative way, bureaucratically organize and structure action through

¹¹² See more generally Elias (1982: 268-276) on the generic logic of the 'monopoly mechanism'.

mobilizing resources and juridically regulating the relations of force between other (potentially competing) social entities.¹¹³ In this sense, the state's bureaucratic monopoly consists in its both unmatched capacity for, and authority with regards to, bureaucratic (or rational-legal) social organization.

3) Following Elias (1982: 104, 110) – and implicitly a range of other notable historical scholars (e.g., Tilly 1990; Schulze 1995; Hart 1995; Bonney 1999b) – another essential dimension of modern statehood is the state's legitimate 'monopoly of taxation', that is, the situation in which the 'taxation of the property or income of individuals is concentrated in the hands of a central social authority'. Importantly, more than simply centralized tax collection, the modern state relies on an overall fiscal infrastructure: it manages systematic budgetary activities and controls and sanctions fiscal institutions. Here, a decisive budgetary expression of the shift towards a public fiscal monopoly is the moment when '[t]he wielder of central power, whatever title he may bear, is allocated a sum in the budget like any other functionary' (Elias 1982: 110). In other words, the modern state is not simply a tax state but a fiscal state. One can refer to this broader fiscal dimension as the legitimate monopoly of fiscal activity, or simply a fiscal monopoly.

4) Following Bourdieu (1994, 2005), the bureaucratic modern state possesses a 'monopoly on symbolic power'. The genesis of the bureaucratic modern state, in Bourdieu's (2005: 51) scheme, is the story of a historical 'monopolization of the universal' – a process enabled by, inter alia, a class of newly bred civil servants, particularly jurists, self-interestedly carving out an exclusive 'public' domain. Historically, states have been able to 'influence the language and symbolism of legitimacy' (Cerny 1990: 33), (at least indirectly help) shape the internal structure of the 'social fabric' (Ibid.: 32) and define 'what the goals of the collective as a whole should be' (Beetham 1991: 46). The state manifests its 'symbolic capital' through the production of relatively taken-for-granted cognitive classifications and categories of thought and practices of rule-setting, nomination, standardization, harmonization, etc.

¹¹³ Drawing loosely on the Wittgensteinian notion of 'games', Cerny (1990: 1, emphasis added) seems to be working from a similar perspective when observing that historically the state 'came to constitute the overall pattern of games, the *contextual framework* within which games of other kinds were increasingly to be played'. Also Touraine (1977: 218, emphasis added) in his own way supports this notion of the state as an (at least partly) autonomous agent of meta-structuring: 'the state is the *locus* of the institutional system's *combination* with the other social systems'.

– processes fostered, like in Althusser’s (2012) more extreme theory of ideology, particularly through the educational system (Bourdieu 1994: 1).

In sum, besides being characterized by (1) an essential monopoly on the legitimate use of physical force (Weber), the modern state also has (2) a monopoly on the ‘means of administration’ (Weber) and ‘statist’ or ‘meta’ capital (Bourdieu), (3) a legitimate ‘monopoly of taxation’ (Elias) and fiscal activity more generally and (4) a ‘monopoly on symbolic power’ (Bourdieu).

It might make sense to specify what the monopoly dimension implies in this study. Importantly, as Buchanan (2002: 690, emphasis added) correctly points out, although a state always ‘attempts to establish the supremacy of [its] rules’, this ‘does *not* imply that there are no limits on state control’. Rather, it ‘refers to the lack of a rival for the state’s making, application, and enforcement of law within an assumed jurisdiction’ (Ibid.). Critically, such an understanding is ‘compatible with the scope of the rules it imposes being limited’ (Ibid.).¹¹⁴ Moreover, states may easily engage in acts of delegation, prescription, licensing, dispensation, etc., without this necessarily undermining its monopoly position (see also Ibid.; Coleman 1974, 1982). The state is, as Coleman (1974: 29, 1982: 50, 37) puts it, a ‘special case’ or a ‘single exceptional corporate actor’ given inter alia the ‘particular allocation of rights’ authoritatively performed within or by the state. The state has, in this corporate understanding, a distinctive authoritative status in chartering or incorporating other corporate entities.

In other words, the lack of a pure monopoly, the fact of the state’s monopoly being usually somehow ‘limited’ – for example, in the case of the force monopoly, the existence of violent drug cartels in Mexico or Columbia effectively controlling some local areas or in the case of the fiscal monopoly, the existence of a ‘shadow economy’ amounting to roughly 20% of GDP in countries like Italy¹¹⁵ – does not a priori disqualify the notion of statehood or the basic monopoly understanding presented above. Recalling the jointly applied ideal-type and ‘family resemblance’ perspectives – which, as outlined in chapter 4, fully accept conceptual degreeism and the empirical contingency of certain properties of a

¹¹⁴ One may add that ‘the lack of a rival’ is best interpreted as the lack of a *real* rival, as the depiction of a pure monopoly situation in mainstream microeconomic theory, where the market only has one supplier, rarely, if ever, matches reality. In many cases, we are dealing with a monopoly situation where minor competitors (however unimportant) exists, or a highly asymmetrical form of oligarchy.

¹¹⁵ For data on this, see Schneider (2013).

category – it seems sufficient to say that the state has a more or less systematic relatively unmatched capacity and authority with regards to the relevant monopoly.

Clearly, roughly in line with Weber’s thinking (see more generally Anter 2014: 33), the distinctive constitutive authoritative status of the above four monopolies is both (1) dependent on the state’s concentration of symbolic capital (Bourdieu 1994, 2005) – notably, the necessary constitutive role of symbolic power and symbolic violence in the historical formation of modern statehood – and (2) critically hinges on the material quality of the force monopoly (cf., e.g., Thorup 2015: 119).¹¹⁶ That said, while Weber (1978: 54) understood that ‘the use of physical force (...) is neither the sole, nor even the most usual, method of administration of political organizations’, he nevertheless stressed that the ‘threat of force, and in the case of need its actual use, is the method which is specific to political organizations and is always the last resort when others have failed’. In this Weberian-Schmittian sense, while, for example, taxation is plausibly most effectively exercised through a state monopoly, it is the original and underlying ultimate coercive or materially physical nature of the state that insures the authority of its fiscal monopoly.

5.1.3 Impersonalization and the emergentist institutional self-interest of the state

In the following, I shall (1) further explicate the argument that modern statehood is historically constituted through an increasing degree of emergent, impersonal, and corporate-institutional self-interested action and (2) argue that these self-interest-inducing properties critically condition its intrinsically functional setup and orientation. Synthesizing the historical narratives of Poggi (1990, 2003) and van Creveld (1999), I shall initiate the first of these two tasks by sketching the following heuristic three-stage account of the dominant Western European state-formation process.

- Stage one – roughly 12-16th century. Central to this period is the ‘consolidation of rule’ (Poggi 2003). Here, more fragmented patrimonial feudal structures gradually gave way to the territory-centered (and initially) military ‘accumulation of might’ (Ibid.: 251). In van Creveld’s (1999) scheme, the period 1300-1648, which for him covers the initial ‘rise of the state’, is

¹¹⁶ Weber (1978: 54, emphasis removed, emphasis in original) of course spoke famously of the ‘monopoly of the *legitimate* use of physical force’.

characterized by four key partly consecutive ‘struggles’, which in the end culminated in the ‘triumph of the monarchs’, namely the struggle against the church, the Empire, the nobility and the towns. In this period, we thus see the territorial concentration of private violence; one may say that at the end of this rivalrous process, relatively successful or stable military or force monopolies are set up.

- Stage two – roughly 17-18th century. Central to this period is ‘the rationalization of rule’ (Poggi 2003). Here, successful or at least surviving power centers gradually sought to ‘exercise rule in a more purposeful, continuous, self-conscious manner’ (Ibid.: 251). In this period, the accumulation of might increasingly takes on a fiscal or extractive character, administrative offices are set up and (self-)binding laws and procedures emerge (Ibid.: 151-2). For van Creveld (1999), the period 1648-1789 covers the emergence of the ‘state as an instrument’. We observe the emergence of bureaucratic arrangements and officials (notably ‘secretaries of state’), statistical and fiscal techniques and infrastructures, ‘state-owned armies and navies’, and so on (Ibid.: 130, 143-155, 156, passim). Via a form of enlightened absolutism or enlightened absolutist statehood – underpinned by a creeping ‘reason of state’ – we see the gradual coming into existence of a state apparatus, which, towards the end of this process, to some considerable degree ‘emancipated itself both from royal control and from civil society’ (Ibid.: 127).
- Stage three – roughly 19th-20th century. Central to this period is, according to Poggi (2003), the ‘expansion of rule’. Here, we see the opening up and cumulative expansion of state structures; an increased involvement ‘in a greater and greater number and variety of social tasks’, both triggering and responding to various social, economic, political and cultural ‘modernization’ processes (Ibid.: 252-3). For van Creveld (1999) the period 1789-1945 covers the process instituting the ‘state as an ideal’; the state shifts from being an instrument for ruling to becoming an ideal or ‘an end, and later, a living god’ (Ibid.: 190). In this period we observe the state formally ‘conquering money’ – that is, authorizing, printing and concentrating/accumulating it successfully – and, under the weight of a brewing nationalism,

institutionalizing intricate systems of policing and imprisonment, mass education and social services (Ibid.: 224-242, passim).¹¹⁷

Another more analytical-intensive way to depict the above synthetic three-stage scheme, is to describe it, drawing on Bourdieu (1994, 2005), as a two-stage transition from personal to what he denotes as ‘impersonal’ bureaucratic power (see also Thorup 2015).¹¹⁸ For Bourdieu (2005: e.g., 30, passim), the period 1330-1630 is centered on what he (perhaps anachronistically) terms the ‘dynastic state’, characterized inter alia by feudal nobility and the personalized hereditary reproduction of the ‘king’s household’. From the 17th century, Bourdieu (2005: 30, passim) argues, we observe the genesis of a, properly speaking, modern ‘bureaucratic state’. This Bourdieusian two-stage-transition thus involves a gradual shift from a feudal, hereditary, dynastic and patrimonial form of personal authority to a bureaucratic, administrative and differentiated form of impersonal public power. Toying with the notion of the ‘impersonal’ bureaucratic state, one may perceive this trajectory, which to a large extent corresponds to the above three-stage account of state-formation, as an overarching gradual process of *impersonalization*.¹¹⁹

With regards to the dynamics of this process, both Bourdieu (2005) and van Creveld (1999) seem to agree on the historical importance of what may be termed the functional delegation mechanism. For Bourdieu (2005: 48), the bureaucratization process – the shift from personal to impersonal power – ultimately came about through ‘the differentiation of power and (...) the lengthening of the chains of authority and agency’. In particular, the regularization of law, a civil service (especially jurists) and new administrative procedures helped foster an understanding and notion of universality and ‘public

¹¹⁷ One might add that the ‘expansion of rule’ in this period also entails the gradual (and not always successful) spreading and mainstreaming across the globe of a certain version of modern statehood, developed and refined primarily in Western Europe, particularly after 1945 (on this, see van Creveld 1999: 263-335).

¹¹⁸ Weber (e.g., 1948: 229) also speaks of bureaucracy as being ‘impersonal’.

¹¹⁹ In Weber’s (1948: 334) text *Intermediate Reflections* (with the subtitle *Religious Rejections of the World and their Directions*) he refers to ‘depersonalization’ (*Verunpersönlichung*) – or in some translations ‘impersonalization’ – in connection to the bureaucratic state. Bourdieu (2005) seems to prefer other terms which strongly correlates with this macro-oriented process, such as ‘defeudalization’ or ‘bureaucratization’. See also Thorup (2015).

interest' (Ibid.: 43-50). According to van Creveld (1999: 125), 'the more absolute any monarch the greater his dependence on impersonal bureaucratic, military, and legal mechanisms to transmit his will and impose it on society at large'. From this functional monarchical impulse we see, '[i]n the end', that 'those mechanisms showed themselves capable of functioning without him and were even destined to take power away from him' (Ibid.). In this understanding, delegation, initially triggered by (enlightened) absolutist monarchs out of mainly functional considerations, help set in motion the first stage of a long and gradual process of impersonalization of ruling authority – and, eventually, modern bureaucratic statehood and variegated forms of advanced political-institutional embracement and fiscal accumulation.

Through the process of impersonalization, we see the gradual emergence of a separate institutional sphere of governing. In van Creveld's (1999: 258) words, one can say that '[s]tage by stage' the state, or perhaps, the state-in-making, 'separated itself from, and raised itself above, civil society'. Emerging out of essentially feudal structures, the modern state eventually appears as an 'organized power of decision' with a sovereign authority distinguishable from that of civil society (Böckenförde 1991: 150). According to Quentin Skinner's (1989, 2002, 2009) genealogical analysis of the concept of the state – which looks at a historical process that both in timing and content strongly correlates with the above outlined state-formation trajectory – Thomas Hobbes appears as the foundational thinker of the modern (sovereign) state. Looking roughly at the period 14th century till 18th century, Skinner traces the political-theoretical transformations from, amongst many other labels, Machiavelli's *stato* (focused on princely rulership) to Hobbes' 'fictional' *Leviathan*. From the perspective of Hobbes' 17th century 'fictional theory', going from 'the person of the ruler' to the 'person of the state' means to confer power on a sovereign who is 'merely 'personating' the state' (Skinner 2002: 9, 2009: 347). This understanding of the state, which breaks with the specific person of the ruler – in Machiavelli's terms this would be princely rule, in Bourdieu's (2005) terms this would be the 'king's household' – entails a devaluing of 'the more charismatic elements of political leadership' (Skinner 2002: 411); instead the state becomes 'an artificial person', or simply 'the seat of sovereignty' (Ibid.: 410, 409). In this way, according to Skinner (1989: 112), the modern concept of the state has a 'doubly impersonal character': on the one hand, the state's authority is distinguished 'from that of the rulers or magistrates', and on the other, it is distinguished 'from that of the whole society or community'. From this perspective – where the modern state is an 'authority distinct from rulers and

ruled' (Skinner 2002: 386) – the state 'must be acknowledged to be an entity with a life of its own' (Skinner 1989: 112).

Despite Thomas Hobbes offering, as seen above, an inaccurate depiction of the actual genesis of the modern state (see also Sagar 2015) – loosely paraphrasing Marx (1990: 926) on the 'primitive' origins of capitalism, one can say that the state 'comes [into the world] dripping from head to foot, from every pore, with blood and dirt'¹²⁰ – he nevertheless implicitly provides us with an early and intellectually productive emergentist account of this particular entity.¹²¹ The Hobbesian-Skinnerian emergentist account of the state appears in the way in which Hobbes (2008: 106-7, emphasis removed) refers to the state as a third, separate, entity: a 'feigned' or 'artificial person', an 'actor' or 'representer'. The emergentist element, the fact of something being qualitatively more than the simple sum of its aggregate parts, appears when '[a] multitude of men, are made *one* person' – that is, a '*unity* of the representer (...) that maketh the person *one*' (Ibid.: 109, emphasis in original). Interestingly, the classical frontispiece of *Leviathan* from 1651 precisely illustrates, as Skinner's (2008: 185-198) analysis of this also seems to convey, the abstract emergent power of the sovereign state, as well as the challenges of graphically depicting this: Hobbes' Commonwealth can neither be reduced to the head (the king) nor the body (the people, subjects, citizens, etc.) – it is a synthetic third entity.¹²²

Arguably, one can detect an implicit harmony between the relational emergentist character of the modern Hobbesian-Skinnerian sovereign state and the *Staatslehre* tradition's description of the irreducibility of the state entity. In both cases it implicitly follows that one should problematize the question of the direct empirical comprehensibility of the state – a problem which seems particularly pertinent for scholarship working from a broadly construed 'phenomenalist' position (Jackson 2011: 42). Thus, in their own distinctive phenomenalist ways, both empiricist scholarship looking at state and government, such as neo-Weberian conceptions of statehood (notably Evans et al. 1985a) or neo-

¹²⁰ Although Hobbes himself seems to have believed, although in a fairly qualified manner, in the historical reality of the State of War (Gaskin 2008: xxxii; Sagar 2015: 105), neither the early/original authorization of sovereignty via the Covenant nor the ruthless State of Nature ever took place or existed in the way described.

¹²¹ Neither Hobbes, nor Skinner, social-theoretically verbalize their understanding of the modern state as being emergentist.

¹²² According to the alternative reading of Kristiansson & Tralau (2014) we (also) see a hidden monster on *Leviathan's* frontispiece.

pluralist governance scholarship (notably Rhodes 1996, 1994), and more nominalist constructivist/poststructuralist conceptions of advanced governing and authority, such as neo-Foucauldian governmentality studies (notably Miller & Rose 1990; Rose & Miller 1992), tend to lose sight of the abstract, impersonal, irreducible and contingently observable emergentist character of the modern state entity.

While Hobbes presents us with what in the Skinnerian perspective is referred to as the ‘fictional theory of the state’, Skinner (2009: 347) reminds us that ‘it would be a grave mistake according to Hobbes to dismiss the importance of the state on the grounds of its merely fictional character’. While the state, in the Hobbesian-Skinnerian perspective, should be regarded as an artificial or fictional person (*persona ficta*) this does not diminish its reality or its objective performativity (see also Loughlin 2009: 8; cf. Thorup 2015).¹²³ Two arguments (out of a potentially extensive list) in support of this may briefly be provided with regards to contemporary statehood. Firstly, as Skinner (2009: 344, 347) also stresses, one may speak of the existence and efficiency of an attribution mechanism. As Alf Ross (1961: 115, emphasis removed) puts it, ‘certain acts that are in reality performed by definite individuals (...) are spoken of as being performed (...) by a subject called ‘the State’’. International law explicitly allows for, and takes into account, this mechanism of attribution: the juridical character of the state – ‘a being which is on a higher plane and is more powerful than man’ – allows various ‘organs’ to speak and act on its behalf (Ross 1961: 118).¹²⁴ Such form of Hobbesian ‘attributed action’ (Skinner 2009: 347) is for example implied in the fourth criteria of statehood in The Montevideo Convention on the Rights and Duties of States (1933), which concerns a state’s ‘capacity to enter into relations with other states’. Also, a head of state, a minister of foreign affairs, diplomatic officers, etc., are considered

¹²³ Against this, see for example Abrams (1988: 75, 79, emphasis in original) who believe that we should ‘abandon the state as a material object’ or deny the ‘reality of the state’, in favor of merely stressing the ‘cogency of the *idea* of the state as an ideological power’.

¹²⁴ It should be emphasized that even though Ross (1961: 125) accepts the ‘as if’ quality of the state, (what may be perceived as) his legal nominalism nonetheless makes him very skeptical of ‘substantial-metaphysical’ understandings of statehood.

‘internationally protected persons’ because of their capacity to act on behalf of the state (as agents of the state), as if they were the state.¹²⁵

Secondly, the very fact that the state is regarded as a ‘person’ of international law (of course along with other important entities) – which, according to a leading textbook on this matter, entails that it is perceived as ‘possessing the capacity to have and to maintain certain rights, and being subject to perform certain duties’ (Shaw 2008: 175) – is absolutely crucial, since without a ‘legal personality’, without being recognized as a legal person by (international) law, the state loses its title as a state-subject.¹²⁶

Complex emergent social entities, such as the modern state, appear, and become institutionally meaningful and operational, through their legal personality – that is, more generically, through corporate personhood. In James S. Coleman’s (1974, 1982) two books *Power and the Structure of Society* and *The Asymmetric Society* he makes a helpful simple distinction between two distinctive actors of modern society, namely ‘corporate actors’ and ‘natural persons’ (e.g., Coleman 1982: 19). Whereas the natural person is a tangible person of flesh and blood, the corporate actor is a ‘juristic person’, who/which amongst other things is able to ‘substitute functionally for a natural person’, ‘act in a unitary way’, ‘own resources’, ‘have rights and responsibilities’, and ‘occupy the fixed functional position or estate which [have] been imposed on natural persons’ (Ibid.: 14). While the business corporation obviously represents the exemplary or most well-known corporate actor, the modern state is, as Coleman (1982: 50, 37, 1974: 29) variously puts it, a ‘single exceptional corporate actor’ or a ‘special case’. Like modern business companies (‘corporations’), modern states are corporate bodies that, amongst other things, accumulate and concentrate power/resources and engage with other corporate-institutional persons.

Corporate-institutional entities (or bodies, actors, persons, etc.) embody modern dynamics – they are, as Harari (2014: 27) would have it, what makes enduring, advanced and flexible ‘large-scale human cooperation’ possible. From a long-term historical perspective, one can say that sapiens’ basic ability to imagine and tell stories becomes ‘real’ when the fictional abstractions acquire a collective

¹²⁵ See, for example, the Convention on the Prevention and Punishment of Crimes against Internationally Protected Persons, including Diplomatic Agents (1973).

¹²⁶ According to Ross (1961: 114), ‘[a] definition of the concept ‘State’ is undoubtedly required in international law, because the rules of international law have reference (in the first resort) precisely to ‘States’.

character in the form of a legal codification or institutional-material sedimentation, which enables millions of humans to ‘cooperate and work towards common goals’ (Ibid.: 31).¹²⁷ Importantly, the corporate-institutional personality critically conditions, or makes possible, a range of activities and situations: it allow for authorized delegation, attribution, dispersion, and distribution, etc. – processes which may still maintain the monopoly status of the particular entity engaging in this activity; it entails that complex social entities may exist, in an enduring way, as (legal, bureaucratic, administrative, nominal) abstractions; using Coleman’s terminology one can say that unlike ‘natural persons’, ‘corporate persons’ can be present physically or organizationally in potentially endless locations at the same time.¹²⁸ Moreover, from a basic *Staatslehre* perspective one can say that the legal-institutional character of the corporate body ensures that one cannot reduce it to one of its constitutive dimensions. Thus, even though one were to replace the specific employees (the Volk), the physical property (the territory) or (even) the CEO (the head of state/government), the corporate entity would nevertheless remain, as if for an eternity (see also Loughlin 2009: 8).

As argued in chapter 3, the relational emergentism of complex corporate-institutional entities not only warrants a permanent condition of ontological (and conceptual) irreducibility and epistemological contingent observability, it also renders social-theoretically meaningful that social entities can possess/concentrate their own distinctive causal powers. Specifically, the existence of emergent causal powers in relation to complex corporate-institutional entities is particularly saliently expressed through the Hobbesian-Skinnerian modern sovereign state, which precisely should be considered an ‘entity with a life of its own’ (Skinner 1989: 112). Importantly, emergentism philosophically and social-theoretically conditions the existence of a separation or a distinction between the modern state entity and the underlying constitutive societal structures and dynamics. It renders meaningful a historical process culminating in the appearance of, using the formulation of Villadsen & Dean (2012: 406), a

¹²⁷ Historians have deemed the period 70,000-30,000 years before present as the ‘cognitive revolution’ – a great leap forward for homo sapiens starting with the spreading out of Africa, critical inventions such as ‘boats, oil lamps, bows and arrows and needles’, and the appearance of the first forms of ‘art’ (Harari 2014: 21, 3-74). Particularly the ‘lion-man’ ivory figurine from the Stadel Cave in Germany and the red-colored human handprint in the Chauved-Pont-d’Arc Cave in Southern France, both dated circa 30,000 years ago, illustrates the cognitive revolution in human’s ability to create fictional abstractions and collective imaginations (Ibid.: 1, 23, 20-39).

¹²⁸ Of course, modern technology at least partly allows ‘natural persons’ this privilege.

‘state-civil society binary’.¹²⁹ As Böckenförde (1991: 151, fn. 11) reminds us, it is precisely the historical ‘objectivization’ of the state, ‘the formation of a state person independent of the ruler’, which produces a state-society distinction.

It is precisely as part of this historical cumulative process of gradual independence – or, as above, impersonalization, or, perhaps, extra-individualization – that we see the emergence and eventual consolidation of what may be described as, using Offe’s (1984: 120, emphasis removed) expression, the modern state’s emergent ‘institutional self-interest’.¹³⁰ Despite his general adherence to a form of methodological individualism, Coleman (1974, 1982) productively brings attention to the ‘interest’ of corporate actors (see also Swedberg 2005: 61-2) – that is, the fact that larger sociological units can have a self-interested agenda. Although it would be impossible to take on board his rather complicated framework, Touraine (1977: 218) seems correct when pointing out that although ultimately stemming from society – as a ‘go-between’ – ‘the state is itself an organization’. In a similar spirit, while Bourdieu’s understanding of the state perceives the state as a bureaucratic ‘arena of struggle for statist capital’ (Swartz 2013: 135, 136), it also recognizes that the state has developed into a ‘distinct field [that] generates its own particular sets of interests’. As Cerny (1990: 96) points out, the state has historically shifted from ‘being a rambling and diffuse structure (...) to being a more dense structure, clearly differentiated from other structures and therefore developing its own logic and autonomy’.

The gradual consolidation of an emergent logic of statehood also points towards the emergence of a form of ‘organizational solipsism’ (Marchese 2012); the process of extra-individualization – the shaping of a sui generis corporate quality of the state – helps foster a certain causally relevant institutional-organizational uni-perspectivalism on the part of the state. As shortly mentioned earlier, in his book *Seeing Like a State*, James C. Scott (1998) productively points to the notion of ‘state simplifications’ and the existence of a ‘lens’ (particularly a ‘fiscal lens’) of the state. Importantly, for

¹²⁹ Arguably, Villadsen & Dean (2012) primarily seek to normatively defend the maintenance of a ‘state-civil society binary’ rather than necessarily posit the more objective existence of the separateness of the state from civil society.

¹³⁰ Claus Offe uses this expression in passing, and in a mostly commonsensical way, without really elaborating on it. While Offe (1984: 120, emphasis removed and added) seems to speak specifically of the ‘institutional self-interest of the state *in accumulation*’, my intention is to use the idea of an ‘institutional self-interest’ in a more expansive manner, to have it represent a more generic feature of institutional-organizational relations and have it cover a broader range of tasks and operations.

Scott (1998: 3), state simplifications, accumulated over many years of state-formation, '[do] not merely describe' or 'represent' (in an always inaccurate way) they also for example 'create' via giving categories 'the force of law'. The complexity-reducing 'intellectual filter' of the state's fiscal lens serves to centralize decision-making and discipline it 'by a small number of objectives' (Ibid.: 22, 23). Such forms of organizational solipsism corresponds well with the attitude of the LAF approach, which, as I have pointed out earlier, was naturally interested in looking at crises tendencies and tensions in a mediated way – that is, from within the institutional or organizational perspective of the state.

When speaking of the state's 'institutional self-interest' one may naturally ask: a self-interest in what? One may stipulate that at bottom, the modern state ultimately seeks self-survival or self-preservation – that is, its basic end (what has often been labeled its 'Raison d'être') is simply to maintain/maximize itself (as a state). Or one could say that the modern state is, to use Norbert Elias' term, a 'survival unit' (on this, see Kaspersen & Gabriel 2008: 377). While, as argued, Weber proposed to speak of the means as opposed to the ends/purposes of the state, 'it is possible to detect the outlines' (Anter 2014: 16) of an end/purpose in Weber's writings. Following Anter's (Ibid.: 17, 16) reading, Weber, although without explicating the order concept, speaks of making 'use of the monopoly of force for executive implementation of orders', or, with regards to early state-formation, he comments that 'the Prince wants 'order''.¹³¹ That said, and while it remains fairly generic, this idea of a basic 'interest in order' (Hegel, as cited in Anter 2014: 16), nonetheless points us in the right direction: the modern state is a certain form of social order – an *Anstaltsbetrieb* in which, amongst other things, 'organized activities' are 'oriented to the enforcement and realization of this order' (Dusza 1989: 76). One can perhaps speak of a cardinal motivation: the ontological maintenance/maximization of the state as a social order.

While there is admittedly a certain naivety associated with the notion of 'interest' or the state's 'institutional self-interest' – and although I have no space here to survey the various particularly sociological, economic and political science usages and understandings of the concept of interest (on this, see Swedberg 2005: 48-94) – one can follow Swedberg's (Ibid.: 95, emphasis added) Wittgensteinian advice to 'use the analogy of *following a signpost* as part of an attempt to get at the

¹³¹ At one point Weber (1948: 334) also boldly states that '[t]he state's absolute end is to safeguard (or to change) the external and internal distribution of power'

meaning of interest'. In this view, the signpost tells actors 'where to go', it points towards a 'direction', 'a certain type of activity' (Ibid.: 106, 96, emphasis removed). Importantly, as Swedberg (Ibid.: 96) points out, while 'a signpost may seem to give sure directions of where to go (...) in reality [it] only indicates a general direction'. In this way, while one cannot speak with certainty of the successful maintenance of an eternal interest of the state it is possible to point towards a historically informed direction and tendentiality/disposition.

5.2 The functions of the state

The maintenance of the institutional self-interest (from now on ISI) of the state should be specified through state functions – functions that are, in line with the LAF approach, typically at historically varying degrees problematically fulfilled. Recalling the above outlined four types of monopolies, one can speak of four correlative state functions: (1) a *violence-security-sovereignty* function, (2) a *meta-organizational* function, (3) a *fiscal* function and (4) a *legitimation* function. In explicating the conceptual dynamics of these four state functions, a descending three-level logic (also roughly outlined in chapter 3) somewhat approximating Merton's (1968: chapter 3) terminology can be proposed. Firstly, at the highest level – at the level of what functionalists would typically consider the organism, the system or the social structure – there is the ISI of the state, which have been identified with an ontological cardinal motivation of self-survival, self-realization, self-reproduction, etc. Secondly, at the intermediate level there are the four functions identified above. Thirdly, at the lowest level there are 'items' (Ibid.: e.g., 81-2) – that is, concrete practices and actions, policies/regulations, beliefs, etc.

The existence and continuous operation of a function of the state – say a fiscal function – simply implies that the state tendentially 'needs' or is 'required' to somehow fulfill, i.e. maintain or maximize, this function through various 'functionally equivalent' items. It is necessary to emphasize that, as also argued earlier, a functional need or requirement does not imply any form of necessity or determinacy – it rather signifies a strong structural and tendential inclination. Importantly, the fulfillment of the above four functions occur with the ultimate aim of maintaining/maximizing the state's ISI. Since this is an important point, it is best to specify it further.

A fiscal function implies the need to maintain/maximize fiscal activity, while a legitimation function implies the need to maintain/maximize, as Habermas (1973: 5) would have it, normative 'mass

loyalty'. But the fulfillment of these two functions is ultimately not done to, for example, accumulate funds or loyalty but as a possible way of, as part of, maintaining/maximizing the ISI – that is, to ensure self-survival, self-realization, self-reproduction, etc. In short, the state needs fiscal means because of something else. From this perspective a certain policy (item) may fulfill a fiscal function, whose fulfillment helps maintain/maximize (the self-interest of) a greater structure, namely the state. Thus, in this sense, to say that an item fulfills a function means to apply the above three-level logic: that the ISI of the state organism is maintained/maximized through the fulfillment of a function through various more specific functionally equivalent items. In line with a functional-analytical procedure that, as explained in chapter 3, justifiably aims to classify/categorize otherwise seemingly heterogeneous and empirically varying properties according to their 'common function' (Rosenberg 2008: 159), and an overall adherence to a state-situated corporate functionalism, these function-fulfilling items should be grouped by making reference to *both* 'manifest' motivations/recognitions and 'latent' dimensions. Of course, in line with the logic of James O'Connor's (1973: 6-7) fiscal sociological scheme – in which certain types of 'expenses' were grouped analytically, according to whether they fulfilled a 'legitimation' or 'accumulation' function – this study is particularly interested in the LAF-relevant latent dimensions.

It is important to emphasize that the relationship between the four monopolies and the four functions is one of strong correlation, not one-to-one identity. On the one hand, one can say that the four functions appear as functions because of the historical importance and nature of the four processes of monopolization. Put differently: the existence of a monopoly – the monopoly nature – reveals functional importance; it signals that the maintenance of the ISI of the state is critically connected to the nature and logic of the monopoly. On the other hand, the four monopolies belong to the realm of organizational means; they are descriptive or historical characteristics of the modern state, whereas the existence of the four functions obviously implies a functional dynamic and analytical framework – i.e. introducing these carries with it a functional baggage. The functional conception of the modern state advanced here thus directs the attention towards the classical (and perhaps ultimately unsolvable) social-theoretical issue of explaining ongoing structures of socially stratified institutional and social reproduction.

5.2.1 Problematizing functional reproduction

Of course, as also stressed by the LAF approach, the smooth fulfillment of a function is at varying historical degrees problematized by exogenous factors. For this study's purposes, at a generic level one can speak of three basic dynamics of functional reproduction and problematization:

1) Both the content and the form of the functions – but less the existence of functional dynamics as such – are to a large extent historically determined. And the emergence and consolidation of, for example, a fiscal function correlates strongly with the historically situated monopolization of fiscal capacity. But while the monopolization process ultimately follows a historically unique (and essentially non-reproducible) pattern, the content of the functions – whether centered specifically on violence-security-sovereignty, meta-organization, fiscal activity or legitimacy – may be said to depend on ahistorical and endogenous factors associated with relatively general attributes of social action (violence, organization, accumulation, justice/norms, etc.).¹³²

2) The internal balance of the various functions, their relative importance in maintaining the ISI, is in the first instance dependent on the following four factors: (1) the accumulated dynamics of the 'path dependent' historically situated monopolization process; (2) the given level or (using the word stage hesitantly) historical stage of state-formation development, particularly the degree, form and sophistication of impersonalization and accumulation; (3) the structural logic organizing the relationship between – the relative importance of – the above mentioned relatively general attributes of social action; (4) the historically varying degree of social stratification and the associated relative material, ideational and cognitive strength of the dominant social and institutional constituencies, i.e. the given properties/saliency of 'social class' (more on this below).

3) While the determination of what specific items 'best' fulfill certain functions of course depends on a conjunction of all of the above factors, the actual process organizing the selection of concrete individual items depends, in an intensified way relative to the above two dynamics, on contingent factors and 'manifest' motivational impulses.

One can conceptually compliment the above three basic dynamics of functional reproduction/problematization by introducing two correlated pairs of 'proto-concepts'¹³³ (Swedberg

¹³² Obviously, the historical monopolization process follows a 'path dependent' logic.

¹³³ Merton defines a proto-concept as 'an early, rudimentary, particularized, and largely unexplicated idea' (as cited in Swedberg 2005: 48).

2005: 48), as Robert K. Merton has described it, meant to productively specify the always historically anchored logic of state-situated corporate functionalism. Firstly, one can speak of *endogenously-* and *exogenously-driven* properties and dynamics of state-situated social reproduction. Following the *Oxford English Dictionary*: that something is ‘endogenous’ means that it is ‘[g]rowing from within’ (Endogenous n.d.); that something is ‘exogenous’ means that it is ‘[g]rowing by additions on the outside’ (Exogenous n.d.). Whereas endogenously-driven properties and dynamics are more organic, innate and native, those that are exogenously-driven are based on more synthetic, labored and outside pressure. The word driven as it is used here merely implies that it is, with regards to a specific event, historical process, etc., the relatively speaking dominant or organizing force. Thus, as shall also be seen, the relative importance of the endogenous and exogenous processes varies greatly across time and space. Moreover, the two dynamics obviously dialectically affect each other – as is also suggested by the word driven. In other words, an always already historically variegated co-constitutive relationship is implied. In this way, a main exercise when studying state-functional reproduction consists in continuously analytically juggling the always already dialectical relationship between the exogenous and endogenous properties and dynamics of functional reproduction.

As may be evident from the above treatment of modern statehood and its emergence, this study to some extent operates with an endogenously-driven or –biased conception of state-formation and functional reproduction. For example, as discussed above, pre-modern state-formation largely seems to have followed an endogenous mechanism-driven dynamic. Also, with regards to the study’s overall examination of Western European liberal-capitalist democratic polities, it in a similar manner, following both Streeck’s (2012b; Streeck & Thelen 2005: 19) explicit advice and the implicit understanding of the LAF approach, focuses relatively more on the common endogenous properties associated with this overarching category. Moreover, when looking at the postwar period and beyond the study shall generally argue, following the theoretical cue of especially Hirschman (1982: passim, 4-6) and partly Streeck & Thelen (2005), that changes in societal values, normativity, preferences, etc., to a large extent follows an endogenous, long-term and incremental logic.

While Streeck & Thelen (2005) focus more on ‘gradual transformation’ in the institutional sphere – an ‘incremental’ or non-conjunctural type of institutional change that is typically endogenous (Ibid.: 19) – Hirschman’s (1982: 5, emphasis in original, passim, 4-6) early aim to correct the ‘exogenous bias’ of much contemporary research points to the importance of endogenous ‘*push* factors that may lie

behind' collective normative 'behavior changes'. From this one can say: macro-structural normative changes, at least with regards to contemporary 'advanced' societies, more often than not follow an endogenous logic – that is, the mechanisms that help shape collective preferences to a large extent grow, originate or are formed from within through a typically gradual, incremental and long-term process.

This is, of course, not to downplay the importance of exogenous processes of change – that is, processes that are more actively (i.e., artificially, rationally, non-organically, etc.) formed outside the relevant phenomena or dynamics. Obviously, the overall state-situated approach of this study presupposes a certain level of exogenous change: changes initiated, nourished, managed, sanctioned, etc. – in short, facilitated – by the state. Of course, to put it loosely in Luhmannian terms, the state-facilitated initiatives, or the relations between different actors or institutional or structural spheres, typically operate/occur from an outside or external position – that is, 'couplings' (as Luhmannians would have it) often imply variously 'coded' inter-(sub-)systemic relationships. Actually, many of the types of changes connected to governance and its conditions of possibility involve a form of indirect- or quasi-exogenous change.

Moreover, many indirect exogenous changes take place through long-term causal chains and processes that are largely (although not necessarily) unintended. In, for example, Charles Tilly's (1990: 60, 117) historical analysis certain (fiscal) interventions sparked 'new forms of political organization'; 'unintended burdens' followed from the establishment of new civilian structures. Also Norbert Elias (e.g., 1982), as part of his so-called 'relational sociology' (Kaspersen & Gabriel 2008: 372-374), points to the way in which humans are 'enmeshed' in 'interdependent webs and networks' (ibid.: 374) and how certain activities and interactions help institute new modes of obligations, investments and responsibilities. One may perhaps invoke, or paraphrase, Churchill's iconic statement (from a 1944 speech in the House of Commons) that '[w]e shape our buildings, and afterwards our buildings shape us': over time, institutional arrangements, set up for disparate and only sometimes strategic purposes, tend to foster certain relatively 'path dependent' types of political interventions, socio-cultural or socio-psychological perceptions/ideals/norms and behavior.

On the one hand, direct and rational exogenously-driven functional reproduction is typically problematic. Both Offe (1984: 83) and Miller & Rose (1990: 2) in their own ways correctly emphasize how, in the former's words, '[d]eveloped capitalist industrial societies' cannot directly 'reconcile (...)

norms and values (...) with the systemic functional requirements'. On the other hand, while the so-called governmentality perspective is strictly speaking correct when arguing that not all governmental techniques 'emanate directly from the state, nor can they be traced to any singular power centre' (Ouellette & Hay 2008: 473), one should not neglect the historically accumulated monopoly powers of the state – the relatively unmatched institutionalized concentration of force-related, organizational, fiscal and symbolic capacities. Moreover, as I shall comment on later, besides direct regulatory modes of social intervention one should not overlook the behaviorally 'nudging' (Thaler & Sunstein 2008) character of advanced/complex modern 'infrastructural' states (Mann 2003), which help socio-psychologically organize 'the context in which people make decisions' (Thaler & Sunstein 2008: 3). Thus, again, the aim is to productively juggle the two dynamics by analytically and historically situating them.

Another correlated yet slightly different way of presenting the above paired dynamic is to speak of a *top-down* and *bottom-up driven* mode of state-situated change and functional reproduction. As above, the word driven implies that it is, with regards to a specific event, historical process, etc., the relatively speaking dominant or organizing force. Naturally, as I shall also stress repeatedly, the relative importance of the two modes varies greatly across time. As before, in the first instance, the important properties determining the organizing principle of functional reproduction – whether top-down- or bottom-up driven – concern the above three basic dynamics of functional reproduction/problematization (and particularly number two and its associated four factors).

More concretely, although this shall be qualified or unpacked later, one can say that as the socio-structural – that is, socio-political/economic/cultural – leverage of the citizens and the relevant institutionalized/organized constituencies increase relative to the state, the more bottom-up driven functional reproduction becomes. Put differently, as the relative importance of a more bottom-up mode increases, the more the functional reproduction process is (principally) problematized – that is, specifically, the more necessary the obtainment of normative 'mass loyalty' becomes, the less direct or autonomous the forms and immediate functional optimality of the interventions become. Inversely, one can say that as the socio-structural leverage of the citizens and the relevant institutionalized/organized constituencies lowers relative to the state, the more top-down driven functional reproduction becomes and the less this reproduction process is (principally) problematized. Obviously, the relative importance

of the top-down and bottom-up driven mode of functional reproduction varies historically in a highly ‘path dependent’ manner.

Naturally, the two pairs of proto-concepts are heavily correlated. Generally, bottom-up and endogenous, on the one hand, and top-down and exogenous, on the other, go together. Thus, one can, for example, say that in a bottom-driven mode the directness of interventions is decreased. That said, the two conceptual pairs focus on different aspects of (what may be) similar processes. The first distinction – endogenously- versus exogenously-driven – looks at whether something comes from within (organically) or from the outside (synthetically); it primarily seeks to assess the *directness* of functional interventions. The second distinction – bottom-up- versus top-down driven – looks at the relative importance of social constituencies, that is, their causal, institutional and organizational leverage (or potentials/capacities for structural influence). Moreover, while a certain type of social change could be regarded as generally endogenously-driven – for example mass-based value/normative changes – functional reproduction, in a specific historical moment or with regards to a specific item of intervention, may be top-down driven.

The above conceptual package of course indirectly touches upon the arguably ‘essentially contested concept’ (Gallie 1956) of (social) class. Although the theme of ‘class analysis’ cannot be treated in any extensive way here, it is nevertheless productive to very briefly comment on the study’s implicit take on this issue. Firstly, following Pierre Bourdieu’s implicit strategy,¹³⁴ it makes sense to operate with an inclusive conception of class that straddles the dominant classical and later reworked contributions of the following thinkers/positions (for a useful survey/discussion of these, see Harrits 2014): (1) Marx/neo-Marxism, which typically emphasizes the class-determining role of economic production, legal/ownership titles, income distribution and objective organizational positioning; (2) Weber/neo-Weberianism, which, besides a similar ‘economically determined’ view (Weber 1948: 180), typically emphasizes, in broader manner, people’s market-situated ‘life chances’ (Ibid.: 181, 183-4), as well as the contingent/statistical relationship between these and emotionally oriented class-based ‘communal action’; (3) Durkheim/neo-Durkheimianism, which typically emphasizes the possibilities for consensual (rather than conflictual) societal reproduction, as well as the importance of both micro-level ‘occupational associations’, which are ‘grounded in the technical division of labour’ (Grusky &

¹³⁴ On Bourdieu’s synthetic strategy, see, for example, Harrits (2014: 126).

Galescu 2005: 322, 325), and the stratificatory quality of symbolic, cognitive and normative classifications and categories (Harrits 2014: 34-38).

Secondly, by additionally taking on board Bourdieu's more recent class perspective – which not only points to the importance of the accumulation of non-economic or non-material forms of 'capital', symbolic struggles and alternative forms of (class) distinctions (tastes, appearances, consumption patterns, etc.), but also places classes in a multi-dimensional space focused particularly on economic and cultural capital (see Harrits 2014: 126-133; Swartz 2013: 47-54) – one can construe class synthetically as a multi-dimensional mode of social stratification, involving an unequal distribution of (1) material resources (notably income from labour and wealth),¹³⁵ juridical entitlements ('ownership') and specific institutional-organizational authority and leverage and (2) social (or associational), cultural and cognitive-intellectual resources and competences (notably educational). One might encapsulate this understanding of social class in the following generic way: the existence of classes simply implies a situation of social stratification, in the form of the above dimensions, which structurally conditions the unequal distribution of 'life chances'.¹³⁶ Clearly, construed in this manner, to deny the existence of classes not only seems empirically unrealistic (and arguably somewhat normatively suspect) but also unnecessarily excludes the possibility of pointing to a range of productive analytical dynamics, logics and impulses connected to social stratification.

In addition to explicating the above conception, one can point to three minimal properties of a productive class informed analysis of relevance for this study's agenda. Firstly, as Bourdieu and Erik Olin Wright respectively point out, class analysis must ultimately be empirically situated and the saliency of various class perspectives depends on the specific empirical questions being asked (as paraphrased in Harrits 2014: 132, 154). Secondly, and in a similar spirit, while it is impossible to settle the classical question of the relationship between the objective level focused on more material properties and the subjective level focused more on properties of consciousness, cognition and normativity (see also Harrits 2014: *passim*), it is necessary to try to historically situate and analytically

¹³⁵ On the two components of income mentioned (as well as their possible data sources), see notably Piketty (2014: 16-19).

¹³⁶ The term 'life chances' is here used in the broadest possible sense (i.e., it does not only refer to, e.g., market-determined processes).

juggle the correlated yet still contingently linked always already structurally patterned dialectical interplay between objective class positioning and subjective preferences. Thirdly, and importantly, the coupling versus non-coupling of the objective and the subjective dimensions of class, or, put differently, the degree to which, and the form in which, to put it loosely in Weberian terms, ‘life chances’ are causally coupled to communal or institutionalized ‘class actions’ – a dynamic which is in itself heavily determined by the structures of the former – crucially conditions the relative endogenous/exogenous mix and the relative importance of either bottom-up or top-down features of functional reproduction.

With the above distinctions and conceptions in mind, it is now possible to summarize and preliminarily round up the overall conceptualization of state functions. To repeat: one can speak of not only four functions of the state (correlating the four types of monopolies) but also of the state having an ISI. While one can rightfully say that the functions of the state are always oriented towards something that is ‘outside’ themselves, this outside is associated with the ISI of the state. In other words, as have been discussed extensively in chapter 3, it makes sense, at least for the purposes of this study, to switch from total societal functionalism to state-situated corporate functionalism: functional reproduction is in this study perceived from *within* another type of ‘organism’, namely the emergent corporate-institutional entity of the modern state.

Obviously, state-functional reproduction is disturbed and problematized by bottom-up or exogenous elements. To argue that state functions are fulfilled for the sake of maintaining the ISI of the state is not the same as denying the existence or importance of exogenous pressures that variously figures into the determination of its functional reproduction.¹³⁷ Specifically, as a way of conceptualizing and taking the existence and importance of external pressures and problematizations into account, this study’s historical-theoretical analysis varies between top-down- and bottom-up driven modes of state-oriented change and functional reproduction.

Importantly, the process of impersonalization does not imply the non-existence of personalistic dynamics; the notion of emergentism does not mean that the relevant lower-level forces are not

¹³⁷ Analogously, although these entities may variously figure into its considerations/operations, The Coca Cola Company does not ultimately engage in its various profit-maximizing activities for the sake of its customers, society, etc.

constitutive (although they are non-exhaustive); the acceptance of an ISI of the state does not imply the rejection of an outside or historically situated bottom-up pressures disturbing functional reproduction. More generally, both the above conception of the historical process of impersonalization, the theoretical conception of corporate institutional-organizational emergentism and the distinction between bottom-up- and top-down driven – as well as endogenously and exogenously-driven – modes of functional reproduction is meant to historicize the emergent character of the state.

As construed above, it is analytically productive to, in the first instance, direct the attention towards the ISI of the state and the functional maintenance of this through various specific items. Then, in the second instance, it makes sense to probe into the bottom-up forces – or, looked at from the perspective of the state, the exogenous factors – that constrain or problematize the maintenance of the ISI or the fulfillment of the functions. This suggested reversal of the typical order of analysis is non-trivial. It implies that one first operates with the existence of a separate interest of the state when analyzing a phenomenon and then, as an additional exercise, perhaps looks at why this interest was not successfully serviced. Importantly, as shall be maintained, this analytical logic makes certain events more understandable and helps to make certain phenomena and trends appear normal.

5.2.2 The Maslowian hierarchy of state functions and backgrounding/foregrounding

Taking cues from Norbert Elias (who follows Weber), one can make a historically grounded case for a kind of *Maslowian hierarchy of state functions*. According to Elias' thesis concerning the 'civilizing process', '[w]hen a monopoly of force is formed', we see that 'pacified social spaces are created which are normally free from acts of violence' (Elias, as cited in Dusza 1989: 88). In this Weberian-Eliasian view, in Western European modern times, 'cruelty and joy in destruction and torment of others, like the proof of physical superiority, are placed under an increasingly strong social control anchored in the state organization' (Elias 2000: 162).

Arguably, as the state-formation process matures, as the struggle for the throne increasingly becomes a struggle that takes place within an impersonal and monopolizing state-form (as discussed with Skinner, Bourdieu, etc., above), physical violence is 'economized' (Cerny 1990: 33), concentrated and formalized (see also Thorup 2015). Moreover, looking at the more recent historical development of advanced Western European polities, as the externally based sovereignty dimension becomes

increasingly secured, and both legally and normatively formalized, the existential ontological violence-security-sovereignty function becomes increasingly taken for granted. Thus, as we move up the ladder of the Maslowian hierarchy of state functions, the relative importance of the more ‘lofty’ functional properties of the state – namely, organization, fiscality and legitimation – increases. One can say that we have witnessed a relative *backgrounding* of the violence-security-sovereignty function and a relative *foregrounding* of the organizational, fiscal and legitimation functions of the state.

It is important to emphasize the relativity of the suggested Maslowian backgrounding process. Although Bauman’s (1989: 12) claim that Elias’ ‘civilizing process’ thesis posits an ‘elimination of violence from daily life’ seems to be exaggerated (see also Dunning & Mennell 1998: 341) – as Dunning & Mennell (Ibid.) point out, Elias would argue that violence would be ‘pushed increasingly behind the scenes’ – Bauman nevertheless correctly emphasized, more than Elias, that it was precisely a bureaucratically organized monopolization of violence (i.e., the ‘civilizing process’) that conditioned mass-based atrocities like the Holocaust.¹³⁸

More generally, despite the relative historical backgrounding, the four functions always already dialectically coexist – that is, they critically interpenetrate and underpin each other. For example: the fiscal function underpins the organizational function (and vice versa) and the violence-security-sovereignty function (still) underpins the fiscal function (and vice versa), and so on. With regards to the latter case, Wacquant (2009, 2012) makes an interesting argument about the connection between contemporary neo-liberalism’s specific linking of commodification (‘workfare’) and punitive paternalism (‘prisonfare’). Interpreting this view of neoliberalism through the above functional categorization, the ‘penalization’ of poverty/the poor arguably reveals the continued dialectical coalescing of the two functions of violence-security-sovereignty and fiscalism. Thus, while the relative intensities of the four functions vary historically, they operate simultaneously.

It can be argued in a Schmittian manner that so-called state-of-exception events, such as the now infamous neoconservative response to the 9/11 attacks, tend to bring back to the foreground the otherwise historically backgrounded (yet always lurking and dialectically coexisting) face of the

¹³⁸ A quick glance at the global history of wars assessed according to casualty figures reveals that WW2 (with its approximately 63 millions) by far ranks as number one, way above for example the total figure of the Mongol conquests of the 13-15th centuries (Smithsonian Institution 2011: 478).

violence-security-sovereignty function (see also Elias 2000: 372; Dean 2013: 119). As Dean (2013: 118) also elaborates on behalf of Carl Schmitt, '[i]t is only in the exception that the law and its norms are brought into contact with life, that the rule and the general can be understood, and the 'essence of the state's authority' can be revealed'.

Additionally, it makes sense to not only speak of the backgrounding/foregrounding of state functions in a relative Maslowian sense – as referring to the historically situated dynamics between them – but also in terms of the very existence of state functions (or the idea of functional reproduction and the existence of an ISI of the state) being backgrounded (see also, more generally, Thorup 2015). Take, for example, the fiscal function. On the one hand, perceived superficially, from a day-to-day perspective, it may be difficult to grasp or recognize the functional logic of taxation and the fiscal self-interest of the state. On the other hand, the very existence of taxation, its routine implementation, is both representative of an original coercive/extractive history of fiscal monopolization and lack of principal democratic foundation – as Bonney (1999: 5a) reminds us, '[f]or the ordinary citizen, the power to tax is the most familiar manifestation of the government's ability to coerce' – and revealing of the functional importance of this dimension.

Thus, when approached in a particular historically and analytically informed manner, to be a 'tax state' means to confirm or reveal the existence of the fiscal function of the state: revenues to the state are secured before individuals receive their income – or, put differently, '[t]he power to tax, *per se*, does not carry with it any obligation to use the tax revenue in any particular way' (Bonney 1999a: 5, emphasis in original); one cannot vote against the tax state and refusing to pay taxes ultimately results in imprisonment (i.e., the violence-security-sovereignty function is operationalized). Also, following the above logic concerning state-of-exception events, in economic crises – such as the 2008 financial crisis with its systemic bank and automobile 'bailouts' – the state's fiscal function (or fiscal self-interest) is suddenly foregrounded, or, more precisely, its deeply entrenched functional relationship to the economy becomes much more recognizable.

5.2.3 Foregrounding the legitimation and accumulation functions

As is evident, this study puts focus on the functions of legitimation and fiscal accumulation (and their tension-filled relationship) – that is, two of the four above described functions of modern statehood.

This analytical decision is of course directly connected to the study's overall governance-directed agenda. Instead of repeating this agenda, or presenting an exhaustive list of reasons for why the study seeks to foreground specifically legitimation and fiscal accumulation, three (partly additional) factors shall be briefly discussed.

Firstly, and most evidently, the decision to focus on particularly these two dimensions of functional reproduction is an analytically motivated move that flows directly from the prior choice to adopt/rework/resituate the LAF approach. I have already presented the basic properties of the LAF approach and their arguments concerning the tension-filled relationship between legitimation and accumulation – the existence and central importance of which they partly took for granted as productive analytical premises. Basically, internal differences notwithstanding, the overall argument of the LAF approach concerned how the (ultimately Marxist) antagonism between the 'socialization of costs and the private appropriation of profits' (O'Connor 1973: 9; see also Offe 1984: 49; Habermas 1973: 20-24) became institutionally-organizationally transferred to the increasingly 'politicized' democratic capitalist states, destabilizing and straining them, and would tendentially culminate in regular notably fiscal and/or legitimation crises.

Secondly, the fact that many other notable strands of thinking in their own distinctive ways have pointed to the relationship between overall somewhat correlative types of forces – namely economic/fiscal and cultural/normative – as key to understanding the general dynamics of contemporary advanced Western societies, generically and indirectly bolsters the saliency of specifically emphasizing the tension-filled relationship between the legitimation and fiscal function of the state. As argued, the LAF approach provides a particular functionalist and state-situated account of these general dynamics that, as explained earlier, introduces a productive analytical/conceptual repertoire for examining the conditions of governance and particularly the post-1970s governance period. Specifically, taking departure in the LAF approach, this study is interested in how a forceful dynamic that to some extent exists 'out there' – as both a tension-filled dynamic of modern capitalist society and as a relatively generic property of social action – finds institutionalized expression in the modern state-form, i.e. how it plays out from within a particular institutional-organizational arena, namely the self-interested 'lens' of the modern liberal-capitalist democratic polity. In this view, the story of the above dynamic is also very much a story of how the two sides of the tension both become two monopolies of the state and, importantly, two separate state functions.

Thirdly, through what has been described as the Maslowian hierarchy of state functions, the study has presented a historically informed argument for the contemporary analytical saliency of the legitimacy and fiscal dimensions. Importantly, as argued above, the Maslowian logic implies, in the context of advanced Western European polities and their continuous historical development and institutional-organizational formalization, a relative historical backgrounding of the more ‘basic’ violence-security-sovereignty function and conversely a relative historical foregrounding of the ‘higher’ organizational, fiscal and legitimation functions of the state.

Of course, the decision to focus on the tension-filled relationship between the legitimation and accumulation function of the state – rather than the violence-security-sovereignty or organizational function – to a large extent boils down to an initial analytical or heuristic choice. As mentioned, despite the Maslowian historical logic, the four functions always already dialectically coexist and particularly the violence-security-sovereignty function becomes recognizable or manifest with full force in so-called state-of-exception events. In this sense, any of the four functions could technically speaking be chosen as the focus of a separate study – a study in which this function would be granted its own (partly) separate history and proper treatment. Partly heuristically, then, I have chosen in this study to foreground the twin dimensions of legitimation and fiscalism, knowingly backgrounding the other two constitutive functions of modern statehood.

Clearly, while the LAF scholars by no means would deny the existence/importance of a violence-security-sovereignty function – it was to some extent an (at least) implicit feature of their frameworks¹³⁹ – this feature did not play a central role in their analyses. More generally, as I have argued, the LAF approach usually backgrounded the modern state itself; it would implicitly overwhelmingly operate with a postwar Golden Age typology of the Western liberal-capitalist democratic state. In contrast to this, although the focus is obviously on the legitimation and accumulation functions, this study, and particularly this chapter, explicitly foregrounds this background of modern statehood, i.e., as mentioned, in a sense stressing the Weberian historically informed state-situated side of the ‘Weberian Marxism’ coin.

¹³⁹ Although space does not allow me to dwell on or further develop this often neglected element of his framework, it should for example be noted that O’Connor’s (1973: 99, 150-158) analysis spoke of the ‘warfare-welfare state’ and tried to somewhat integrate this into his overall scheme.

Summing up, this chapter has performed an extensive range of maneuvers indirectly critically renovating, complimenting and extending the (in some ways naturally limited) LAF approach. Modern statehood has been tackled from two interrelated sides: its modern side centered on its modern emergence and characteristics, its corporate impersonalism and ISI and its functional side focused on the dynamics of functional reproduction and the both historical (i.e., the Maslowian hierarchy) and synchronically emergent connection between the four functions. Importantly, this chapter's selective and ideal-typical examination of some of the key historical and theoretical conditions and dynamics of modern statehood has contributed to the analysis of governance in two main ways: Firstly, it has directly qualified a range of aspects related to both the governance perspective and the basic particularly historical and state-situated conditions of possibility for the shift from government to governance. Secondly, the above examination has indirectly contributed to the analysis of the governance phenomenon by facilitating the next chapter's (and the study's ongoing) development of a historically informed framework centered on legitimacy and fiscal state-crafting.

Chapter 6. Framing Legitimatory and Fiscal State-Crafting

Informed by the critical maneuvers of chapter 5, this chapter takes things one step further: taking departure in the LAF approach, it shall develop, discuss and present an overall analytical framework centered on what shall be termed *legitimatory* and *fiscal state-crafting*, suitable for analyzing the governance phenomenon from a both state-situated and historical perspective. In this capacity, the chapter critically (directly and indirectly) reworks the LAF approach by both (1) theoretically and conceptually revising it and (2) historically informing and contextualizing it through notably the unpacking of the organizing historical-theoretical ECR model – a two-fold interconnected maneuver that allows (a particular reworked version of) the LAF approach to be historically reapplied in an analytically meaningful manner to the governance-situated post-1970s/1990s period. Of course, this analytical and historical reworking merely constitutes a selective exercise, a non-exhaustive examination of particular aspects pertaining to the tension-filled state-situated relationship between legitimation and fiscal accumulation.

As discussed earlier, the study's HTA is executed through the ECR model, which shall be unpacked towards the end of this chapter. Importantly, as argued and as shall be seen, this ECR model represents a productive continuous swaying between two maneuvers intended to simultaneously inductively historically-theoretically summarize the discoveries of the core analysis and deductively historically-theoretically guide the core analysis.

The chapter is split into five main sections: a short section formally introducing the notion of state-crafting; two extensive sections briefly historically-theoretically analyzing and ideal-typically mapping the long-hauled historical emergence of both legitimatory and fiscal state-crafting; a brief section outlining the more concrete strategic toolbox of state-crafting; a last section unpacking the logic and key dimensions of the both deductively guiding and inductively summarizing historical-theoretical ECR model.

6.1 State-crafting

As I have discussed above with regards to the relationship between the monopoly status of the state and the proper categorization of concepts, the by far most analytically productive approaches are the ideal-type and ‘family resemblance’ perspectives. Here, although a certain attribute of the state are not found in a particular case or does not reflect a certain ideal-typically specified intensity/quality, it still makes sense to speak of, and analytically operate with, the concept of the modern state.

That said, it naturally follows from the above conceptualization of the modern state – which inter alia focuses on the key process of impersonalization, four historically unique yet path dependent monopolies and correlative state functions – that we are dealing with a historical process, a trajectory, an ongoing formation and renewal of statehood, rather than the once and for all coming into existence of a full blown modern state entity. From this perspective, it makes sense to also conceptually highlight this processual insight. Arguably, one such potent way is to operate with the concept, initially drawn from Loïc Wacquant (2009, 2012), of ‘state-crafting’. While Wacquant loosely speaks of ‘statecraft’ (2009) or ‘state-crafting’ (2012) when launching his Bourdieu-inspired analyses of post-1970s neoliberalism, penalty, advanced marginality, etc., he does not really unpack this largely ‘proto-concept’.¹⁴⁰ Arguably, though, the concept contains an implied Bourdieusian kernel – Wacquant reaches back to Bourdieu’s (1994: 1, 12) analysis of the genesis of the modern state, which particularly points to its ability, conditioned by its peculiar quality as a kind of ‘bank of symbolic capital’, to continuously ‘produce and impose (...) categories of thought that we spontaneously apply to all things of the social world’. Thus, while Wacquant to some extent might as well have used, for example, the term ‘statehood’ to roll out his arguments concerning advanced neoliberal marginality, his casual usage of the term state-crafting nonetheless puts productive implicit emphasis on the continuous, active and creative components of the modern state.

According to the *Oxford English Dictionary*, ‘craft’ means to ‘attain, win’, ‘make or construct skilfully’, ‘use crafty devices, act craftily’ and ‘exercise one’s craft, make a job of it’ (Craft n.d.-a). Etymologically, it originally referred to ‘[s]trength, power, might, force’ and later, in the more

¹⁴⁰ The term ‘statecraft’ is also part of James C. Scott’s (1998) broader conceptual repertoire looking at the ways in which the modern state, particularly in its early historically formative period, ‘sees’ or categorizes, and thus helps produce, its subjects.

intellectual sense, '[s]kill, skilfulness, art', '[h]uman skill, *art* as opposed to *nature*', 'a device, artifice, or expedient', 'a spell or enchantment' (Craft n.d.-b), etc. While I shall many times continue to refer to the state, the modern state, liberal-capitalist democratic polities, etc., this study generally prefers to speak of state-crafting. And when it does this it minimally implies and highlights the above definitional/etymological attributes. State-crafting, in this sense, means that in order to 'attain, win' the state continuously has to be 'produced' – it has to 'make a job of it' – something which requires not only '[s]trength, power, might, force' but also '[s]kill, skilfulness, art', along with a certain degree of 'spell or enchantment'.

Generally, state-crafting seems to be a superior term since it helpfully reminds us of the principal ongoingness of the state. A finished process of state-formation would imply the outright disappearance of functional problematization. The term not only stresses state-formation as an always already unfinished project, it also conceptually admits the perennial problem of fixating or making constant the state entity and its relationship to its environment. While the causal saliency might be constant, the term state-crafting, like when the '-ization' suffix is added to the stem of a term (such as neoliberalization, marketization, liberalization, etc.), puts emphasis on the deeply historical and processual character of statehood. Next, I shall describe, map and discuss two distinctive ways in which the term is put to use in the study by being integrated into the focus on the legitimation function (looking at the political sociology side) and the fiscal function (looking at the political economic side) of the state.

6.2 Fiscal state-crafting

This section intends to develop and discuss the notion of fiscal state-crafting. As part of doing this, it shall provide a brief synthetic sketch or ideal-typical mapping of the historical emergence of the fiscal function of the modern state. Importantly, the main intention of this section is not only to argue for, as Offe (1984: 120, emphasis removed) puts it, the 'institutional self-interest of the state in accumulation' but the existence and structural importance of a self-interest in specifically state or *fiscal accumulation* – what may be termed the state's *fiscal ISI*. Although this may seem to already unproblematically reflect the logic of the LAF approach, and particularly O'Connor's specifically fiscal-budgetary sociological setup, it is important to stress that the notion of an 'accumulation function', in this study, in the first instance refers to the macroeconomically oriented fiscal-budgetary activities of the state, not

the standard profit-maximizing engagements of private economic actors and organizations/institutions. This point is intricate, yet important, and thus needs to be briefly unpacked.

As discussed earlier, in Offe's (1984: 52) early nominal sub-systemic overall scheme – which Habermas (1973: 5) partly reproduces – the 'political-administrative system' (effectively the capitalist state) occupies the center in between the 'economic system' and the 'normative (legitimation) system'. Importantly, in this scheme Offe (1984: 57-58), in agreement with O'Connor fiscal sociological framework, emphasizes the budgetary perspective of the state on the economic 'environment' and the importance of 'fiscal resources' flowing towards the state. On the one hand, this seems to indicate that the LAF approach, in a similar way, speaks of state or fiscal accumulation. On the other hand, the three LAF scholars all repeatedly refer to 'capital accumulation' and, to take Offe (1984: 48, 49, 57, 120, 132, 140, 171) as an example, 'exchange-regulated capitalist accumulation', 'market-regulated accumulation', 'the accumulation process', 'private accumulation', 'the accumulation process of capital', 'competitive accumulation processes', 'the accumulation of capital in the private sector', etc. In these cases, the relevant unit/dynamic is clear: capitalistic or exchange-, market- or private-property-based profit-maximizing activities. In other words, the entities accumulating are private and what is being accumulated is profit, wealth, income, etc. – hence: 'capital accumulation'. In this sense, when, for example, O'Connor speaks of an 'accumulation function' of the capitalist state he thus seems to refer to a capital accumulation function. In sum, slightly confusingly, the LAF approach apparently construe the 'accumulation function' of the state from within both (1) the macroeconomic, budgetary and fiscal ISI of the state and (2) the capitalistic profit-maximizing perspective of 'capital'.

Be that as it may, the particular functional understanding of the state launched here seeks to explicitly construe 'accumulation' as *fiscal accumulation* and the 'accumulation function' as a *fiscal function* of the state. This explicit maneuver does of course not in any way imply that the study denies the existence or structural importance of what both orthodox and Marxian scholars typically refer to as 'capital accumulation' or the 'capital accumulation process', or what in, for example, the so-called Regulation School is referred to as a 'regime of accumulation' (e.g., Aglietta 1979). The particular fiscal function understanding implies an explicit focus on the self-interested nature of state accumulation and the budgetary dynamics of state revenues and expenditures. In this scheme, the entity that accumulates is the state, and what are being accumulated are fiscal revenues. To speak of the fulfillment of a fiscal function means, as argued above, in the first instance to maintain/maximize the

state's budgetary activities in order to maintain the overall ISI of the state. The emphasis on a fiscal rather than a capital accumulation function also allows one to analytically grasp forms of modern statehood that excludes, dampens or at varying degrees does not yet operate with capitalistic or private-property-oriented arrangements. More generally, speaking of a fiscal function and a fiscal ISI of the state allows one to not only travel back and forth in time – to, for example, go back before the proper consolidation of a capitalistic framework – but also to, at least principally, grasp the 'illiberal' economic growth dynamics of contemporary China or cold war Soviet state communism. As argued above, the notion of fiscal accumulation and fiscal function allows one to see capitalistic production as merely one historically contingent way of economically organizing a principally functionally similar overall state-crafting dynamic.

More generally, the historically informed functionalist perspective of this study advises against overstating the differences between (allegedly) communist and capitalist forms of fiscal state-crafting (see also Bell 1976: 269, fn. 41). As, for example, Bell (*Ibid.*) points out, in an implicit Weberian spirit, '[t]he market is only one aspect of economizing'.¹⁴¹ While the Soviet Union attempted to come up with alternative (and supposedly Marxist) ways of measuring economic production during the Cold War period (see Holesovsky 1961; Herrera 2010) – that is, different measures than that of the United Nations developed System of National Accounts (SNA) of 1953, which became the harmonized standard for measuring/comparing national income/production in the advanced Western economies – such exercises nevertheless reveal a structurally inclined institutional attentiveness to some form of nationally organized economic development, modernization, production, rationalization, management, competitiveness, etc. Stressing the fiscal function of the state implies stressing the generic 'economizing mode' (Bell 1976: 269), or basic corporate budgetary perspective that is characteristic of most types of modern (or early modern) state-crafting.

¹⁴¹ Lindblom (1977: 97) pursues a somewhat different argument stressing (in the late 1970s) that despite producing 'what they are instructed to produce by higher authorities', 'all communist systems (...) make heavy use of the market system in distributing consumer goods and services and in allocating the labour force'.

6.2.1 The long-hauled emergence of fiscal state-crafting

Below, I shall briefly and non-exhaustively ideal-typically sketch, in a synthetic historical-theoretical manner, how the fiscal monopolization process – that is, the historical monopolization of fiscal capacity within the Western European setting – gradually turned into a regular fiscal function and fiscal ISI of modern states, whose fulfillment ultimately helps maintain their overall/generic ISI focused on institutional-organizational maintenance/maximization.¹⁴² The suggested emergence process can arguably be mapped through the following four dominant stages:

1) *Fiscal tool-making in the Italian city-states of the Middle Ages/Renaissance.* The relatively autonomous Italian city-states of the 13th-14th century – notably, Florence, Genoa, Venice – helped critically develop and shape fiscal state-crafting by advancing and formalizing one of its basic tools: systematic public debt-taking (on this, see particularly Braudel 1984: 89-174; Körner 1995; Macdonald 2003; Munro 2003; Stasavage 2011).¹⁴³ Here, recurrently increasing expenditures, particularly from war participation, was in large part financed through an intricate mixture of (1) indirect/circumlocutory forms of taxation (such as custom/trade or salt taxes) – since the citizenry generally disliked regular/income taxation (e.g., Macdonald 2003: 70, 72–74) – and (2) public loans, notably long-term ‘forced loans’ – a form of ‘repayable taxes’ (Ibid.: 73). Importantly, these forced/compulsory public loans became a dominant tool of the early forms of fiscal state-crafting witnessed in the influential Italian city-states. While in these city-states ‘to be a citizen was, by definition, to be a creditor of the state’ (Ibid.: 74, *passim*) – hence: *sub necessitate et pro militate publica* (implying a civic obligation to help the state in times of need) (Munro 2003: 515, 516) – the relatively privileged merchant-led ‘citizen creditors’ nonetheless generally (1) received an interest payment on the loans and (2) were able to trade them (in some form) on the market.

2) *The 16th/17th century emanation of the tax/fiscal state.* From roughly the sixteenth century, partly in the wake of the complex downgrading of the dominant (particularly Italian) ‘city-centered economies of

¹⁴² This sketch/mapping draws partly on a few sub-elements of Celik (2016a).

¹⁴³ Of course, debt-taking as such goes back around 4,000 and 5,000 years (cf. Graeber 2011; Ferguson 2001: 107).

the European past' (Braudel 1984), we see the gradual emanation of absolutist-cum-modern territorially-based tax or fiscal states (on this transformation, see notably Braudel 1982: 514-555; Tilly 1990; Schulze 1995; Hart 1995).¹⁴⁴ A recurrent need for fiscal resources stemming from war-related preoccupations – or, one might say, more generally, the consolidation and refinement of a violence-security-sovereignty function – induced absolutist rulers to gradually institute a more centralized system of direct and ordinary/regular taxation (Hart 1995). Importantly, although direct/ordinary taxation did not become formalized before the 17th century, and although popular tax rebellions/frauds were perennial events (e.g., Schulze 1995: 273-276),¹⁴⁵ the eventual advent of modern tax states – which also implied the activation of a larger repertoire of fiscal tools actively assimilated from the past, such as notably public borrowing – entailed a relative downplaying of commercial localism/regionalism and a heightened centralized fiscal intrusiveness, mediation and registration, and control over the daily economic affairs of the territorial subjects (Schulze 1995; Hart 1995).¹⁴⁶

3) *The 18th/19th century political economy of population.* Alongside and particularly in the wake of the enlightened absolutist emergence of bureaucratic tax/fiscal state structures, the transformative 18th century witnessed both the institutional formalization of a new political economy of population and the state-cultivated elaboration of a certain form of economically oriented citizenship. Firstly, 'political economy' appears, or becomes codified, as a distinctive so-called 'art of government' focused on the internal monitoring and optimization of population-relevant dynamics and infused with a broader and more sophisticated repertoire of statistical techniques and variables (Foucault 2007)¹⁴⁷ – a development

¹⁴⁴ On the notion of the 'tax state' (and 'fiscal sociology' more generally), see particularly Schumpeter (1918) and Goldscheid (1925).

¹⁴⁵ For a general mapping/listing of tax rebellions throughout history, see Burg (2004).

¹⁴⁶ On the more general 18th century military/revolutionary-situated shift towards more direct rule, see Tilly (1990: 103-114). For a specific account of (early modern) state-based simplifications and unifications of 'local standards of measurement', see Scott (1998: 29, part 1).

¹⁴⁷ Although space does not allow a further elaboration of this argument, Foucault's so-called 16th-18th century-oriented 'governmentality' thesis seems to exaggerate the historical move away from state-based sovereignty (see also notably Dean 2013: 75, 88; see also Thorup 2015: 14), and hence overlook, when arguing that the population apparently authentically appears as 'the final *end* of government' (Foucault 2007: 105, emphasis added), the functional state-crafting logics underpinning this process. Arguably, this has partly to do with Foucault's (Ibid.:

signaling the increasing formalization and saliency of, in the words of Charles Davenant in his 1698 *Discourses on the Public Revenues, and on the Trade of England*, fiscally relevant ‘Political Arithmetic’ or ‘the art of reasoning by figures’.¹⁴⁸ Secondly, we can observe a state-facilitated elaboration of an economically-situated citizenry; whereas enlightened absolutist states helped activate a form of ‘functional individualization’, in which they ‘supported, or took over, the propagation and instilment of the so-called bourgeois values of order, industry and thrift, in order to gain progressive access to the taxability and industry of [their subjects]’ (Weber 1996: 213, 211; see also Foucault 2007: 72-3), more liberal-minded states explicitly/actively sought to provide a normative ‘space, guaranteed by rights, for the pursuit of private appetites’ (Coleman 1996: xv). Importantly, this double process arguably indirectly helped condition the development of the so-called consumer revolution of the seventeenth and eighteenth centuries (cf., e.g., Weber 1996: 212-13).¹⁴⁹

4) *The post-1945 constitution of the ‘public household’*. While causally effective throughout its long development phase, the consolidation of a fiscal function only appears formally from 1945 with the twin invention and activation of national systems of accounts/the gross domestic product (GDP) measure and the macroeconomy. Firstly, we observe the important social planning-oriented and primarily war-related development of national account systems, which after WW2 formally sparked off the GDP measure as a unique way of measuring economic production/activity, mapping overall progress and orchestrating the national economy (e.g., Backhouse 2002: 240-245; Suzuki 2003; Perlman & Marietta 2005; Tily 2009; Christophers 2011). Secondly, and very much relatedly, after WW2 we observe the formalization of the notion, discipline and study of the ‘macroeconomy’, which, strongly underpinned by the Keynesian theoretical/conceptual apparatus and its later textbook and mathematical

87-114) particular reading of Machiavelli’s *The Prince*; because he seems to associate Machiavellian sovereignty/territory with an actual sovereign – or what Skinner calls ‘the state of princes’ (2002, 1989, 2009) – the historical move away from this personalistic form of rule naturally makes him link this transformation to a break with sovereignty, while it actually entailed a move *towards* (state-based) sovereignty, in the form of a gradually developing emergentist corporate-institutional mode of modern functionalist state-crafting.

¹⁴⁸ Charles Davenant (1967 [1698]: 128) spoke of ‘Political Arithmetic’ – a term that was established by the political economist Sir William Petty – as ‘the art of reasoning by figures, upon things relating to government’.

¹⁴⁹ More generally on the ‘industrious revolution’ – representing a historical ‘change in household behavior with important demand-side features’ – underpinning the supply-side Industrial Revolution, see de Vries (1994: 256).

codifications, helped transform the national economy into a complex but principally fiscally manageable emergent conglomerate of aggregate conceptual identities and variables (e.g., Suzuki 2003; Backhouse 2002: 232-236, 290-294; see also Hall 1994: 144).¹⁵⁰

This important postwar development can arguably be loosely described as, or categorized in the larger context of, the nationally constituted formalization of a proper ‘public household’ (Bell 1976: chapter 6, 221, 220; cf. O’Connor 1973), which both (1) in budgetary terms denotes – as opposed to the ‘domestic household’ or the ‘market economy’ – ‘the management of state revenues and expenditures’, and (2) in fiscal sociological terms can be construed as ‘the arena for the register of political forces in the society’.¹⁵¹ Importantly, in this postwar setup, economic growth (as institutionally and statistically expressed in the GDP measure) becomes the key structural factor determining overall political outcomes, and nationally specific ‘growth models’ (Baccaro & Pontusson 2016) are launched and socially and organizationally institutionalized.

Naturally, this ideal-typical survey of the Western European historical coming into existence and formalization of a fiscal ISI naturally raises the question of its relationship to the eventually developed private-property economy (along with the parallel institutionalization of distinctive private economic interests and corporate actors, etc.), which, it can be argued, structurally both helps reproduce and problematize fiscal accumulation. Synthesizing and expanding upon key insights of both broadly speaking institutionalist/neo-institutionalist (Veblen 1904; Kalecki 1943; Lindblom 1977; Nitzan & Bichler 2009) and neo-Marxist (Offe 1974, 1975, 1984; Jessop 1990: 149) scholarships one can make the following overall political economic four-step argument concerning, what Offe (1974: 31) calls, the ‘selectiveness of political institutions’ in capitalist societies.

¹⁵⁰ On the complex historical interrelationship between the emergence of UK-based national income accounting and Keynes’ macroeconomically-oriented work/activities, see especially Tily (2009) and Suzuki (2003).

¹⁵¹ While loosely taking on board Bell’s (1976: 221) rather synthetic notion of the ‘public household’ for the sole purposes of the above mapping, this study does not share many of its key (arguably politically conservative) premises, such as the claim that ‘it is the agency for the satisfaction of public needs and public wants, as against private wants’.

- (1) As argued above, the modern state has a fiscal function and a fiscal ISI, which implies a self-interest in maintaining/maximizing fiscal accumulation.
- (2) The modern state, operating in a capitalist private-property economy context, is principally ‘excluded’ or ‘exempted’ from directly ordering/controlling production (Offe 1975: 126; Nitzan & Bichler 2009: 228) and from authoritatively dictating the formally sovereign preferences, whims and purchasing decisions of the consumers and employees. This (what may be called) *double-sided exclusion* or exemption is absolutely intrinsic to the private-property economy and its ideological cousin (economic) liberalism.¹⁵² The word ‘private’ means ‘[r]estricted to one person or a few persons’ or ‘[t]o deprive or dispossess *of* something; to cut off (*from* something)’ (Private n.d.-a, n.d.-b; see also Nitzan & Bichler 2009: 228). In other words, exclusion, exemption or restriction is by definition integral to the notion of private property (cf. Burke 1987 [1790]: 44).
- (3) This combination of (1) a fiscal ISI and (2) a double-sided exclusion/exemption activates a structural/objective mechanism of, what Offe (1975: 126-7) would describe as, ‘dependency’: fiscal accumulation – the fulfillment of the state’s own fiscal function – comes to critically depend on privately organized initiatives, that is, both the profit-maximizing considerations of private economic actors and the formally free decision-making dynamics of consumers and ‘labour’.

Importantly, this structural/objective dependency of the state on privately organized initiatives increases the causal saliency and authority of private economic actors, particularly businesses and consumers. From the structural/objective dependency flows naturally a ‘governmental concern with business performance’ (Lindblom 1977: 173). In this way, to put it in Lindblom’s (Ibid.: 175) terms, businessmen are granted a ‘privileged position’. As Veblen (1921: 1) argues, the private-property economy grants individuals or private enterprises a right of ‘sabotage’ – that is, a right of a ‘conscientious withdrawal of efficiency’, or, as Nitzan and Bichler (2000: 79, emphasis removed) describes it, an entitlement to let industry purposely operate on a ‘less than full potential’ for the sake of

¹⁵² For a theoretically oriented treatment of liberalism linking it to a ‘marketplace ideology’, see Wolfe (1977: 4).

profit. Implicitly, one can interpret such a principled right of sabotage as implying, in Kalecki's (1943: 325) scheme, a situation in which the level of 'private investment' is linked to the 'state of confidence' in a private-property context – a situation which 'gives the capitalists a powerful indirect control over government policy: everything which may shake the state of confidence must be carefully avoided because it would cause an economic crisis'.

In this way, states regularly seek to provide 'inducements' (Lindblom 1977: 1973) in order to secure 'business confidence' (Block 1977: 16) – a 'state of confidence' (to use Kalecki's term) which depends on the 'sum of (...) evaluations across a national economy', including not only market variables, such as wages, market size, etc., but also 'the capitalist's evaluation of the general political/economic climate' (Block 1977: 16). Importantly, though, businesses' investment assessments/decisions are ultimately 'based on an evaluation of the market that considers political events only as they might impinge on the market' (Ibid.: 16). Although they put their case too boldly, Offe & Wiesenthal (1980: 86, emphasis in original) nonetheless point to something important when arguing that '[t]he entire relationship between capital and the state is built not upon what capital *can do politically* via its association (...) but upon what capital *can refuse to do* in terms of investments'.¹⁵³ Of course, there is also a performative element to this question of securing 'business confidence' in a private-property context. As Nitzan & Bichler (2009: 228, emphasis in original) for example points out on behalf of Veblen, '[e]xclusion does not have to be exercised. What matters is the *right* to exclude and the *ability to exact terms for not exercising that right* (...) Business enterprise thrives on the implicit threat (...) embedded in ownership'.

¹⁵³ Naturally, there is no necessary reason to assume (1) that disinvestments should occur as a function of a collectively mobilized political-ideological initiative or (2) the existence of a high degree of 'business unity' (Falkner 2010: 99-105) across sectors/industries with regards to very specific/concrete regulatory initiatives. As Falkner (Ibid.: 104, emphasis removed) points out in relation to environmental politics, 'business conflict' emerges due to 'differential effects': regulatory measures 'rarely have a uniform effect on business as a whole, but target specific groups of corporations or industrial sectors, create new markets or transform existing ones'.

- (4) The combination of the above three points dialectically imply a certain structural class-relevant economic ‘selectiveness’ or ‘selectivity’ (Offe 1974, 1975) with regards to the determination of political output – a selectivity, which, to specify, of course is tendential, statistical, non-deterministic, etc., and perhaps ultimately strategically and relationally specified (Jessop 1990: 149). The state-oriented realization of points (1), (2) and (3) above, initiates the selectiveness which inserts a tendential economic ‘sorting process’ (Offe 1974: 36) into the determination of political output (e.g., democratic policy-making): ‘non-events’ appear as certain proposals or ‘events’ are systematically ‘excluded’ from the political process (Ibid.: 36-7); political outcomes are biased in certain economically selective ‘class-specific’ directions (Ibid.).¹⁵⁴

Thus, as part of setting up the notion of fiscal state-crafting and briefly ideal-typically mapping the historical emergence of the fiscal function of the modern state, a (predominantly) structural argument can be provided, applying to the liberal-capitalist democratic context, pointing to the tendential economic selectiveness of political output. As argued, while forceful, and while the importance/implications of the above argument is sometimes neglected despite it being accepted (e.g., in terms of the constraints it puts on political decision-making, democratic practices, etc.), it is nonetheless also necessary to make reference to the more specific organizational and institutional forms in which the economic selectiveness takes place, which is precisely what the case study of Part IV, focusing on Britain and Sweden, seeks to do. More generally, although this argument cannot be fully

¹⁵⁴ Besides this four-step structural argument concerning economic selectiveness in a liberal-capitalist democratic context one can of course shortly add further theoretical considerations tentatively bolstering it. For example, although Bourdieu (1997: 54, 47; see also Harrits 2014: 132) sought to open up the universe of forms of capital, he nonetheless speaks of economic capital as being ‘at the root of all the other types of capital’ and as ‘immediately and directly convertible into money’, which gives it a ‘quantifiable’ quality. One could also make reference to basic Marxist insights – notably those of Marx himself, Rosa Luxemburg and David Harvey – pointing to the self-reinforcing logic of the ‘expanded reproduction’ of capital accumulation. Notably, Harvey’s (2003: 144, 1982) reworking of core Marxian concepts and particularly his notion of ‘accumulation by dispossession’ seeks to extend Luxemburg’s classical work *The Accumulation of Capital* by pointing to the accumulation process as ‘an ongoing process’, as opposed to, notably, an external/foreign ‘primitive’ one, a self-expanding recurrent systemic compulsion to include new areas of life into the commodification process.

explicated or formally rolled out in this study (despite its indirect application through the case study analysis),¹⁵⁵ the above described economic selectiveness of political output can arguably be productively specified through nationally embedded ‘growth models’ (Baccaro & Pontusson 2016), observable at least from the 1990s, which (1) insert a further and more concrete ‘sorting process’ into the determination of political output and (2) tendentially favors/disfavors specific types of interests and policies.

Implicit in the above four-step argument is the claim that businesses and states, as two different corporate actors, have separate basic ISI’s. Generally speaking, private economic corporate actors, operating in a private-property economy context have, as contemporary economic textbooks also explicitly testify, an ISI in maximizing capital accumulation – that is, (currently speaking) profits, productivity and competitiveness.¹⁵⁶ The modern corporate state, operating in a liberal-capitalist democratic context, have, as described above, a fiscal ISI, or an ISI in maintaining/maximizing fiscal accumulation – that is, (currently speaking) budgetary sustainability and GDP/GNP growth. While this relatively simple distinction – which, as shall be seen, naturally serves to make various aspects associated with the ‘turn to governance’ more analytically comprehensible – may seem obvious, it is not always (correctly) drawn or taken seriously. The difference between the two basic ISI’s have, at least after WW2, been codified, consolidated and represented through the two well-known genres of the discipline of economics (and their corresponding types of textbooks), namely micro- and macroeconomics.¹⁵⁷ Importantly, while the former ‘sees’ – in Scott’s (1998) sense – things from the micro perspective of the individual economic human or corporate actor (the CEO/manager, board of directors, company, etc.) (cf. Thorup 2015: 302-3), the latter ‘sees’ society through fiscal-budgetary variables, through the macro or aggregated ‘lens’ of the state.

Obviously, while the identified diverging basic ISI’s are objective, in the sense that they are structurally situated, they operate, as with everything, in a highly tendential/statistical manner: they can

¹⁵⁵ Hopefully/ideally, this can be explored in a separate future study.

¹⁵⁶ Sometimes the goal of profit-maximization is described even more generically as simply ‘value maximization’.

¹⁵⁷ One could of course also see the difference as being represented through the split between business administration (which is more practically oriented and mostly studied at business schools) and (general) economics (which is more theoretical/mathematical and mostly studied at universities).

be disturbed, organizationally (that is, internally) misread, pressured by ‘outside’ forces and vary historically with regards to their institutional-organizational articulation and expression. Moreover, while one can surely point to factors intrinsic to a liberal-capitalist setup that may problematize fiscal accumulation, the historically informed corporate functionalist approach of this study generally focuses on how fiscal state-crafting may problematize the reproduction of private economic interests.

6.3 Legitimatory state-crafting

In the same overall manner as above, this section seeks to both develop/discuss the notion of *legitimatory state-crafting* and synthetically sketch the historical emergence of the legitimation function of the modern state; the aim, like before, is to briefly historically-theoretically substantiate the existence and structural importance of a self-interest in specifically legitimation – what may be termed the state’s *legitimatory ISI*.

Taking departure in the LAF approach, I have already tried to shortly carve out an argument concerning both the requirement of legitimacy and the production of mass-based legitimatory demands. Of course, while the ‘legitimation function’ was simply partly axiomatically posited, the three LAF scholars also specified legitimation in different ways or pointed to different types of legitimation. While Habermas’ convoluted LC framework is primarily informed by its well-known belief in rationality and its communicative-normative kernel, Offe’s CWS and, particularly, O’Connor’s FCS implicitly put relatively more emphasis on the materialist components of legitimation (see also Barker 1990: 94-5). In O’Connor’s (1973: 6, 8, 7) view, the state needs to ‘maintain or create the conditions for social harmony’ or ensure ‘mass loyalty’ through various ‘social expenses’. In Offe’s (1984: 52) early scheme, which Habermas (1973: 5) at least nominally shares, ‘mass loyalty’ flows (or is supposed to flow) from the ‘normative (legitimation) system’ to the center, the ‘political-administrative system’. Mass loyalty, which from the state’s perspective is considered a ‘regulatory resource’ on par with ‘fiscal inputs’, is defined as ‘the ability of the administrative system to win genuine acceptance for its structures, processes and actual policy outcomes’ (Offe 1984: 60).¹⁵⁸ Importantly, besides generally

¹⁵⁸ Of course, as Keane (1984: 23) also points out, what Offe actually means by ‘genuine acceptance’ is ambiguous.

approximating Habermas' overall understanding of legitimacy (as presented in LC), implicitly for O'Connor and (less so) Offe, the production/securing of mass-based loyalty, harmony or acceptance (i.e., legitimacy) partly occurs through sources that are simply materially based (fiscal rewards, social expenses, etc.).

Of course, one can locate a broader political sociological literature theorizing the basic 'need' or requirement of legitimation. Notably, as Beetham (1991: 42, more generally 42-63) argues in his crucial work *The Legitimation of Power*, all power-infused forms of social organization 'stand in need of legitimation. In this view, one should reject the possibility that 'all power is *necessarily* legitimate' (Ibid.: 57, emphasis added). In order to enjoy more than simply legal validity or '*de facto* power', stemming from, for example, coercion, power structures associated with (or producing) negative social externalities also needs 'moral authority' (Ibid.: 57, emphasis in original). Moreover, not only does the state stand in need of legitimation it also commonly has to 'satisfy a general interest criterion' (Ibid.: 135).

Typically, legitimacy is simply understood or defined as a situation in which power, authority, rule, etc., is found 'lawful' or normatively 'valid or acceptable; justifiable, reasonable', as, for example, expressed in the *Oxford English Dictionary* (Legitimacy n.d.). A Gilley (2006: 502) argues, legitimacy is 'normative by conceptual definition'. From such a perspective, state support relying on material rewards, effectiveness, etc., does not at first glance really qualify as legitimacy, since it (seemingly) does not rely on any genuine moral-normative orientation (e.g., Lipset 1959). But the perspective taken here seeks to collapse Lipset's (1959) famous distinction between effectiveness/performance (as an instrumental dimension) and legitimacy (as an affective/evaluative dimension) and include within the study's conception of legitimation both 'input' and 'output' legitimacy (Scharpf 1999) and so-called 'performance legitimacy' (Zhao 2009), and construe, as for example Holbig & Gilley (2010) and Zhao (2009) does on behalf of contemporary China, many types of forces or strategies – associated with religion, nationalism, ideology, legalism, etc. – as potential sources of legitimacy. A minimal requirement, which is strictly definitional, for something to be meaningfully referred to as or contributing to legitimacy is that it entails a non-trivial degree of what may be called (with a Weberian accent) *inner-normative identification* – that is, authentic voluntary self-identification, i.e. a meaningful non-violent or non-coercive normative correspondence between the structural-functional dynamics of

the social order, or a specific emergent corporate-institutional entity, and the individual's inner-normative status (cf., e.g., Beetham 1991; Held 1996: 155, 197-8).

It follows from this multidimensional conception that while legitimacy by definitional fiat has to be consensual or voluntarily, it need not have a fixed or necessary content. As I shall discuss more carefully in chapter 11, this view tends to go against the (at least implicit) perspectives of notably Boltanski & Chiapello (2005) and Streeck (2011, 2014). To put it simply, and flagging the later discussion, the content or the sources of legitimacy varies historically and ultimately depends on the (generally) endogenously-driven production of values/preferences or normative outlooks – or, put differently, the historically specific status or quality of legitimacy demands.

One can further unpack this conceptualization of legitimacy state-crafting by pointing to three arguments concerning the generic dynamics of state legitimation:

- (1) While rejecting his distinction between effectiveness and legitimacy, one should, along with Linde & Ekman (2003: 397, 399-400, 405-6), follow Lipset's (1959: 91) idea that '[p]rolonged effectiveness which lasts over a number of generations may give legitimacy to a political system'. Thus, it can be argued that regimes that continuously, over longer periods of time, are able to (as Herbert Marcuse would have it) 'deliver the goods',¹⁵⁹ tend to enhance their normative and principled support (Linde & Ekman 2003).
- (2) One should go beyond Gilley's (2006: 502, emphasis in original) argument that performance legitimacy only makes sense – that is, that one can only speak of performance as a dimension of legitimacy – to the extent that citizens assess 'state performance from a *public* perspective'. According to Gilley (ibid.), a 'citizen who supports the regime 'because I have a job' is not' expressing a proper or meaningful conception of legitimacy. While such public-private distinctions may be productive in some instances, this study's conceptualization of legitimacy state-crafting seeks to not only include both dimensions but also synthesize this divide. Arguably, as I shall also discuss later, the manner in which citizens perceive, experience and live their daily lives cannot be disentangled from their conceptions of the justifiability of authoritative systems of power and decision-making. Questions of 'the good life' inherently compounds and

¹⁵⁹ For a full transcript of the famous 1967 lecture in which Marcuse speaks of this, see Marcuse (1967).

dialectically crystallizes questions concerning *both* ‘what is good for society?’ and ‘what is good for me?’

- (3) Partly agreeing with Gilley (2006: 502), who follows Joseph Beetham, it should be emphasized that when treating legitimacy we are more concerned with ‘rightfulness ‘as believed’ by citizens (...) than rightfulness ‘as claimed’ by rulers’ (cf. Beetham 1991: 8-14). But while this conception of legitimation stresses, like Gilley (2006), the subjective aspects of legitimacy – that is, the extent to which citizens perceive state activities to be normatively/morally reasonable and justified – it is of course less meaningful to detach it from any structural or materialist basis (see also Beetham 1991). Three sub-points can be made regarding the dialectical relationship between these two levels:
 - a) An actual ‘good’ performance may be subjectively misperceived or an actual ‘bad’ performance may be subjectively registered or experienced as a ‘good’ performance (see also, more generally, Holbig & Gilley 2010: 400). Moreover, citizens’ ability to causally link a certain good or bad performance (or non-performance) to a given institution/organization ultimately affects the extent to which it is held ‘responsible’ (in the state-situated LAF sense). Here, ‘displacement’, an important notion in the adoption/reworking of the LAF approach, becomes a key mechanism: it entails a depoliticizing process, partly a strategic exogenous quality of certain corporate entities, in which questions of organizational performance is (actively sought) untied from subjective questions of responsibility.
 - b) Relatedly, states, as organized forms of ‘power relations’, may arguably, within limits, exogenously help nourish the targets or ‘the evidence needed for their own legitimation’ (Beetham 1991: 60, cf. 108-9).
 - c) As a preliminary proposition, it is arguably the case that the relative extent to which the state is required to adhere to the normative principles of the citizenry (as part of its functional reproduction) positively correlates with the relative necessity for the citizens to actually subjectively believe in the system (i.e., the degree of their inner-normative identification).

As with fiscal accumulation above it is important to specify the study's functional understanding of legitimacy state-crafting. As before, the fulfillment of the state's legitimation function implies a need to secure legitimacy in order to maintain/maximize its overall ISI; or in order to support the other three functions – they, as mentioned, always already dialectically coexist – as a way of, again, ultimately maintaining/maximizing the ISI. At first glance, state legitimacy seems to be the ultimate example of normative principles having to be catered to, or tasks having to be serviced, for the sake of the citizenry. But it is important to not only see 'legitimacy as a distinctive phenomenon' but also 'legitimacy as a distinct characteristic of states' (Barker 1990: 101, 99). In this study's view, certain arrangements, activities or items may fulfill the state's legitimation function in the sense that they 'confer legitimacy', to use Beetham's (1991: 12, emphasis in original) formulation, on the state. From this, one may naturally refer to such arrangements/activities/items as *legitimacy-conferring*. Importantly, while one can of course observe the production of legitimacy demands or pressure for legitimation targeted at the state, this does not mean that states engage in legitimacy-relevant activities ultimately for the sake of servicing the citizenry (e.g., Weber 1948: 334; see also Kaspersen 2008: 31).

Although Weber's (1948: 334) writings arguably appear before the heyday of the Western European welfare state, one can approximate his general perspective: 'In the final analysis, in spite of all 'social welfare policies', the whole course of the state's inner political functions, of justice and administration, is repeatedly and unavoidably regulated by the objective pragmatism of 'reasons of state''. More generally, democratically oriented welfare activities should 'be considered in the context of state power' (Wolin 1987: 470; see also Kaspersen 2008: 30-39). The social welfare legislations launched by Otto von Bismarck in the late 19th century may provide a useful exemplification. The mainstream interpretation is precisely that this restricted form of political inclusion was strategic and state-conservative: the social initiatives were not genuinely intended to serve a social purpose but rather to dampen (radical) socialist/social democratic political activity, or, in the above terms, intended to maintain/maximize the legitimation function of the state and ultimately the ISI of the state.

6.3.1 The long-hauled emergence of legitimacy state-crafting

Now, as in the previous section, I shall briefly and non-exhaustively ideal-typically sketch, in a synthetic historical-theoretical manner, how the monopolization of symbolic power – that is, the state's

historical ‘monopolization of the universal’ (Bourdieu 2005: 51) – moves in tandem with and eventually helps spark the emergence of a regular legitimation function and legitimacy ISI, whose fulfillment ultimately helps maintain an overall ISI of the state.¹⁶⁰ This legitimacy emergence process can arguably be ideal-typically mapped through the following five partly overlapping dominant processes:

1) *Towards enlightened bureaucratic publicness*. As addressed in chapter 5, the bureaucratic efficiency-seeking initiatives of (enlightened) absolutist monarchs helped set in motion a long-term impersonalization and delegation process, which gradually and indirectly served to institutionalize and organizationally formalize ‘publicness’ and ‘universality’ and thus, inter alia, principally open up the general space for subsequent political-institutional embracement and advanced forms of expression of social grievances. Importantly, intrinsic to this gradual historical forging of bureaucratic publicness, is the successive expectation that the activities and dynamics of (emerging) modern statehood should somehow, like all powerful entities/structures/systems, ‘satisfy a general interest criterion’ (Beetham 1991: 135).

2) *A new individualized space*. From the fifteenth/sixteenth century, we see the gradual emergence of a new form of subjectivity underpinned by major ideologically/epistemologically-situated events and forces such as the Protestant Reformation and a generally more humanist understanding (e.g., Weber 1996: 192-200). Religious conviction and the relationship to Christendom became more inward-oriented and the private or domestic responsibility of the individual towards the sovereign slowly softened, allowing a greater scope for, for example, personal ‘aesthetic’ expression (e.g., Coleman 1996: xiv) – a dynamic that, as addressed, arguably indirectly turned out to have economically functional benefits.

3) *The ‘civilianization’ of rule*. From the eighteenth century a shift appears from paid mercenaries to the nationalization or state-based mass-situated domestication of military force and capabilities together with the increasing formalization of a more direct, interventionist and centralized form of rule (Tilly 1990: 103-4, see more generally 103-14). Importantly, the more regularized and increasingly

¹⁶⁰ This sketch/mapping draws partly on a few sub-elements of Celik (2016a).

penetrating forms of state intervention both increased political-institutional claims, ‘incited popular collective action’ and more generally helped create ‘new forms of political organization’ (Ibid.: 99, 98). From the mid-19th century an increasing military specialization appears; we see the gradual subordination of the military to an increasingly civilian/representative form of rule, together with the largely ‘unintended’ strongly correlative diverting of fiscal resources toward nonmilitary expenditures (Ibid.: 29, 114-15, 117, 122-26; more generally on the historical turn towards public social spending, see Lindert 2004).

4) *A national popularization of rule.* The revolutionary character of the period surfacing from the 18th century also witnessed the post-1789 authoritative socio-political and ideational modern anchoring of the ‘people’ and the principle of popular sovereignty (see, e.g., Wallerstein 2011: 1). Two key heavily overlapping processes flowed from this. Firstly, a new socio-political terminological repertoire appears, introducing notably the notions of ‘Left’ and ‘Right’ – later formalized and popularly consolidated as the two ends of the dominant party-political spectrum – and ‘ideology’ (e.g., Kennedy 1979; Mavrogordatos 1987), together with the historical codification and later variegated development of the three pivotal modern political ideologies (or ‘political metastrategies’) of conservatism, liberalism and socialism (Wallerstein 2011: 1, 1-20).¹⁶¹ Secondly, as a process naturally linked to the newfound authoritative status of the ‘people’, we see the institutional accession and discursive intensification of the ‘nation’ and ‘nationalist’ arguments; the nation would become the basic unit in which ‘the sovereignty of the people’ was to be implemented, and the important question increasingly came to concern ‘what difference the politics of a nation would make for the lives of ordinary people’ (Ibid.: 24, 24-26).

Nationalism, construed as arguably a partly state-facilitated process (e.g., Tilly 1990: 116; Bourdieu 1994: 7-8), gradually became both a direct legitimacy-conferring resource and an indirect means of fiscal reproduction for states. Firstly, both (a) processes of cultural, moral, linguistic and administrative unification and homogenization (e.g., Tilly 1990: 116), (b) states’ ongoing increasing authoritative concentration/monopolization of ‘public capital’ and ‘universality’ (Bourdieu 2005: 51, emphasis removed, 1994: 8), (c) the coupling of the nation with the positively connoted principles of

¹⁶¹ Wallerstein (2011: 1, 5) productively construes (political) ideologies as ‘political metastrategies’, as opposed to more moral/metaphysical political philosophies.

popular sovereignty, citizenship, self-determination, community and, importantly, universality¹⁶² and (d) the cumulative institutional and semantic identification of state and nation, all dialectically served to enhance the effective linkage between the ISI of the state and the so-called national interest. Secondly, while accepting Liah Greenfeld's (2001) overall historical argument concerning the conditioning force of nationalism on capitalist growth and economic modernization, it makes sense to complementarily stress the underlying state-facilitative functional component of the nation: as an indirect resource of fiscal reproduction, states' appeals to nationalist sentiments/subjectivities and generally homogenizing practices helped mobilize and unify their populations around growth- and work-conducive activities.

Interestingly, integral to the party political trajectory that shall be described below, the three dominant post-revolutionary political ideologies of conservatism, liberalism¹⁶³ and radicalism/socialism, which can be seen as three different reactions to not only the new authority of popular sovereignty but also the modern 'normality of change' (Wallerstein 2011: 6, 11) – conservatism wanted to 'reverse' or 'limit' it, liberalism wanted to consciously organize and 'reform' it and socialism wanted to radicalize and 'accelerate' it (Ibid.: 3, 6, 11) – gradually transformed their original/principal hostility towards the state into a de facto practical partnership (Ibid.: 14-15). Importantly, against their own (at least early) discourse, and as is also evident from the below characterization of the emergence/development of representative party politics, the three main political ideologies historically ended up structurally mingling with and in most cases boosting the nationally-situated state apparatuses (Ibid.: 14) – in effect, one might contend, like most ideational positions or ideological programs, 'selling out' and gradually aligning themselves to the changing historical institutional-organizational realities¹⁶⁴ – and, as Wallerstein (Ibid.: 16) argues, providing different more or less (i.e., historically

¹⁶² For the positive Hegelian state-as-universality conception, see Hegel (2008: section three); for the critique of this, see Marx (1977).

¹⁶³ According to Wallerstein (2011: 2, emphasis added), 'liberalism as an ideology is itself a *consequence* of the French Revolution, and not a description of its political culture'.

¹⁶⁴ This general mechanism of (what may arguably be productively described as) 'selling out' – whether concerning the always already historical and institutional-organizational contextualization of macro-situated political parties and ideologies or the authentic micro-situated gradual normative alignment with the prevailing structural-functional dynamics – is something that I would like to formally explore and theorize in-depth in a possible future work.

decreasingly) ‘embarrassing’ excuses for their statism: the state would help either safeguard ‘traditional rights’ (conservatism), enhance ‘individual rights’ (liberalism) or actualize ‘the general will’ (socialism).

5) *The nationalization of interests*. Taken together, the above two revolutionary processes facilitated the emergence of nationally constituted party systems, or, in short, party politics – a process that from a state-oriented perspective marks the pivotal appearance of a specifically (modern representative) democratic or ‘electoral’ form of legitimacy (Beetham 1991: 150-8). From particularly the late 19th, so-called extra-parliamentary or ‘externally’ established Western European socialist or social democratic ‘mass parties’ gradually appeared, organizing societal grievances and expressing the particularistic interests of certain large constituencies and largely intruding on the ‘internal’, elitist and generally liberal/conservative early form of parliamentarianism – constituted by individuals/notables and later groups and committees – and the underlying status quo-maintaining state structure (on this, see notably Duverger 1964; Manin 1997; Scarrow 2006; Krouwel 2006; Bardi et al. 2014: 238–239).¹⁶⁵

Gradually, as universal suffrage and representative democracy institutionalized and the mass parties formalized and matured throughout the 20th century, and as the major parties particularly after WW2 transformed into ideologically watered down, professionalized and electorally-obsessed nation-state oriented so-called ‘catch-all’ parties (on this, see Kirchheimer 1966), the modern political party system helped boost states’ overall legitimacy by instituting an ‘electoral mode of consent’ (Beetham 1991: 150), as well as enhance/solidify their, using Mann’s (2003) expression, ‘infrastructural’ competences. Importantly, this consolidation and state-facilitated embracement of the political party system, represents what may be described as a gradual nationalization, or class-neutral national harmonization, of party interests (e.g., Kirchheimer 1957; see also more generally Przeworski 1980: 38-44) and historical political-institutional displacement of legitimation from the state to a separate arena of party politics (see also later).

¹⁶⁵ This ‘external’ intrusion notwithstanding, the objective of the early socialist/social democratic electoral participation was not, as also expressed above, to do away with the state or parliamentarianism but to hopefully control/utilize these for tactical socialist socio-economic purposes (e.g., Przeworski 1980).

The above ideal-typical mapping, and especially the brief sketch of the changing historical relationship between the state and the emerging and gradually maturing party system, also stresses two important additional issues (appearing, more often than not, as potential sources of confusion). Firstly, in light of governance scholars' built-in tendency to posit a shift from government to governance, it seems important to, in the first place, historically separate the two categories of state and (democratic party) government. As implicitly addressed above (as well as indirectly in the previous chapter), we have seen a state-facilitated shift from state to party government – notably involving what may be termed the preceding turn *to* government. Importantly, as I shall also touch upon later, this process or turn is revealing of the both original and still greatly enduring state-crafting conditions of possibility for governance.

Moreover, such historical separation of state and government also helpfully addresses a complication associated with how to properly assess the LAF approach's claims about a fiscal and/or legitimation crisis. Scholars with both a theoretical and empirical bent have criticized the LAF approach for not adequately distinguishing between a lack of support for (1) the state or democracy and (2) the government or incumbents (see, e.g., Weil 1989: 683; Beetham 1991: 169). In this vein, using Easton's (1975; see also Linde & Ekman 2003: 392-3; Dahlberg & Holmberg 2014) terminology, one can say that the LAF scholars not only failed to make a distinction between 'diffuse support' and 'specific support' but, more importantly here, between different levels/objects of support, such as the 'political community' (or nation), the 'regime' or the 'political authorities'.¹⁶⁶ One may for example ask: did the legitimation crisis refer to a crisis of confidence in the generic/abstract principles of the nation, the state, or liberal-capitalist democracy, or did it simply imply a negative evaluation of the performance of the regime, or a lack of trust in concrete parties or officeholders? In light of these questions, which I shall return to and further discuss in chapter 11, as well as the above historical background of the emergence of the legitimation function of the state, this study shall infuse the LAF approach with a two-level view of macro-political legitimacy, which operates with a historically informed distinction between state legitimation and party-level legitimation.

Secondly, as I have argued above, legitimacy does not necessarily imply democratic legitimacy. While seemingly obvious, many scholars treating contemporary political dynamics arguably fail to either consider this insight or seriously incorporate it into their analyses. Rather, as addressed, one

¹⁶⁶ This Eastonian list of objects/levels can of course be extended (see Linde & Ekman 2003: 393).

should conceive of representative democracy (particularly the party system, political parties, etc.) as a form of ‘electoral’ legitimacy or ‘electoral mode of consent’ (Beetham 1991: 150).

6.4 Three strategies of state-crafting

As part of launching the above conception of state-crafting, one can set up a more specific vocabulary for examining the historically dynamic relationship between fiscal and legitimacy state-crafting underpinning the recent turn to governance. More specifically, I shall introduce three specific strategies of state-crafting that, in their own ways, cross-cuts the two dimensions of fiscal and legitimacy state-crafting: *market-conforming re-regulation*, *normative mobilization-control* and *claim-reduction*.¹⁶⁷

- As argued by both Cerny (1997) and Vogel (1996), while one should of course acknowledge the existence of deregulation, it generally make much more sense to speak of, and put emphasis on, ‘reregulation’ – that is, ‘the reformulation of old rules and the creation of new ones’ (Ibid.: 3). Such a ‘re-regulatory’ view sits particularly well with that of the LAF approach, and the overall state-crafting approach taken here; it not only approximates but directly underpinned the analysis of, for example, Offe (1984) who spoke of ‘administrative re-commodification’ or O’Connor (1973), whose budgetary perspective focused systematically on the state’s various types of expenditures. Wacquant (2012) speaks in some instances of state-crafting or state policies as being ‘market-conforming’. Arguably, this seems to be a productive way of indicating the general direction of certain policies, an indication of whose interests that are relatively speaking being favored. Put together, one can thus speak of *market-conforming re-regulation* as a way of referring to regulatory-relevant activities or items, sanctioned, nourished or facilitated by the state, which to some non-trivial degree conform to either the general dynamics of capital accumulation or the specific interests of private economic (corporate)

¹⁶⁷ These strategies may be somewhat compared to those of Offe (1984: 69-73). That said, Offe’s less easily decipherable framework (1) speaks of both strategies and therapies, (2) sets up more than three strategies and (3) joins or separates elements that are presented above in a different three-fold manner (and which stem from alternative insights). In other instances, Offe (Ibid.: 125) speaks, for example, of other types of unrelated ‘instruments of state policy’.

actors. Importantly, while the study shall maintain that re-regulation that is considered market-conforming is still ultimately pursued for the sake of maintaining the ISI of the state, one may additionally speak of *fiscally-conforming re-regulation* as a way of referring to specific activities/items that are explicitly or more overtly undertaken for the sake of maintaining/maximizing fiscal accumulation (and thus may disturb the ISI of private economic (corporate) actors).

- The second strategy of *claim-reduction* (cf. Offe 1984: 69-71) refers to regulatory or budgetary activities or items, sanctioned, nourished or facilitated by the state, which seeks to reduce, distribute, transfer or displace expenditure-relevant claims and entitlements of (particularly) the citizenry on the state. Using the vocabulary of the LAF approach, and particularly that of Habermas (1973), claim-reduction can be perceived as the attempted weakening of the degree of ‘politicization’ in order to diminish ‘responsibility’ for negative social externalities, a way to untie the subjective and objective components of legitimation. Specifically, with regards to the fiscal sociological budgetary framework of O’Connor (1973), one can perceive claim-reduction activities or items as ways of minimizing, or making more flexible, various types of both fiscally- and legitimacy-relevant expenditures.
- The third strategy, which may be called *normative mobilization-control*, refers to extra-regulatory activities and items, sanctioned, nourished or facilitated by the state, which seeks to normatively mobilize the citizenry, or control the generally endogenously-driven process of mobilization, for functional purposes. Somewhat similarly, Offe (1984: 70) speaks of a governmental strategy (seemingly without giving it a name) that ‘[operates] in the realm of socialization’ and ‘is directed to the institutions of social control, to the agencies that regulate the formation and preservation of social norms as well as cultural and political value orientations’.¹⁶⁸ The notion of normative mobilization-control is intended to put emphasis on the generally extra-regulative and endogenous character of preferences, values and principles of legitimation and the typical indirectness of initiatives controlling their formation or change. The emphasis on mobilization-control is intended to emphasize both the indirect- or quasi-exogenous character of normatively-oriented state-facilitated initiatives/items and the active

¹⁶⁸ A bit confusingly in terms of the above three strategies, Offe (1984: 69-70) construes this as the second ‘strategy’ or form of ‘implementation’ of the overall therapy of ‘claim reduction’.

functional or strategic character of these. To ‘mobilize’, according to the *Oxford English Dictionary*, means to ‘render (an individual or group of individuals) active or capable of action’, to ‘prepare’ or ‘summon’, to ‘realize or make available’, to ‘make mobile’ or ‘render capable of motion or change of location’, to ‘assemble, organize, and utilize (...) for a particular purpose’, ‘press into service’ or ‘adduce in support’ (Mobilize n.d.). Thus, while a strategy such as normative mobilization-control in some instances may be considered a form (or sub-category) of claim-reduction (cf. Offe 1984: 70), it is important to emphasize the active, or as the neo-Foucauldians would put it, ‘productive’ aspects of this category – that is, it may just as easily enter into an overall active/expansive strategy of fiscal/market-conforming re-regulation.

Clearly, as mentioned, these three strategies, like O’Connor’s (1973: 7) two main types of expenditure, do not apply neatly or directly to either the legitimation or fiscal function of the state. As shall be seen, all of the three strategies can be used simultaneously as ways of maintaining/maximizing legitimation or fiscal accumulation.

6.5 Unpacking the ECR model

The above developed arguments and analytical categories should be placed in the context of the earlier presented important organizing ECR model (see figure 5 below), which is now going to be outlined and unpacked in more details than before. As a way of both concluding this chapter and preparing for the subsequent examination, I shall explicate the main properties of this historical-theoretical model. Recalling chapter 4, this ECR model constitutes not only a swaying emergent mixture of theoretical application, analytical reworking and historical-theoretical examination but also both a discovery-driven summary of the core analysis and an analytically-oriented scheme intended to guide, coordinate and help develop this examination.

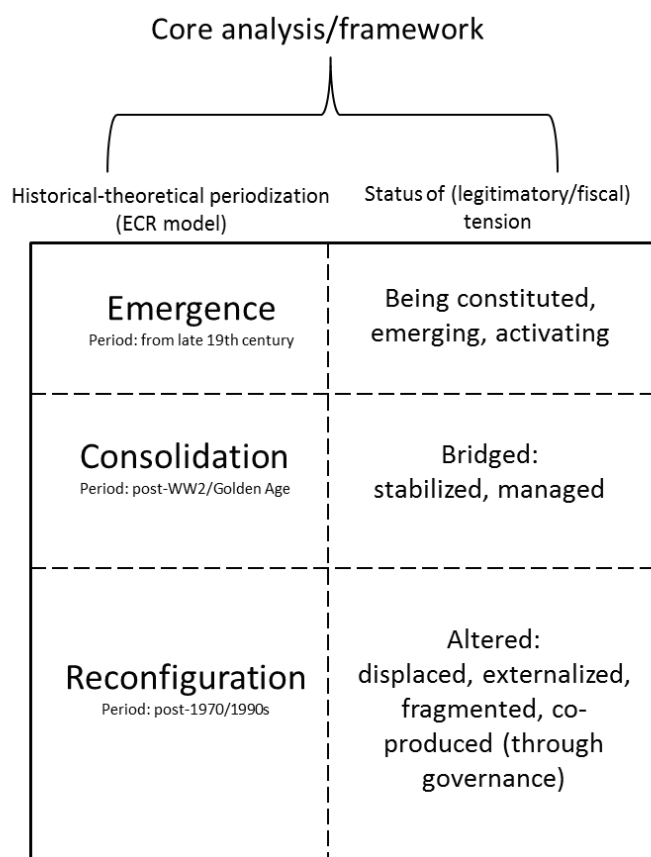


Figure 5. The core historical-theoretical analysis/framework.

As can be seen, the ECR model covers three distinctive and successive ideal-typical periodizations: (1) an *emergence* period stretching roughly from the late 19th century until 1945, (2) a *consolidation* period stretching roughly from WW2 until the 1970s, and (3) a *reconfiguration* period covering the post-1970s period. Importantly, each of these three historical-theoretical periodizations is analytically associated with a distinctive legitimatory and fiscal state-crafting tension-status and logic of tension-management.

As opposed to the consolidation period, which is going to be examined in Part II, and the governance-situated reconfiguration period, which is examined in Part III, the emergence period has already been ideal-typically mapped above. Importantly, more so than the examination of the consolidation and (especially) reconfiguration period, the above two accounts of the long-hauled emergence of fiscal and legitimatory state-crafting should mostly be considered brief instrumental

mappings, serving as historical-theoretical contextual backgrounds for the later more specific analyses. But whereas the above two brief ideal-typical sketches of the emergence of the legitimation and fiscal functions covers a very long period, the ECR model does not formally concern the pre-modern or early modern period – more specifically, it does not start before the late 19th century. There are two main reasons for this. Firstly, because the model is utilized for the later case study of the historical development of the automobile industry in the UK and Sweden, it is naturally less meaningful to go back further than the mid-/late 19th century. Secondly, the late 19th century seems not only a more pragmatically feasible/convenient starting point but also a fairly analytically well-chosen one: it is in this period that party politics more formally enters the scene – a thrilling and still very historically contingent period in which liberal-capitalist institutional arrangements are simultaneously popularly and institutionally cultivated and challenged. The ECR model can be further unpacked in the following manner:

1) *Emergence*. In the emergence period, which stretches roughly from the late 19th century until 1945, the tension between legitimation and fiscal state-crafting is gradually institutionally-organizationally born and formalized; the tension is in its late development phase, on its way to being fully constituted. But, although they are both gradually emerging and causally effective throughout their long development phases, the two legitimation and fiscal accumulation functions are not yet fully established, the state's monopoly status with regards to legitimation and fiscal accumulation have not yet materialized or been fully secured. In line with the study's reworking of the LAF approach's particular functionalist and state-situated perspective, it makes sense to understand this emergence period as one in which a partly generic and largely pre-democratic forceful tension – or, loosely using Lipset & Rokkan's (1967) terminology, dominant 'social cleavage' – contingently operating 'out there' gradually consolidates and receives its particular formal institutional-organizational materialization in the modern functional state-form. In this emergence period, as the two sides of the tension increasingly become two monopolies/functions of the state, the tension little by little becomes a fully activated and constituted state-functional tension.¹⁶⁹

¹⁶⁹ As I shall also indirectly address later, it should be stressed that the degree of popular recognition of these two functions does not necessarily coincide with the moment of their actual full constitution.

2) *Consolidation*. In the consolidation period, which stretches roughly from after WW2 until the 1970s, the two functions both institutionally-organizationally and popularly formally solidify and the tension between legitimacy and fiscal state-crafting formally consolidate. In this period, the tension-filled relationship between the two functions of modern liberal-capital democratic statehood is generally temporarily bridged, stabilized and managed. As shall also be addressed in chapter 7, after WW2 – during the so-called Golden Age period – many of the major macro-mechanisms of interest (i.e., that are relevant for understanding the later turn to governance) are both (1) simultaneously activated and emergently united and (2) causally and empirically intensified. As states' fiscal and symbolic monopolies officialize and their two correlative functions consolidate, a strongly increasing institutional-corporate functional pressure – construed non-deterministically, as argued in chapter 3, as a strong structural and tendential inclination or disposition – to service these functions can be observed. As arguably partly an indirect effect of this postwar development, in which (particularly) the individual fiscal-functional 'lenses' of states are fortified and cemented, what have been described as corporate functionalism (and its analysis) naturally becomes increasingly causally salient.

3) *Reconfiguration*. Partly anticipating the examination itself and the discussion of the study's main research question, in the reconfiguration period, which covers the post-1970s governance-oriented development until the financial crisis of 2008, the tension between legitimacy and fiscal state-crafting is sought altered. More specifically, while not genuinely overcome and qualitatively integrated and transformed, it is reconfigured, i.e. displaced, externalized, fragmented and 'co-produced'. Put more simply, one can observe a relatively more displaced, externalized, fragmented and 'co-produced' tension. A reconfiguration implies, according to the *Oxford English Dictionary*, an 'alteration of a configuration' (Reconfiguration n.d.). And while the verb configure means 'to fashion by combination and arrangement' or 'to put together in a certain form or figure', to reconfigure (with the 're-' prefix) means 'to rearrange', 'to configure again or differently' or, more strongly put, 'to adapt' an entity 'to a new task by altering its configuration' (Configure n.d.; Reconfigure n.d.). Against the backdrop of both the preceding chapters, Part I, II and particularly the historical-theoretical analysis of the post-1970s reconfiguration period of Part III, chapter 11 shall both theoretically examine and discuss the nature/logic and extent of this suggested state-situated 'aufhebung' and rethink the main arguments/prophecies of the LAF approach in light of the governance turn.

As can be seen when looking at the entire ECR model, the turn to governance is not only interpreted in light of the post-1970s dynamics of legitimacy and fiscal state-crafting but is inserted into and construed against the background of an even larger state-functional development, which is ideal-typically outlined in the ECR model, focused on the historical emergence, consolidation and particularly reconfiguration of the state-situated tension-filled functional relationship between legitimation and fiscal accumulation.

Briefly summing up: the chapter has engaged in a range of important tasks, amongst other things serving to rework the LAF approach by developing, discussing and presenting an overall analytical framework centered on legitimacy and fiscal state-crafting. Firstly, the chapter has argued for the analytical productiveness of the notion of state-crafting. Secondly, it has both argued for the analytical productiveness of the two notions of legitimacy and fiscal state-crafting and ideal-typically mapped some of the core dynamics of their individual historical emergence. Thirdly, the more concrete strategic toolbox of state-crafting has been developed. Fourthly, and lastly, the chapter has unpacked the logic and key dimensions of the historical-theoretical ECR model organizing the study.

As mentioned, both the above developed and launched analytical framework centered on legitimacy and fiscal state-crafting and the ECR model shall be further developed in the remaining parts of this study, namely Part II, III and IV: while the *emergence* period has already been treated (being embedded in this chapter), Part II of the study (the next chapter) shall focus on the *consolidation* period and the post-WW2 production of expectations and escalations and Part III shall focus on the *reconfiguration* period and the state-facilitated governance turn; Part IV of the study shall then roll out the entire ECR model through a case study analysis examining the emergence, consolidation and reconfiguration of the automobile industry in the UK and Sweden.

Part II Consolidation: The Post-WW2 Production of Expectations and Escalations

Chapter 7. Consolidation: The Golden Age Consumer-Citizen

This chapter, which focuses on the historical consolidation of legitimacy and fiscal state-crafting, seeks to examine certain selected properties associated with the so-called Golden Age (GA) period of Western Europe stretching roughly from 1945-till the late 1960s/early 1970s. This is to some extent a well-known overall periodization within particularly political economy; while the period itself is actually more rarely examined, political economic scholars addressing specific contemporary issues nevertheless often, in their own ways, make an at least casual reference to the postwar decades, primarily as a way of drawing a loose comparison to more recent developments and changes. Put briefly, this chapter aims to spend some (extra) time shedding light on a couple of the key macro-situated socio-historical postwar conditions of possibility for governance and the post-1970s reconfiguration period more generally. In this capacity, it of course represents a particular reading of the postwar period – a reading in which certain forces and trends of relevance for understanding the later post-1970s turn to governance have been heuristically selected and sought analytically brought together, and specific pre-existing arguments have been sought formalized, qualified and/or bolstered. For this reason, the chapter is primarily structured in an argumentative and analytical manner, as opposed to a more straightforward historical/chronological one.

Whether the ‘Golden Age’ term is linked to its particular Greek/Roman literary heritage or, as in this study, a specific postwar consolidation period, it is meant to bombastically describe, as the *Oxford English Dictionary* formulates it, ‘[t]he first and best age of the world (...) the period in which a nation, etc., is at its highest state of prosperity, or in which some department of human activity is at its acme of excellence’ (Golden age n.d.). More specifically (and more than anything), the Western European postwar GA period refers to a specific period of historically unparalleled increasing socio-economic prosperity (for works quantitatively addressing this, see notably Eichengreen 2008; Crafts & Toniolo 2010; Piketty 2014; see also Judt 2005: 324-5) – which is why it has also been labeled or addressed via the categories of, for example, ‘Les trente glorieuses’, the ‘Age of Affluence’, ‘The Affluent Society’ (as famously formulated by John K. Gailbraith) or the ‘Wirtschaftswunder’ (referring to West Germany), and so forth. Of course, a certain degree of empirical romanticism – and, almost by definitional necessity, what historians of ideas call ‘conceptual anachronism’ – underlies the GA period.

Arguably, as shall be maintained in this study, in quite intricate and complex ways the GA label signifies both (1) a relatively speaking genuinely transformative and prosperous period and (2) a powerful ex post performative categorization taken up in the post-1970s period by analysts, institutional elites, novelists, laymen, etc., in order to compare and diagnose society and its recent changes.

As shall be argued, key features integral to the postwar consolidation period – which saw the effective popular and state-situated institutional-organizational anchoring of many of the modern post-revolutionary (political, commercial, industrial, etc.) categories and principles – helped both gradually transform the overall socio-psychological profile of the Western European citizenry and eventually critically reconfigure the prevailing tension-filled dynamics of liberal-capitalist democratic state-crafting; this emergent long-term development has had reverberations that still underpin many of the key contemporary trends and socio-political questions. As will also be argued throughout the next chapters treating the post-1970s period, many of the core properties linked to the post-consolidation era should simultaneously and dialectically be conceived as being both (1) *symptoms* of the transformation associated with the GA period and (2) critically associated with certain institutional-organizational state-crafting *strategies* for tension-managing this development.

The chapter is split into six main sections. The first section provides an empirically anchored overview of many of the key properties of the GA period. The second section provides a particular analysis of the key mechanisms of postwar escalation. Relatedly, the third section discusses the dynamics and implications of different types of postwar socio-psychological and fiscal expectation/claim escalations and frustration scenarios. The fourth section examines some of these GA dynamics from a distinctive party political angle. The fifth section reflects on crucial issues concerning time and timing. The sixth section provides some extended concluding remarks.

7.1 Contextualizing the consolidation

In order to properly set the scene for the below more mechanism-based argumentation, it makes sense to first provide a brief contextual overview of some of the main cross-cutting historical properties and well-known descriptive trends associated with the GA consolidation period. To a large extent, the GA label can be understood as an attempt at conceptually capturing the relatively speaking temporally coherent coexistence of an array of important so-called statistically correlated and mutually interacting

macro-social characteristics. Most importantly, of course, the GA periodization – and specifically the period 1950–1973 – is characterized by a historically ‘exceptional’ average economic growth rate in Western Europe (Eichengreen 2008: 15-20; Crafts & Toniolo 2010: 299-301; Piketty: 72-99).

Compared to both previous periods, for example 1913–50, and the post-1970s era, the average annual growth rate of GDP (both as per capita and not) of Western Europe in the GA period is simply historically unique (Eichengreen 2008: 16-7; Crafts & Toniolo 2010: 299; Piketty 2014: 94).¹⁷⁰ Of course, this generalized extensive cumulative/compound GDP expansion varied in intensity across the Western European countries; the frontrunners were countries like (West) Germany, Italy, Austria and France, whereas countries like Switzerland, the UK, Norway, Denmark, Sweden and Ireland demonstrated a relatively speaking lower growth performance. With regards to the two countries chosen for the later in-depth case study analysis, namely the UK and Sweden, it is worth pointing out, as I shall also address later, that even though GDP expansion in the two countries in the 1950-73 period was lower than in some of the other comparable Western European cases, both the UK and Sweden’s growth performance was much greater than in any of their respective previous periods as well as subsequent phases (Eichengreen 2008: 16-7; see also Hansen 2001: 314).¹⁷¹

Unemployment rates in the GA period were historically speaking very low and, as opposed to the post-1970s period, most of the Western European polities managed to secure so-called ‘full employment’ throughout this phase (e.g., Eichengreen 2008: 263-5; see also Judt 2005: 332).¹⁷²

As Piketty’s (2014: particularly 316-20, 323-4) now seminal quantitative-historical economic analysis of inequality trends shows,¹⁷³ income inequality across the advanced Western world has generally followed a ‘u-shaped’ pattern since the early 20th century, involving a ‘period of decreasing

¹⁷⁰ This is so whether the post-1970s period is measured as 1973-2005, 1973-2000, 1970-1990, 1990-2012 or 1980-2012.

¹⁷¹ Average annual GDP growth in the UK in the GA period was for example comparable to that of the United States (or North America) in the same period (e.g., Hansen 2001: 314; Piketty 2014: 96-99) – a period that is arguably conceived, at least in the contemporary public debate in the US, as one of economic expansion/prosperity.

¹⁷² Full employment is here understood in the classical Beveridgian sense of a circa 3% unemployment rate (on this, see, e.g., Robinson 1945: 71).

¹⁷³ Piketty (2014: 16) generally focuses on two main forms of inequality, namely wealth-related inequality and income-related inequality.

inequality followed by one of increasing inequality'.¹⁷⁴ Looking back, against Simon Kuznets' optimistic data-driven prophesy that 'income inequality would automatically decrease in advanced phases of capitalist development' (Ibid.: 11) – Kuznets' pioneering postwar work, operating so to speak at the bottom of the actual 'U-curve', erroneously but meaningfully extended the available historical data showing a fall in income inequality into the future, giving rise to a hypothetical 'bell curve' – the postwar period's relative compression of inequality has (so far) turned out to be a peculiar historical anomaly (Ibid.: 11-15, 24).

The world population growth rate peaked in the postwar period; as Piketty's (2014: 78) numbers show, 'the period 1950– 1970' saw the 'the absolute historical record of 1.9 percent' average annual growth. While the population growth rates generally slowed down from around the 1960s, the Western European population grew heavily in the GA period (Judt 2005: 331; World Bank 2016d).¹⁷⁵ Also, childbirths/fertility experienced a quick upswing in Western Europe in the early years after WW2, life expectancy levels rose and infant mortality rates decreased (Judt 2005: 331; Baines et al. 2010: 404-6, 407-9).

Across the Western European countries, both interregional and total exports (measured as average annual growth rates) were higher in the 1950-1973 period than in the years of 1974-2002 (Eichengreen 2008: 25). The Western European export/GDP share exploded after 1950 and its share in world exports increased (Eichengreen & Boltho 2010: 268-9), correlating with a bolstering of this regions' overall so-called 'terms of trade' status vis-à-vis the 'Third World' (Judt 2005: 326). Compared to, for example, the interwar period, investment rates across the European countries also generally saw an upswing in the GA period (Eichengreen 2008: 22; Hansen 2001: 316).

Tax-financed social expenditure (focused on unemployment, education, health, pensions, housing, family dynamics) became a both popularly and institutionally-organizationally formalized and stably increasing fiscal phenomenon after WW2 – a firm nationally cross-cutting (i.e., Western European-

¹⁷⁴ Obviously, as is very often the case, (1) national and regional variations, and very different starting points, can be observed – the UK and Sweden appear in each end of the spectrum in the European setting – and (2) the US represents an extreme case of the overall development (Piketty 2014: e.g., 324).

¹⁷⁵ For example: the population in the UK grew by 13%, while that of Sweden grew by 29% in the years 1950-1970 (Judt 2005: 331).

wide) development that continued until circa 1980, where a general stagnation or only slight increase, but not a fall, in social transfers (as a % of GDP) can be observed (Lindert 2004: 6, 11-15; see also Baines et al. 2010: 392-396). Obviously, national and regional variations on this general postwar pattern can be observed: for example, both quantitatively and qualitatively the heavy mushrooming of social expenditure in the GA period, a process gradually initiated already around 1880 (Lindert 2004: 11), seems to have clustered around certain regionally-situated socio-economic configurations – whether such clustering actually points to the existence of, for example, three ‘regimes’ (Esping-Andersen 1990) or, strictly within the European setting, four ‘groups’ (Baines et al. 2010: 394; European Commission 1995: 9-10) or not.

This historical rise in social spending obviously correlates with a rise in tax revenues (Lindert 2004); looking at the three European countries of Sweden, France and Britain (together with the US), a long-term sharp rise in total tax revenue (as a % of GDP) can be observed since around 1910 (starting at circa 10%), which continues throughout the postwar period and then starts to stagnate around the 1970s (ending somewhere between 30-50%) (Piketty 2014: 457).

At the international political economic level, it is likely that a combination of both (1) the Bretton Woods system – the postwar international monetary system, which triggered the two major entities of the IMF and the World Bank (formerly IBRD) and importantly sought to simultaneously maintain both stable/fixed (‘pegged’) and adjustable exchange rates – (2) the GATT – the postwar agreement set up to regulate, organize and liberalize international trade, which would later find formal corporate institutional-organizational expression in the WTO – and (3) ongoing European economic integration – gradually organizationally developing from the 1951 European Coal and Steel Community (ECSC) and the 1957 (Treaty of Rome signed) ‘Common Market’ or European Economic Community (EEC, later EC) towards the 1993 establishment of the European Union (EU) and its ‘Single Market’ – served to bolster the rise in exports and trade (on this argument, see, e.g., Eichengreen 2008: 24, 40, 198; cf. Eichengreen & Boltho 2010; more generally, see Hansen 2001: 269-73).

The GA period, at least until divorce rates started to increase and marriage rates started to fall in the industrialized countries around the late 1960s/early 1970s (OECD 2009, 2016a), was generally constituted by a gendered ‘breadwinner-homemaker household’ – epitomizing the so-called ‘nuclear family’ – which became an increasingly widespread phenomenon from the mid-19th century and

onwards as women and children gradually disengaged from direct (labour) market activities (de Vries 1994: 262).

Along with rising wages and household purchasing power, the Western European populace experienced the emergence-cum-consolidation of a prosperous toy industry, a mass-based ‘tourist boom’ in the 1950s, increasingly indispensable domestic devices such as the fridge, the washing machine and, in the 1960s, the television (Judt 2005: 338-9, 342, 345). Of course, as I shall examine in detail in the later case study analysis, to put it in Tony Judt’s (Ibid.: 339) words, ‘[t]he greatest single measure of European prosperity’ – which ‘had its most significant impact not in the home but outside’ – had to be ‘the revolution wrought by the family car.’ ‘Young people’ and ‘teenagers’ appeared on the scene – as both conceptual categories, sociological entities and increasingly targeted advertising segments – together with an increasingly penetrating cultural-capitalist form of ‘Americanization’ accelerated through popular commodities, music, movies, commercials, etc. (Ibid.: 347-8, 350-3). ‘Consumer society’ also became solidified across the advanced liberal-capitalist democratic polities after WW2 through the emergence-cum-consolidation of consumer movements and heavily state-facilitated consumer protection regimes (Hilton 2007).¹⁷⁶

Although not necessarily as Friedrich Hayek (1944) pessimistically foresaw it, WW2 did profoundly condition the general postwar orientation towards the capitalist economy; it both left the Western European polities with war-torn but principally fiscally mobilizable citizenries, industries and bureaucracies (e.g., Judt 2005) and, as mentioned, helped bring to life national account systems, the GDP measure and a macroeconomic framework. The new generalized postwar political economic outlook,¹⁷⁷ which has sometimes been described as ‘interventionist’, ‘Keynesian’, ‘mixed’, ‘managed’, etc. – labels that given the overall state-crafting perspective of this study of course almost appear as pleonasms – obviously appeared in nationally/regionally specific formats (see notably Shonfield 1965).

¹⁷⁶ Of course, despite it being a generalized trend, and the fact that a great deal of it would become harmonized/standardized through international/supranational organizations and bodies (notably the EU), consumer protection naturally emerged and developed in nationally/regionally specific forms in the 1950s (Hilton 2007).

¹⁷⁷ Writing in the pre-WW2 period, the sociologist Karl Mannheim was certain that ‘planning was inevitable’; as he saw it, ‘there is no longer any choice between planning and *laissez-faire*, but only between good and bad planning’ (Mannheim as cited in Smith 1979: 70, emphasis in original).

More generally, pace Hayek, warfare/military defense, bureaucracy, organization, management, etc. – in short planning – is both historically and logically irreducibly linked to modern capitalist market dynamics (e.g., Weber 1978, 1948: chapter VIII; Sennett 2006: 20-23; Chang 2011: especially 199-209). Arguably, the WW2 case, in particular, reveals (in an extreme manner) the way in which and the degree to which, as argued, states' generally backgrounded but always already lurking and occasionally fully activated violence-security-sovereignty functions are intricately connected to foregrounded fiscal-functional dynamics.

Looking back, as opposed to both previous and subsequent eras, the Western European (and the US) postwar consolidation period was constituted by a reciprocal and emergent economic configuration simultaneously combining (1) high productivity, exports and investments with (2) a steady-going relatively dispersed growth in real wages (e.g., Eichengreen 2008; Piketty 2014).¹⁷⁸ Arguably minimally somewhat materially underpinned by a generalized basic Keynesian (or 'Left Keynesian'), and specifically wage/income/consumption-focused, 'aggregate demand' perspective (for a theoretical discussion of this perspective, see notably Bhaduri & Marglin 1990), postwar fiscal considerations became increasingly infatuated with the behavior of consumers and the intensity of their preferences (see also more generally Przeworski & Wallerstein 1982: 54-58).

7.2 The mechanisms of escalation

Against the background of the above empirically anchored contextualization, the Western European postwar GA period can be interpreted, as shall now be done, as a specific socio-temporal configuration in which distinctive analytically informed macro-mechanisms of interest for understanding the governance phenomenon are simultaneously present, emergently coupled and intensified.

The overall argument concerning the distinctive importance of the GA period that shall be put together and formalized in this section partly takes initial and loose departure in what has been called the (renewed) 'embourgeoisement thesis'. In brief, this theory, which increasingly started to occupy

¹⁷⁸ Following Baccaro & Pontusson (2016: 184), it can be argued that 'all large advanced capitalist economies were 'wage-led' in the sense that a rising wage share was positively associated with GDP growth'.

particularly British empirical sociologists from the 1950s and 1960s, argued that the emergence of the so-called ‘affluent worker’ of the postwar period helped trigger a growing normative and behavioral ‘embourgeoisement’ of the proletariat/working-class – increasing its overall ‘middle-classness’ and ‘political conservatism’ (see notably Goldthorpe et al. 1967: 11, 13).¹⁷⁹

This is of course a particular postwar-oriented version of a classical particularly Marxian-revolutionary observation: Friedrich Engels, in particular, both in letters to Marx and in the preface to his *The Condition of the Working Class in England*, inter alia complained that ‘the English proletariat is actually becoming more and more bourgeois’ (as cited in Lenin 1916c; see also Goldthorpe et al. 1967: 12). Lenin, in notably his *Imperialism, the Highest Stage of Capitalism* and particularly his *Imperialism and the split in socialism*, also provided a distinctive skeptical observation on this matter: imperialist finance-oriented monopoly capitalism allows ‘superprofits’ to accrue to a Western ‘labour aristocracy’ and monetarily ‘bribes’ for example English workers (or certain higher layers of the working-class) into cooperation and enhances self-interested behavior (Lenin 1916a). In Lenin’s (1916a, 1916b) view, rather than necessarily suffering from ‘false consciousness’, the (Western) working-class had a spontaneous, realistic and materialistic orientation (on this, see Eyerman 1981: 45-6), which made it partly understandably susceptible to embourgeoisement.

Besides post-Lenin Marxian thinkers like Lukács and Gramsci, who in particular helped deepen the theorization of ideology and false consciousness (see Eyerman 1981), the above inversion of the orthodox Marxian ‘immiseration’ thesis of course found sublime manifestation in the work of the early Frankfurt school (such as, e.g., Herbert Marcuse’s pessimistic 1964 classic *One-Dimensional Man*). Although it of course requires both qualification/nuancing and bolstering, the embourgeoisement argument, as applied to the GA period and understood in its later sociological form, points to an important transformation, which for this study’s particular purposes may be condensely restated as follows: postwar ‘affluence’ over time helped spark a general embourgeoisement of the working-class, tweaking behavioral and normative patterns in an overall status quo-maintaining and fiscally functional direction.

¹⁷⁹ Goldthorpe et al. (1967) overall rejects the embourgeoisement thesis. Although space does not allow a more intricate assessment of the study, their conclusions are arguably hampered by some theoretical, conceptual and empirical shortcomings.

Although he has reached very different conclusions from the above (see also below), the overall claim that a socio-economically-induced gradual popular normative change has taken place since WW2 has been productively taken up by Ronald Inglehart (e.g., 1971, 2000, 2008), as part of his larger multi-country empirical research on ‘post-materialism’. Put simply, Inglehart’s (2008: 131, 142-3; 2000: 26) post-materialism thesis, or more generally his ‘theory of intergenerational value change’, argued that a ‘shift from materialist to post-materialist priorities has been occurring’ amongst the ‘West European publics’ since the postwar period – a development associated with an increasing emphasis on for example ‘life style’, ‘subjective well-being’ and more generally ‘self-expression values’, involving a transformation of attitudes towards ‘gender roles, sexual orientation, work, religion, and childrearing’. What is particularly productive about Inglehart’s argument concerning a shift in ‘value priorities’ is its distinctive macro-mechanism-oriented logic: Macro-level socio-economic development – especially associated with the extraordinary material/economic prosperity and security of the postwar period, along with rising educational levels, ‘postindustrialization’, etc. – helped introduce a popular ‘value change’ (principally operating at the individual or interpersonal level), which in turn has had political-institutional implications (notably bringing forth new political movements and political parties and party agendas focused less on class and more on identity, gender, environment, etc.).

Built into Inglehart’s (2008: 131) argument is not only a reasonable Maslow-oriented ‘scarcity hypothesis’ suggesting that ‘under conditions of prosperity, people become more likely to emphasise (...) goals such as belonging, esteem, and aesthetic and intellectual satisfaction’ but also a productive emphasis on ‘intergenerational’ processes. Based on the well-documented claim that ‘one’s basic values reflect the conditions that prevailed during one’s pre-adult years’, Inglehart (2008: 131, 136, 142, 133, 1971: 991) makes the argument that ‘the post-war cohorts’, which have ‘grown up under higher levels of existential security than those that shaped the formative years of the older cohorts’ – experiencing an ‘unprecedentedly long period of unprecedentedly high affluence’ – increasingly tend to ‘replace the older, more materialist cohorts’ and push ‘the prevailing values of society’ in a more post-materialist direction.

Although focusing on a different issue (and in general reaching different conclusions), Robert Putnam’s (e.g., 1995) empirical studies of the development of ‘civic engagement’ (or ‘social capital’) in the US supports this Inglehartian focus on postwar cohorts. Evidence from the General Social Survey (GSS), which traces individual cohorts, stresses the importance of a so-called ‘generational effect’

when assessing levels of civic engagement. As opposed to so-called ‘life-cycle effects’, which points to ahistorical properties associated with the different life cycles, Putnam’s (Ibid.: 674-7) examination of generational effects reveals the existence of a ‘long civic generation’ born in the period 1910-1940. Importantly, after this generation, social capital falls. Thus, the data shows that ‘each generation who reached adulthood since the 1940s has been less engaged in community affairs than its immediate predecessor’ (Ibid.: 675). Importantly, rather than for example focusing on the 1980s as the crucial period of civic disengagement (thereby perhaps linking it to, e.g., ‘neoliberalism’), Putnam (Ibid.: 676) emphasizes the peculiarity of the 1940s and 1950s: ‘it is as though the post-war generation were exposed to some mysterious X-ray that permanently and increasingly rendered them less likely to connect with the community’.

The historical particularity of the GA period, as Wolfgang Streeck (2011: 5) puts it (focusing on specifically capitalism), ‘still dominates our ideas and expectations of what modern capitalism is, or could and should be’. It has to some extent transformed our understanding of and standards for assessing previous and particularly subsequent decades: as Tony Judt (2005: 456-7) for example (only partly correctly but nevertheless very productively) argues, speaking of the economic crisis of the 1970s, ‘[i]t was not the 1970s that were unusual so much as the ‘50s and ‘60s’. More specifically, the growth-enclosed GA period has also helped shape the popular conception of what is economic normalcy and what is crisis: as Schmelzer (2012: 1006, 999) for example points out as part of his case study of the intellectual debates taking place amongst the OECD personnel in the period 1968-74, in contemporary understandings ‘economic crisis is often constructed as a crisis of growth’, that is, as the ‘absence of economic growth’.

Importantly, while, as mentioned, it was partly spawned during the revolutionary 18th century (see also Been 1988) and increasingly developed throughout the first half of the 20th century, the GA period served to popularly and institutionally-organizationally consolidate a cross-national Western European growth-oriented and consumption-optimizing agenda. As I shall attempt to argue, implicitly going against the Inglehartian conclusions (but not the generic framework), the unrivaled economic expansion and popular distribution of affluence of the GA period gradually served to stabilize a popular socio-psychological expectation of ever-widening economic growth and consumption prospects, eventually culminating, or articulating itself, around the late 1960s and early 1970s, in what may be described (in the overall spirit of the ‘ungovernability’-oriented terminology of the 1970s) as a socio-psychological

and fiscal expectation/claim escalation. Below, in addition to the above intergenerational case for a transformation of the popular ‘value priorities’ of the Western European citizenry, some of the possible key mechanisms underpinning this escalation thesis have been selectively put together for closer examination.

Firstly, a strong argument can be made for the built-in ‘irreversibility of consumption on growth’ (Trezzini 2011: 550). What Trezzini (Ibid.: 539) calls the ‘asymmetric behavior of consumption’ implies that ‘[w]hile consumption tends to increase more or less readily when income rises, it proves to be much more inelastic with respect to decreases in income’. Put differently, this means that ‘[d]uring booms, consumers tend to acquire new and higher standards of consumption that are not readily reversed’ (Ibid.).¹⁸⁰ Importantly, one can perceive this irreversible consumption asymmetry – in which we tend to see ‘the continuous acquisition of growing standards of consumption’ – as a highly endogenous or built-in ‘mechanism that causes the economy to grow and accumulate’ (Ibid.: 554). In other words, not only does consumption-situated capitalist growth in itself ‘[tend] to generate a permanent, and more or less substantial, increase in the level of consumption’, this irreversible form of consumption is endogenous to economic growth, its asymmetrical logic is ‘essential in determining the net increase in income over the cycle’ (Ibid.: 544). Naturally, Trezzini’s theoretical-logical argumentation and his reasonable assumption that it is more likely that ‘a longer boom allows a more lasting acquisition of a higher standard of consumption than a shorter one’ (Ibid.: 344), seems to apply particularly well to the described unrivaled economic expansion and popular distribution of affluence of the GA period; self-escalation (of in this case consumption expectations) seems to be a salient feature of this configuration.

Secondly, the overall expectation/claim escalation thesis can be further, complementarily, bolstered through what drawing on Fred Hirsch (1976: 7) can be called the ‘frustration in affluence’ argument.¹⁸¹ As opposed to the Club of Rome’s famous 1972 report entitled *The Limits to Growth*, which focused on the finite material conditions for future growth, Fred Hirsch’s highly

¹⁸⁰ While Trezzini’s (2011: 358, fn. 1) argument is primarily logically constructed, he also points to empirical evidence for this consumption asymmetry.

¹⁸¹ Although Hirsch generally embeds this argument within the larger notion of the ‘paradox of affluence’, I have preferred this formulation, which he merely uses in passing, in order to put stress on the ‘frustration’ element.

underappreciated 1976 book *Social Limits to Growth* put focus on the *social* ‘frustration’ associated with consumption-oriented economic growth. Hirsch distinguished between ‘material’ and ‘positional’ goods (and, respectively, the material and the positional economy). As opposed to the material economy, the positional economy concerned properties ‘that are either (1) scarce in some absolute or socially imposed sense or (2) subject to congestion or crowding through more extensive use’ (Ibid.: 27). Positional goods (Ibid.: 32, 37, 41, 2), such as for example ‘leisure land’, ‘suburban living’, ‘leadership jobs’ or ‘education’, etc., are inherently socially relative and scarce and their quality and consumptive enjoyment intrinsically depends on ‘consumption by others’. Thus, the positional economy is characterized by ‘satisfactions that in their nature are possible only for a minority’; typically, in such type of system, ‘individual satisfaction in a specific activity’ is found to be ‘obstructed by the similar activity of others’ (Ibid.: 23, 22).

Significantly, according to Hirsch in advanced capitalist societies the positional type of economy increasingly dominates: ‘generalized material growth’ has triggered a more positional outlook; ‘as demands for purely private goods are increasingly satisfied, demands for goods and facilities with a public (social) character become increasingly active’ (Ibid.: 7, 4). Moreover, it seems clear that ‘as general standards of living rise, demand for luxuries becomes more extensively diffused throughout society’ (Ibid.: 1978: 66). Importantly, this relative dominance of positional goods has crucial societal consequences: because a built-in condition of the positional economy is that ‘individuals chase each other’s tails’ because ‘what each of us can achieve, all cannot’, frustration naturally increases (Ibid.: 5, 567). In a situation where ‘if everyone stands on tiptoe, no one sees better’, ‘intensified positional competition involves an increase in needs for the individual, in the sense that additional resources are required to achieve a given level of welfare’ (Ibid.: 4, 67). In other words, following Hirsch’s argumentation, and specifically targeting this chapter’s focus on the GA period, one can say that ‘the frustration in affluence results from its very success in satisfying the previously dominant material needs’ (Ibid.: 7).

In his own way, Albert O. Hirschman (1982: 10, emphasis in original, 44), in his insightful writings on the logic of ‘disappointment’, similarly noted the way in which consumption, besides providing satisfaction, tends to ‘also yield disappointment and dissatisfaction’. But whereas Fred Hirsch focuses on the frustration associated with the competition for positional goods that are intrinsically scarce, as described above, Hirschman (Ibid.: 61) stresses the disappointments ‘that come from

experience with goods that are available and affordable, but simply do not yield the sort of satisfaction which were expected of them'. One of the most important endogenous factors that Hirschman (Ibid.: 44) points to is the high 'disappointment potential' of both durables (e.g., a refrigerator or a car) and services (e.g., health or education) – two types of goods whose sales/consumption both increased during the postwar period (on the main sectoral trends, see, e.g., Houpt et al. 2010).¹⁸² Firstly, as opposed to relatively 'disappointment-resistant' nondurables (e.g., sex or food), which provide 'pleasure', 'comfort-yielding durable goods' over time tends 'to be taken for granted' (Ibid.: 32). Arguably, given Hirschman's additional argument that 'disappointment could be especially widespread in a society in which mass diffusion of durables first occur', this durables-comfort property seems particularly applicable to the GA case. Secondly, the 'high disappointment potential' associated with services stems from both 'the high degree of variability in the quality and efficacy of the thing acquired' and the typical 'drop in quality consequent upon expansion' (Ibid.: 40, 41). Importantly, this overall frustration in affluence argument, which in this study implies a synthetization of insights from both Hirsch and Hirschman that is applied to the postwar cohorts, is arguably indirectly/implicitly empirically corroborated through Richard A. Easterlin's extensive four decade long empirical work on the connection between happiness and income/economic growth (see particularly Easterlin et al. 2010; Easterlin 2003; Clark et al.: 2008).¹⁸³

¹⁸² Hirschman (Ibid.: 44), writing in 1982, also points out that durables and services 'have greatly gained in importance in recent decades'.

¹⁸³ Notably, Easterlin's work, which has given rise to the famous 'Easterlin paradox', overwhelmingly reveals that 'among countries, at a point in time happiness and income are positively related, but over time within a country, happiness does not increase as income goes up' (Easterlin et al. 2010: 22467). These findings also seem to hold for developing countries (Easterlin et al. 2010). Specifically, in Western Europe, 'there has been no obvious increase in life satisfaction over a thirty-year period, even though real incomes per capita have increased sharply' (Clark et al. 2008: 96-7). Although one can observe a 'positive short-term association between life satisfaction', when looking at things '[o]ver the life cycle (...) as income increases and then levels off, happiness remains unchanged, contradicting the inference that income and well-being go together' (Easterlin et al. 2010: 22466; Easterlin 2003: 11180). For a strong recent rejection of some of the main denouncements of the 'Easterlin paradox', see Easterlin et al. (2010).

7.3 Expectation/claim escalation and beyond

Against the above mechanism-oriented background, and in the overall spirit of the embourgeoisement thesis, an argument can be made for a postwar socio-psychological and fiscal expectation/claim escalation. This escalation thesis can be unpacked, bringing forth two distinctive yet interrelated logics and trends. Firstly, it implies a socio-psychological expectation escalation – a process that, as argued, is largely endogenously triggered: notably, the irreversibility/asymmetry of consumption, intensely activated during the unrivaled economic expansion and popular distribution of affluence of the GA period, helped stabilize a popular socio-psychological expectation of ever-widening economic growth and consumption prospects. Secondly, it implies a fiscal claim escalation – an, as argued, equally largely endogenously triggered process: properties associated with the overall frustration in affluence process, which increasingly intensified throughout the GA period, eventually served to increase disappointment and thereby enhance the potential for escalating popular fiscal claim-making and, to some extent, organized criticism of the prevailing institutional-organizational status quo. Of course, it makes sense to ideal-typically differentiate between two overall types of expectations/claim-makings (or, more precisely, expectation/claim escalations): (1) a *household-atomistic/consumptive* type and (2) a *societal/anti-alienation/alleviatory* type.

Arguably, these two logics of escalation can be roughly correlated with two types of historically situated frustrations. Hirschman, as part of his examination of the disappointment logic associated with consumption, at one point loosely speculates on the possible consequences of this. The first proposed scenario, which Hirschman (1982: 43, 42) explicitly mentions partly mirrors James O'Connor's 'fiscal crisis of the state' perspective, 'is that costumers (or patients) will become angry at the institutions, firms, or individuals that supply disappointing goods or services, and [would] clamor for improvement and reforms'. In the second potential scenario, which Hirschman mostly mentions ad hoc and does not really pursue further or formally integrate into his overall framework, 'the disappointment the purchaser feels could well be turned against himself' (Ibid.: 43). In this second scenario, one would thus see 'the mutation of disappointment with the thing purchased and with the seller into a *disappointment with oneself*' (Ibid.: emphasis in original). Placed in the overall historical and analytical context of this study, these two possible Hirschmanian consequences may, in all modesty, be described as *frustration scenarios*, which, from the individual- or socio-psychological perspective, can be differentiated into

two types, namely (1) claim-based frustration and (2) ‘privatized’ frustration.¹⁸⁴ Importantly, this study seeks to both historically situate and substantively inform these two frustration scenarios in relation to the overall turn to governance of the post-1970s period.

Now, as part of briefly describing how this study intends to productively historically situate the two frustration scenarios, it makes sense to provide another correlation, this time with a two-fold subjectivity distinction. Informally anticipating the more careful development of this in chapter 12 – which, drawing on, discussing and critically expanding upon relevant literature, more formally theorizes the micro-situated basis of state legitimation – it is possible to outline two ideal-typical forms of class-anchored legitimacy subjectivities: (1) an *inner-normatively identifying* subject/subjectivity that ‘misrecognizes’ (in the largely Bourdieusian sense) the functional-objective dynamics of the social and institutional-organizational order, i.e. a functionally favorable form of subjectivity characterized by a non-trivial degree of authentic inner-normative identification with the macro-structural status quo. (2) A *critical-cynical* subject/subjectivity that (in the largely Sloterdijkian (1987) and Zizekian (2012a, 2012b) sense) is (a) critically ‘enlightened’ concerning the functional-objective dynamics of the status quo but nevertheless (b) objectively aligned with this order and unable to alter it (due to a low degree of global agency in a context of heightened societal corporatization), and therefore (c) tendentially develops a sharpened cynical attitude and behavioral pattern.¹⁸⁵

Firstly, and importantly, the unrivaled economic expansion and mass-based distribution of affluence of the GA period, which served to popularly and institutionally-organizationally stabilize a cross-national Western European growth-oriented and consumption-optimizing agenda, helped gradually consolidate an inner-normatively identifying subjectivity. The generalized appearance of this inner-normatively identifying postwar ‘consumer-citizen’ subject can be seen as the culmination of a

¹⁸⁴ Although it is not possible to pursue this point further it can be argued that this second ‘privatized’ frustration scenario represents a peculiar third alternative to the two options informing Hirschman’s larger work, namely ‘exit’ and ‘voice’. At one point, although without addressing this further, Hirschman (1982: 66) also seemed to have noticed this conceptual ‘identification problem’.

¹⁸⁵ These two ideal-typical subjectivities do not exclude but run parallel to each other, and their relative distribution and intensity, along with their emergence, consolidation and reconfiguration, vary historically. Moreover, this historical variability is class-situated: it is heavily determined by the prevailing biased distribution of both (1) material resources, juridical entitlements and specific institutional-organizational authority/leverage and (2) social, cultural and cognitive-intellectual resources/competences.

long-term intergenerational transformation of both popular value priorities – notably entailing a possibly irreversibly heightened socio-psychological expectation of ever-widening economic growth and consumption prospects – and behavioral patterns, together implying a heightened micro-situated normative and practical alignment with the prevailing fiscal-functional dynamics.¹⁸⁶

Secondly, the consolidation of a more demographically exclusive critical-cynical subjectivity appeared both more gradually, later in time and in the context of two overall stages. In stage one, initiated around the mid/late 1960s, Western Europe (and the US) experienced the emergent simultaneous interaction of the above two types of expectation/claim escalations, namely both the household-atomistic/consumptive and the societal/anti-alienation/alleviatory one. In conjunction, and in the context of the LAF approach, the two types of expectation/claim escalations – which eventually ends up being associated with, and lumped together as part of, what in the 1970s was famously pessimistically described as an ‘ungovernability’, ‘legitimacy’ or ‘fiscal’ crisis – can be described as a short-term stage of politicization.

The first type of expectation/claim escalation was underpinned by the unrivaled economic expansion and mass-based distribution of affluence of the GA period and implied an escalation of both household-atomistic/consumptive expectations and fiscal claim-makings. The second type of expectation/claim escalation implied, first of all, an intensified frustration with the prevailing social and institutional-organizational order – an order which, as I shall also discuss below, in the postwar period, given the by then relatively successful backgrounding of the functional and particularly legitimacy properties of state-crafting, overwhelmingly (although not exclusively) effectively entailed the immediately observable political-institutional entities, i.e. ruling governments, the party political system, politicians, big corporations, etc. In other words, it implied the above claim-based frustration scenario, and more specifically an escalation of societal/anti-alienation/alleviatory claim-makings. In partial conclusion, the critical side of the critical-cynical subject – what, very selectively integrating Inglehart’s findings, one might identify as the initial formalized but in the end class-situated and short-term articulation of the shift in value priorities in the direction of post-materialism – emerged in the

¹⁸⁶ This study uses the term ‘consumer-citizen’ in a colloquial or non-formal sense, without referring to any particular type of usage or really defining it further. Thus, in this sense it remains a ‘proto-concept’. For the first, and similarly non-substantive/ad hoc, mention of this term that I know of, see Hirschman (1982: 19, 62, 74, 121).

context of the claim-based frustration scenario, which implied an expectation/claim escalation of the societal/anti-alienation/alleviatory type.

In the second stage, i.e. the above ‘privatized’ frustration scenario, which is gradually unpacked during the messy 1970s and formally initiated from the 1980s, the cynical side of the critical-cynical subject appears and eventually takes substantive shape. In this stage, while household-atomistic/consumptive expectations both endogenously intensify, and are exogenously state-facilitated, the correlative type of claim-makings is sought actively deescalated. As for the societal/anti-alienation/alleviatory type, both socio-psychological expectations and fiscal claim-makings, which both tend to be downward rigid, are sought actively deescalated and tweaked/reconfigured in a fiscally favorable direction. Eventually, as I shall discuss in chapter 10 and 11, the claim-based frustration scenario (stage one) increasingly transforms into a privatized one (stage two). Importantly, as part of this process, the originally critically ‘enlightened’ consciousness, because it is gradually forced to materially align itself with the functional-objective dynamics of the status quo, eventually becomes fused with an intensified cynical attitude and behavioral pattern, bringing forth a critical-cynical subjectivity. Arguably, as shall also be discussed in later chapters, practically all of the indicators that are associated with Inglehart’s post-materialism concept, self-expression, green thinking, gender, well-being, etc., have eventually become *corporatively absorbed* into – or perhaps *incorporatized*¹⁸⁷ by/into – the emergently constituted private-property and state-situated accumulation logic (cf. more generally, e.g., Zizek 2012a, 2012b; Boltanski & Chiapello 2005; Thrift 1997).

In sum, this study’s conceptualization of both the stabilization of an inner-normatively identifying consumer-citizen subjectivity and the appearance of a critical-cynical subject, which shall be discussed later, not only historically situates Inglehart’s work, but also, importantly, twists the claimed transformation of value priorities in a consumptive and fiscally functional direction.¹⁸⁸

¹⁸⁷ Meaning both corporatized (in the sense established earlier, i.e. whether by private or public entities) and incorporated (in the colloquial sense of simply integrating something into something else). Incorporatized, in other words, refers to a situation in which an entity is incorporated into something else in a corporatized manner.

¹⁸⁸ Arguably, it is not so much a case of Inglehart being wrong, as a case of him both (1) simply overlooking/underestimating the above mentioned process and (2) overestimating the importance of self-reported measures of normativity, attitudes, etc., vis-à-vis actual behavioral patterns (an important issue that shall be touched upon more generally later).

7.4 The postwar party political articulation

Before, and partly alongside, the initiation of the claim-based frustration scenario around the mid/late 1960s (as well as the even later privatized frustration scenario), one important way in which the above described mass-based consolidation of an inner-normatively identifying postwar consumer-citizen subject found political-institutional representation was through the generalized appearance of party-political ‘catch-allism’ (on this, see Kirchheimer 1957, 1966; Krouwel 2003, 2006). Briefly put, in Otto Kirchheimer’s view the mass-parties within Western Europe, particularly those on the center-left, were turning into ‘catch-all’ parties, characterized by (1) a ‘professionalization’ of the party organization, (2) an ideological watering down and ‘centrism’ and (3) a class-neutral vote-maximizing agenda and obsession with the electoral consequences of socio-structural change (Kirchheimer 1957, 1966; Krouwel 2003, 2006). Notably, the catch-all party, and eventually the catch-all party system, of the postwar period is representative of a general ‘waning of opposition’ implying some of the following properties:

- The catch-all ‘parliamentary party’ is doubly harmonizing, ‘[i]t harmonizes first the conflicting claims within its ranks, and on this basis participates in interparty adjustments on the governmental level’ (Kirchheimer 1957: 149)
- The major parties increasingly seek to ‘exchange effectiveness in depth for a wider audience and more immediate electoral success’ (Kirchheimer 1966: 184-185).
- After particularly WW2, we see the formal (what have been described as) class-neutral nationalization of party interests, implying inter alia (1) a changing working-class that is ‘[i]ncreasingly enmeshed in the fortunes of the national economy’ (Kirchheimer 1957: 148) and (2) a ‘[f]urther strengthening of top leadership groups, whose actions and omissions are now judged from the viewpoint of their contribution to the efficiency of the *entire social system* rather than identification with the goals of their particular organisation’ (Kirchheimer 1966: 190, emphasis added).

Importantly, the overall macro-causal process underlying the historical consolidation of Kirchheimer’s ideal-typical Western European catch-all party (on this, see also Williams 2009,

Krouwel 2003) to some extent mirrors the above described generic causal model of Ronald Inglehart as well as Lipset & Rokkan's (1967) political-sociological 'cleavage' framework. Loosely following especially William's (2009) reconstruction, it can be argued that Kirchheimer proposed the following casual scheme: Large-scale socio-structural cleavage-reconfiguring transformations – particularly associated with postwar socio-economic 'objective factors of social development' (Kirchheimer 1957: 150) – altered electoral dynamics (party identification, voting behavior, class-voting, etc.) and triggered an ideological-strategic shift amongst the major increasingly vote-maximizing/office-seeking mature mass parties, forcing them to put a '[d]e-emphasis on the class gardée (...) in favour of recruiting voters among the population at large' (Kirchheimer 1966: 190). Kirchheimer's (1957: 148, 153, 1966) scheme put particular emphasis on the party political reverberations of the transformation of Western European class structures: prosperity, mass consumption, the rise of 'a substantial new middle class', etc., implied new more pragmatic voting preferences – preferences which 'all major parliamentary parties' increasingly strategically pay attention to. Thus, in this way, from Kirchheimer's (1957: 148) perspective 'diminished social polarization and diminished political polarization are going hand in hand'.¹⁸⁹ Thus, while generic objective class-related dynamics persist throughout the affluence-generating postwar period, their causal relationship with the subjective, attitudinal and political-

¹⁸⁹ Data on class-voting trends – using, notably, the classical 'Alford index', which '[subtracts] the percentage of persons in nonmanual occupations voting for 'Left' parties from the percentage of persons in manual occupations voting for 'Left' parties' (Alford 1962: 422) – indeed reveals a fall in Western Europe (and the US) since roughly WW2 (e.g., Clark et al. 1993: 312). Also, Nieuwebeerta & Ultee's (1999) more specialized examination bolsters these findings. That said, these results have been powerfully critically reinterpreted by Van der Waal et al. (2007), who arguably correctly insists on the continuing party political importance of class-voting and 'class-based economic interests'. The observed patterns have 'been caused by an increase in crosscutting cultural voting, driven by a cultural dynamic that is rooted in educational differences' (Ibid.: 416-7). As they argue, 'the increased tendency of those with low levels of education to vote for rightist parties, accounts for most of the shift of the working class toward rightist parties' (Ibid.: 415). In any case, whether or to what exact extent the working-class still votes for left-wing parties, it is evident that the *substantive meaning* of left-wingness (or right-wingness for that matter) has been considerably reconfigured over time. In this relation, Stephanie Lee Mudge's (2011) mapping of the political-ideological development of mainstream 'center' parties across the OECD since 1945, which uses party/election programs as data, reveals a generalized particularly post-1970s trend of parties increasingly 'neoliberalizing' their political agendas.

sociological dimensions of class becomes increasingly reconfigured and obscured. As shall be seen, this tendency intensifies throughout the post-1970s period.

As mentioned, postwar ‘catch-allism’, with its class-neutral nationalization of party interests, formally marks the correlated double process of (1) the backgrounding of both the existence of an ISI of the state and the principle of state-functional reproduction and (2) the political-institutional displacement of legitimation from the state to a separate arena of party politics. On the one hand, this development is representative of a more bottom-up driven mode of change/reproduction; a historical period characterized by both gradually rising consumer-citizen expectations and a gradually rising party-political obsession with electoral dynamics, popular preferences, etc. On the other hand, this preoccupation with the electorate simultaneously took on an increasingly institutionally self-interested and fiscally selective character, increasingly concerning itself with functionally maintaining an overall national growth-oriented and consumption-optimizing agenda. As this study shall also argue later when unpacking and slightly analytically tweaking Katz & Mair’s (1995; see also Mair 2013) understanding of the post-1970/1990s ‘cartel party’, the development initiated from catch-allism and onwards implies an interrelated two-legged process, which should be explicitly unpacked: on the one hand, the intensification of a bottom-up driven consumption-situated symbolic media-fetishizing agenda, implying a strengthening of the party-strategic leg, and, on the other hand, the intensification of a top-down driven fiscally functional state-crafting agenda, implying a strengthening of the state-administrative leg.¹⁹⁰

7.5 Time and timing

The analysis of the GA period put forward in this chapter deserves to be further temporally theorized. Firstly, and briefly, the long-term character of the above described processes should be stressed. Irrespective of the validity of his findings, Inglehart (1971) productively labeled the observed ‘value changes’ a ‘silent revolution’, thereby stressing, as I have also discussed more broadly, the gradual, long-term and intergenerational fashion in which popular values are transformed. With regards to the specific type of shift in popular value priorities that have been argued for in this chapter – notably, a

¹⁹⁰ Arguably, this type of unpacking at least implicitly underpinned Kirchheimer’s catch-all analysis.

stabilized popular socio-psychological expectation of ever-widening economic growth and consumption prospects – it makes sense to briefly dwell on the particular silentness of this development. While large-scale social transformations are often immediately empirically ambiguous or unobservable when viewed from the individual persons’ naked day-to-day perspective, as I shall also argue in chapter 12 when discussing the micro-situated dynamics of state legitimation, it is typically precisely the emergent connection between micro-level habitual normalcy and static macro-level reproduction that paradoxically serves to introduce changes and over time alter the quality and composition of factors. From the micro-situated consumer-citizen perspective, the particular repetitive nature of postwar capitalist consumption, its increasingly routinized and regularized pattern, over time arguably served to gradually alter the individual household’s value priorities.¹⁹¹ At the mass-based macro-level, as argued above, the described unrivaled economic expansion and popular distribution of affluence of the GA period – the very fact that both GDP and consumption prospects increased in such a stable long-term manner, i.e. the fact that this overall macro-pattern *persisted* – served to alter popular expectations. Importantly, these two levels of micro- and macro-situated static reproduction are irreducibly connected, and only when emergently activated can they gradually and cumulatively alter values priorities.

Secondly, the peculiarity of the timing of many of the processes that in this chapter have been associated with the GA period should be addressed. The above overall arguments concerning the direction, mechanisms and political-institutional consequences of long-term incremental shifts in popular value priorities in the GA period also has implications for how to assess the timing of, and conceptually periodize, key properties of the post-1970s period. Arguably, many of the features that are popularly associated with ‘neoliberalism’ (of, say, the 1980s) were already being consolidated during the GA period. In this sense, the crisis of the 1970s – whether a ‘stagflation’, ‘ungovernability’, ‘legitimacy’ or ‘fiscal’ crisis – can be seen as the political-institutional culmination of dynamics that had undergone a consolidated *maturation* during the GA period. Interestingly, Putnam’s (1995) above discussed US-based analysis of civic disengagement, which observed an increase in people ‘bowling alone’ already in the postwar period, not only generally implicitly corroborates this chapter’s emphasis on the importance of key unique ‘path dependent’ properties of the GA period for understanding the

¹⁹¹ As Bauman (2000: 203) puts it more generally, the ‘commonality’ of the prevailing ideology ‘is taken for the proof of its sense’.

later governance phenomenon but also points to an important element of what may be described as the generally *belated/sluggish* logic of long-term socio-structural transformations: ‘[t]he full effect of generational developments generally appear several decades after their onset, because it takes that long for a given generation to become dominant in the adult population’ (Ibid.: 676).¹⁹²

In a partly similar sense, the relatively successful tension-bridging performance of the postwar period is greatly connected to the basic fact that the key macro-mechanisms underlying the expectation/claim escalation process were being gradually consolidated in this period – that is, not all of them were fully emergently activated, or the conditions of their empirical possibility were not strong, before well into the 1960s. Thus, a bit bombastically, it can be argued that the governance turn appeared *before* the governance turn. By logical extension, this would mean that the governance turn cannot be considered a proper causal factor explaining governance (i.e., since this would mean it caused itself). An alternative and more precise way of putting this, which more or less solves the logical problem, is probably to say that the actual initial turn to governance appeared before the governance phenomenon had later more exhaustively materialized and before the mainstream interpretation periodized it. Interestingly, the classical works of the early Frankfurt school arguably indirectly corroborate this timing specification with regards to the GA period and the governance turn. Key members of the Frankfurt school, like Adorno, Marcuse, Fromm, etc., concerned themselves with the cultural dynamics of capitalist commodification both before, during and at the height of the GA period – aspects that are typically considered ‘neoliberal’ and thought to belong to the post-1980s period.

Also, as seen, Kirchheimer’s above discussed pioneering work on the ‘catch-all party’ – another type of Frankfurt-anchored research situated at the parliamentary level – corroborates the claim that key properties of the turn to governance were consolidated during the GA period. Importantly, as shall be seen, many of the features and trends associated with Katz & Mair’s (1995) notion of the post-1970/1990s ‘cartel-party’ was described and foreseen by Kirchheimer already in the 1950s (on this, see also Krouwel 2003: 24). In sum, it arguably makes sense to operate with the following initial temporal distinction in line with the general terminology established in this study: (1) a GA period consisting of the two sub-periods of (a) an *emanating* consolidation and a *mature* consolidation (the second of which

¹⁹² In this relation, Putnam (Ibid.) points to the ‘postwar boom in college enrollments’ as a critical factor ‘forestalling’ or ‘delaying’ an otherwise underlying drop in electoral turnouts.

roughly starting around the late 1950s), and (2) a post-1970s period, which, when looked at as a whole, can be described as a period of reconfigured *intensification*.¹⁹³

7.6 Concluding remarks

By way of conclusion, two implications of the above arguments concerning the GA period shall be highlighted. Firstly, as mentioned, the suggested macro-causal process underpinning the generalized consolidation of an inner-normatively identifying postwar consumer-citizen subjectivity should be understood as a gradual, long-term and primarily endogenously-driven process. But, as discussed in chapter 5, these types of changes usually involve indirect- or quasi-exogenous forms of state-facilitation. In the case of the GA period, largely institutionally self-interested fiscal state-crafting practices associated with consolidating and maintaining/maximizing national growth-oriented and consumption-optimizing agendas, including nourishing a certain level of normative and importantly behavioral alignment, indirectly, in the before mentioned Churchillian fashion, and largely unintendedly, served to gradually and possibly irreversibly reconfigure popular value priorities. Thus, in this peculiar manner, the intergenerational value transformations of the GA period should be placed in the context of states' ongoing tension-consolidating functional activities. Specifically, although it should not be considered a necessarily active strategy, consciously laboured over by foreseeing state planners or elite party politicians, etc., the gradual normative alteration of the postwar period can be perceived as a form of *growth-led* state-crafting, which through facilitating an overall national consumption-situated economic growth agenda, indirectly, intergenerationally and 'infrastructurally' tweaks value priorities and behavioral patterns in a more fiscally functional direction (see also more generally, e.g., Bonefeld 2013; cf. Foucault 2008; Miller & Rose 1990).

Secondly, both many of the post-2008 crisis neo-Keynesian politico-economic proposals for remedies and the various strands of social-liberal, social-democratic or left-leaning (at least implicit) romantic outlooks regarding the GA period, tend to ignore or underestimate the above argued irreversible asymmetric endogenous logic of consumption-situated economic growth and its frustration-

¹⁹³ I shall of course specify and unpack the post-1970s period when examining it in the subsequent chapters.

escalating properties. More generally, as a way of providing a crucial historical-theoretical background for the next chapters treating the post-1970s period, this chapter's analysis has put focus on the GA period's consolidation of a possibly irreversibly heightened socio-psychological expectation of ever-widening economic growth and consumption prospects. While contemporary scholars tend to stress the 'decommodification' leg (Esping-Andersen 1990) of the GA period – or perhaps its democratic virtues (e.g., Streeck 2011) – less emphasis is usually put on the necessary commodification leg (which logically, given the term decommodification, has to be a somehow active component). More so than decommodificatory, the GA period was fiscally commodificatory; indirectly and gradually, through a long-term intergenerational *growth-led* form of fiscal and legitimacy state-crafting, this period helped give birth to an inner-normatively identifying postwar consumer-citizen subjectivity, which has greatly and perhaps irreversibly altered subsequent state-crafting dynamics. In the next chapters (Part III) – under the general historical-theoretical banner of (tension) *reconfiguration* – I shall examine the state-crafting-relevant reverberations of the GA period and the particular reconfigured intensification of the described expectation/claim escalation throughout the decades of the post-1970s period.

Part III Reconfiguration: The State-facilitated Governance Turn

Chapter 8. Prelude: The 1970s/1980s

Rather than trying to provide a more linear and historically exhaustive account of the Western European development of the 1970s and 1980s, in this first brief chapter covering the reconfiguration period I am primarily interested in examining the analytical status of these two decades in relation to not simply the overall approach and agenda of this study but also the previous GA period and the later 1990s and 2000s. In this sense, this chapter is to a large extent supposed to operate as a kind of orientation-facilitating prelude to the subsequent chapters also treating the reconfiguration process. Attention is particularly put on the state-crafting-relevant functions, logic and historical implications of the generalized steering/governing-situated bewilderments activated during the crisis-beset 1970s. While the brief and selective analysis and discussion of this chapter naturally partly swings back and forth between the decades, the examination centers on the incredible both attitudinal and objective governance-relevant organizing qualities of the 1970s.

The chapter is split into three main sections. The first, and most extensive one, looks at two overall types of bewilderments activated during the 1970s. The second section very briefly discusses some of the key dynamics of the shift from bewilderment to the inflated firmness of the 1980s. Thirdly, as a way of also setting up the next chapter, the last section tries to briefly analytically and empirically unpack some of the so-called ‘neoliberal’ trends and dynamics of the 1980s (and partly 1990s).

8.1 The bewilderments of the 1970s

The 1970s was a time of widespread bewilderment, in many ways a both popular and institutional-organizational question mark. Western elite politicians and administrative authorities wavered in two ways (and stages): firstly, for a short moment, while for decades programmed to legitimately maintain a growth-oriented and consumption-optimizing agenda they were suddenly unsure of precisely what type of ‘goods’ that should be delivered. Secondly, not long after, they were primarily unsure of how this agenda, which was consolidated during the GA period, could be firmly reactivated, giving rise to a string of unsuccessful initiatives throughout the 1970s, whose immediate failure of course further

compounded the confusion. In other words, the 1970s was ideal-typically constituted by, first, a short-lived *end-oriented* form of bewilderment and, second, a *means-oriented* one, which in altered ways to some extent would spill over into subsequent decades (becoming perennial). Taken together, as will be suggested, these two forms of bewilderment – which shall be further unpacked below – found symptomatic representation in the iconic figure of US President Jimmy Carter (as described below, the firmness of the 1980s found equivalent representation in President Ronald Reagan).

8.1.1 (1) End-oriented bewilderment: Short-lived politicization

The first end-oriented bewilderment was of course associated with the claim-based frustration scenario described above, and particularly the escalation of societal/anti-alienation/alleviatory claim-makings. It was end-oriented not only because, as mentioned, uncertainty appeared as to whether the popular conditions of the growth-oriented and consumption-optimizing agenda could be re-activated; for a moment the governing authorities experienced a newfound disturbing inconclusiveness regarding the status of the overall normative-legitimatory setup consolidated during the GA period. Although spoken towards the end of the decade, President Carter's now infamous 1979 'Crisis of Confidence' speech, by the very fact that these issues were addressed at this level, can be perceived as a good reflection of the general disorientation of the times: approximating particularly the neo-conservative diagnosis of the crisis-ridden period, Carter (1979) spoke, for example, worriedly of an 'erosion of our confidence in the future' and 'a growing disrespect for government and for churches and for schools, the news media, and other institutions'.¹⁹⁴ Much more than a purely technical economic phenomenon, the crisis signaled, as he argued, a 'growing doubt about the meaning of our own lives'.

Importantly, though, the first end-oriented bewilderment did at no point manifest itself in a system-crippling state-situated 'legitimacy crisis' for the simple fact that, as argued, a basic historically-situated distinction should be made between state legitimation and party-level legitimation. Specifically, as addressed, the relative shift from state legitimation to party-level legitimation served to sediment and boost state legitimacy: it allowed states to restrict effective intrusions and dampen the future possibility of being directly presented with overly disintegrative or functionally-damaging claims

¹⁹⁴ A full transcript of Carter's speech can be found in Carter (1979).

(see also, more generally, Beetham 1991: 169-71). Thus, with the functional dynamics of state-crafting being relatively backgrounded, the politicization of tensions associated with the claim-based frustration scenario now mainly effectively (that is, popularly speaking) concerned the party political level. While both the neo-conservative and neo-Marxist diagnoses more or less implied a condition of systemic ungovernability – although the details of the levels of analysis were mainly left ambiguous – the addressed popular legitimacy-epistemological displacement from state to government helped keep the bewilderment specific and only quasi-systemic, i.e. focused on the prevailing immediately observable governing elites, incumbents, personalities, etc.

Moreover, and more generally, the politicized claim-making frustration scenario was short-lived, it was not really constitutive of the 1970s. While at the normative-legitimatory level the mechanisms underpinning the general bewilderment have largely remained active in the subsequent decades – although migrating into two different class-specific forms (to be discussed below) – at the objective level, the feared potentially functionally-interrupting overt politicized behavior was soon kept in check; it did not genuinely materialize. As Bensman & Vidich (1972: 63) drily argued already in the early 1970s, many of ‘those who have freaked out’ – as extreme representatives of ‘the new consciousness’ – ‘have already freaked back in’.¹⁹⁵ As Schmelzer’s (2012) analysis also reveals, while intellectual debates amongst high-ranking OECD analysts concerning some of the systemic social and ecological problems tied to the prevailing growth orientation briefly surfaced in the organization in the period 1968-1974, the economic distress linked to the ‘stagflation crisis’ in itself helped stifle growth-skeptical intellectual orientations, relatively quickly redirecting attention back to stimulating economic productivity. In light of the above depiction of the 1970s as a largely futile and mostly already incorporatized decade, which goes against the popular conception of it (particularly its association with intellectual dissent and radicalism), it makes somewhat sense to provocatively view the flourishing of ‘post-structuralism’, the ‘linguistic turn’, the often lamented Marxist ‘take over’ of the universities, etc.,

¹⁹⁵ In hindsight, Bensman & Vidich (1972: 64, 63) seems to have provided an overall correct prediction: writing in 1972 they prophesized that the observed ‘freaked-out way of life’ of the times would most likely not ‘cripple seriously the technical and bureaucratic values on which our society is based’.

as in some ways temporally delayed and inflated discursive phenomena – like laugh tracks (or rather: booing sounds), still running while the show is objectively over.¹⁹⁶

8.1.2 (2) Means-oriented bewilderment: Competing diagnoses of the crisis

This means-oriented bewilderment (i.e., the second form), which spilled over into the subsequent decades, concerned findings ways to reactivate the conditions for the growth-oriented and consumption-optimizing agenda consolidated during the GA period. In functionalist terms this involved the selection of ‘items’ – which in hindsight can be analytically construed through, for example, the presented three-legged strategic toolbox of state-crafting strategies – that would possibly either (1) again bridge, stabilize and manage the underlying tension-filled relationship between the two functions of legitimation and fiscal accumulation or alternatively (2) alter (reconfigure or genuinely overcome) this tension. Thus, the first series of ‘crisis management’ attempts throughout the 1970s were explicitly construed within a GA frame of mind (which of course to some extent still continues today), while, as the unsuccessfulness of these attempts became obvious, the second round, as I shall discuss concerning the post-1980s period, increasingly involved a belief in the overcoming of, or concrete attempts at transforming or ‘privatizing’, the tension itself.

The bewilderment regarding, and concrete unsuccessfulness of, the prescription of fiscal cures throughout the 1970s – the two aspects of course reinforcing each other – was underpinned by an overall confusion concerning the (still puzzling) question of the overall macro-mechanisms, besides the oft-mentioned two ‘external’ oil shocks of 1973 and 1979, etc., underpinning the generalized ‘stagflation’ crisis of the 1970s. While high unemployment was obviously one of the main symptoms of the crisis, the inflation dimension, which deserves to be touched upon in some more detail, arguably appears, in a peculiar way, as not only a representation of the crisis but also partly as a cause of it (cf.,

¹⁹⁶ This is of course an exaggeration. Generally, as I shall discuss later, the historical dynamics of (broadly speaking) ‘critical’ academic thinking/research during the post-1970s period are of course non-trivial, and thus worth considering: It simultaneously (1) indirectly informed practices and (2) underwent its own principled transformation, which, in complex ways, served to spontaneously align it with the prevailing systemic-functional logics – a latter process whose qualitative and quantitative extensiveness corroborates the above argument concerning the objectively delayed and inflated character of the initial radical intellectual/academic surge.

e.g., Streeck 2011: 10-12).¹⁹⁷ While ‘full employment’ was still an official target, i.e. something which authorities strove or promised to maintain (although decreasingly so), throughout the 1970s inflation increasingly became analytically and institutionally *perceived* as one of the main sources of the economic problems, as for example evidenced by the so-called ‘McCracken Report’ (McCracken et al. 1977; see also McCracken 1978), a highly policy-influential and inflation-concerned OECD report from 1977 entitled *Towards Full Employment and Price Stability*.¹⁹⁸ Besides the usual international economic variables, this report, written by economists, stressed the importance of domestic non-economic factors (on this, see Keohane 1978), in a manner partly resembling the neo-conservative diagnosis of the crisis, such as expanding ‘aspirations’, and ‘wage bargaining’, etc. Governmental activities were of course complicit in this, regularly engaging in forms of ‘administered inflation’, which served to ‘directly push costs and prices to higher levels’ (McCracken 1978: 16).

Importantly, the solutions and recommendations addressed by the authoritative McCracken Report not only directly linked up to the distinctive inflation-concerned diagnosis but also stands out as particularly paradigmatic and prophetic given the subsequent post-1980s development: Specific expensive ‘programs and regulations’ should be assessed through ‘careful cost-benefit analysis’ (McCracken 1978: 16); ‘the resistance to strong pressure for channeling a growing proportion of the national income through the public sector’ should be ‘increased’ (Ibid.: 10); governments should generally ‘stand firm’ (Ibid.: 11) and be ‘willing to accept more immediate slack in the economy’ (Ibid.: 13); ‘skill wage differentials’ may be productively widened through a better linking of it to ‘the pricing system’ (Ibid.: 15); and so on. In short, the report strongly advised OECD governments to adopt a firm stance with regards to monetary policy (McCracken et al. 1977: e.g., 17-19; see also Keohane 1978: 111-2) – a recommendation which, given the above mentioned generic underlying sociological character of the report’s diagnosis, entailed a broad ‘disciplining’ of many strictly speaking non-economic facets and spheres possibly relating to or conditioning inflationary increases.

¹⁹⁷ In Streeck’s (2011: 10-12, cf. 2014: 32-46) narrative, inflation seems to be construed, fairly ambiguously, not as the crisis (or part of it), but as a particular solution to the crisis – a crisis which itself seems to be perceived as having been activated by lowered growth (which of course begs the question as to what put an end to the growth expansion of the GA period in the first place).

¹⁹⁸ The similarly entitled 1978 paper *Towards Full Employment and Price Stability* provides a slightly updated short overview of the key arguments of the OECD report.

The inflation dimension is complex, not only because it inherently compounds many interacting factors but also because it is associated with an underlying confusion regarding the conditions of possibility for the GA period. While a strong narrative associated with the work of Barry Eichengreen (e.g., 2008; see also, e.g., Tonioli 2008) has stressed the importance of a nationally cross-cutting ‘wage moderation’ trend – and more generally a ‘tripartite’ form of militancy-decreasing social bargaining/partnership, etc. – for stimulating high investment and productivity rates during the GA period, more recent convincing evidence suggests the opposite relationship: high real wage growth, not wage moderation, stimulated economic activity in many countries (see notably Hatton & Boyer 2005; Naastepad & Storm 2006; Bengtsson 2015). Two overall aspects may be stressed in this relation. Firstly, the question of whether real wage growth disturbs or stimulates economic activity most likely depends on whether growth is, for example, more ‘profit-led’ or ‘wage-led’ (Naastepad & Storm 2006; cf. Bhaduri & Marglin 1990; Baccaro & Pontusson 2016).¹⁹⁹ Secondly, it seems fairly clear that: (1) looking across the OECD polities wage restraint has been a much more salient characteristic of the pre-GA period and, particularly, the post-1980s period, than the GA period (e.g., Western & Healy 1999: 233-4); (2) very high wage increases – or ‘wage pressure’ – were seen from the mid/late 1960s to the early 1970s (Ibid.; on the Scandinavian countries, see Bengtsson 2015, on the UK case, see Hatton & Boyer 2005); (3) neither the generalized wage restraint nor the reinstatement of profitability of the post-1980s period – the former factor reinforcing the latter – have entailed a level of employment or economic growth resembling that of the GA period (Naastepad & Storm 2006: 217-221, *passim*).

Importantly, construed from the analytical vantage point of this study, and particularly the escalation thesis launched in chapter 7, the ‘stagflation’ crisis of the 1970s should be understood as a combination of different types of claim-makings associated with, notably, (1) wage pressure and consumption-optimization (i.e., the more household-atomistic/consumptive type) and (2) both the cumulative effect, and sudden activation in relation to the marked rise in unemployment itself in the 1970s, of programs and (in O’Connor’s terms) ‘social expenses’ that were gradually codified during the

¹⁹⁹ According to Naastepad & Storm (2006), looking at the period of 1960-2000, the United States and Japan stand out as distinctive ‘profit led’ economies, while the UK, the Netherlands, Germany, Italy and Spain are considered ‘wage led’.

GA period (i.e., the more societal/anti-alienation/alleviatory type). In this way, the inflation dimension comprises, and compounds, a series of claim-making components, involving, as argued, both a socio-psychological expectation of ever-widening economic growth and consumption prospects and genuine concerns, both general (i.e., integral to the above described mechanisms of escalation) and distinctive to the crisis of the 1970s itself, associated with the production of negative social externalities – concerns which both (1) were partly institutionally-organizationally sheltered in nationally specific ways throughout the 1970s via the activation of so-called ‘automatic stabilizers’ and, precisely due to this, (2) of course in itself helped exacerbate the fiscal escalation symptoms.

8.2 From bewilderment to inflated firmness

As argued, the both analytical and institutional *perception* of (a largely impoverished understanding of) inflation as the main domestic cause of the crisis – and the in some ways logical conception of monetary firmness as the cure – found paradigmatic expression in the (ironically partly symbolically inflated) firmness of the anti-Carter political leaderships of notably Ronald Reagan and Margaret Thatcher. As would increasingly become the norm, the US (and partly the UK) led the way: the aggressive and technically speaking successful 1979 disinflation campaign of the Carter-hired Chairman of the Federal Reserve Paul Volcker symbolically as well as substantially marked the advent of a new more firm and self-punitive decade (on this, see also, e.g., Streeck 2011: 12-4). Soon, ruling governments all across Western Europe more or less followed suit, and, whether launched by the increasingly large group of explicit ‘inflation targeters’ or not, since the late 1980s/early 1990s a clear-cut ‘inflation convergence’ focused on ‘anti-inflation policies’ could be observed across the OECD (Hyvonen 2004; see also Arestis et al. 2014).

While, symptomatically, two important Nobel Prizes in economics were given in the 1970s to Friedrich von Hayek (in 1974) and Milton Friedman (in 1976),²⁰⁰ the dominant interpretation emerging around the late 1970s and early 1980s should more precisely be described as being associated with the ‘New Classical’ school of macroeconomics (and ‘real business cycle theory’), which amongst other

²⁰⁰ For more on these two decisions, see the following press releases: ‘The Prize in Economics’ (1974, 1976).

things sought to toss out the ‘Phillips curve’ and upgrade the authority of ‘rational expectations’ (e.g., Woodford 2009).

Although drawn from the US context, the two ‘extreme’ cases of Carter and Reagan serves as productive rough illustrations of some of the differences that have been addressed above between the two decades of the 1970s and the 1980s: put simply, Carter’s presidency epitomized the general bewilderment of the 1970s, while Reagan’s expressed the newfound firmness of the 1980s.²⁰¹ While Carter in his 1979 ‘malaise’ speech spoke bewildered of a loss of ‘confidence’, Reagan, in his firm 1980 election eve address, could ‘find no national malaise’; rather than something being ‘wrong with the American people’, they were as ‘sturdy and robust as they have always been’.²⁰²

That said, both figures, speaking either at the very end or at the very beginning of the decade, seemed to have reached the same conclusion concerning the new basic premises of fiscal and legitimacy governing in the post-1970s period, although they differed slightly in their specific framing of the necessary strategies. Carter (1979), speaking in 1979, after a long and continually unsuccessful decade of means-oriented bewilderment, had finally realized his administration’s both principled and intensified incapacity to directly or exogenously govern the consumer-citizens, humbly admitting that ‘I realize more than ever that as President I need your help’. Reagan (1980), promoting a new and inflated ideological agenda – an agenda that was critically conditioned by an extraordinary ideational tailwind, which had been materially prepared for through roughly three decades of GA consumer-citizenship – spoke more optimistically of ‘reforms that will get government off our backs, out of our pockets’. In both cases, although Reagan in the end did not effectively deliver on his promises, it was clear that the search was on for strategies to fragment, displace and ‘privatize’ tensions. As shall be discussed later, at the socio-psychological level, this in the end implied findings ways to weaken citizens’ ability to causally link a certain bad/good performance (or non-performance) to the operations of the state – that is, it entailed an attempted untying of the question of the state/government’s institutional-organizational

²⁰¹ As chapter 4 also argued in relation to Marx’s particular implicit methodological usage of the UK case, the US now serves as the overall ‘locus classicus’ of the relevant developments – while the UK then takes second place, serving as, so to speak, the USA of Europe; the US case, to repeat Marx’s (1990: 90, 91) words originally directed at the UK once again, ‘shows, to the less developed, the image of its own future’.

²⁰² For a full transcript of Reagan’s speech, see Reagan (1980).

performance from popular subjective questions of ‘responsibility’. But, as shall be seen looking at the post-1990s period, new and more sophisticated strategies (like, for example, forms of fiscal mobilization-control) had repeatedly to be selected and activated, strategies able to somehow facilitate and take into account the complexity of the largely endogenously-driven long-term and intergenerational production and organization of value priorities.

8.3 Unpacking the ‘neoliberal’ 1980s

Stereotypically, the 1980s is considered the decade of, amongst other things, increased de-regulation, competition, privatization and financialization – in other words, the decade of ‘neoliberalism’. There is indeed crude evidence for this, although, as shall be seen and discussed, (1) the 1990s is when many of the trends actually intensified/formalized and, moreover, (2) as argued earlier, the analytical association of neoliberalism with notably de-regulation problematically ignores the state-crafting mechanisms constitutive of the post-1980s developments.

Firstly, as Nicoletti & Scarpetta’s (2003: 18, 19; see also Conway & Nicoletti 2006: 43) important quantitative OECD/World Bank-based analysis finds looking inter alia at regulation trends across the OECD from the 1980s, ‘[o]n average, policies have become friendlier to market mechanisms’. Overall, product market regulation, which is OECD’s summary measure of the regulation of the ‘intensity of product market competition’ (Nicoletti et al. 2000: 8), has been less restrictive (or more ‘market-friendly’) since the 1980s (Nicoletti & Scarpetta 2005: 17). As Potrafke’s (2010: 140) descriptive data shows, looking at seven key industries,²⁰³ regulatory restrictions (particularly with regards to ‘entry barriers’, and less so ‘public ownership’) decreased from the (mid) 1980s, a trend which intensified from particularly the 1990s.²⁰⁴

Secondly, with regards to privatization trends, privatization amongst European Union members states – whether measured through total revenues/proceeds or transactions – expanded greatly during

²⁰³ These seven industries are: rail transport, postal services, electricity, gas, air passenger transport, telecommunications and road freight (Potrafke 2010: 140).

²⁰⁴ It was particularly within the airlines and road sectors that ‘market-friendly’ reforms were undertaken in the 1980s across the OECD (Conway & Nicoletti 2006: 50).

the 1980s and eventually ‘peaked in the mid-1990s’ (Privatization Barometer 2013: 7; see also Clifton et al. 2006: 742). As the study by Clifton et al. (2006: 741-3) specifies, in the Western European context, while the UK can be considered a ‘pioneer’ due to the early timing and relative radicalness of its privatization program, and while significant non-UK privatization cases associated with, for example, the Spanish (Socialist) government or Mitterrand’s (re)privatization agenda could be observed in the 1980s, the formal convergence amongst European countries around privatization did not, as mentioned, kick in before the early 1990s. Interestingly, while the ‘big privatizers’ have (not unjustifiably) usually been considered countries like the UK, France and Italy, when assessing privatization revenues in terms of the economy’s size – which allows for a better assessment of the genuine ‘privatization effort’ – countries like Finland, Sweden and Austria have had high privatization rates, and otherwise ‘average’ countries such as the Netherlands and Denmark have also ‘made significant efforts to de-invest’ (Ibid.: 744, 742, 743).

Thirdly, as is by now fairly empirically uncontroversial, the advanced Western world, and particularly the ‘Anglo’ economies, has undergone a process of ‘financialization’ since especially the 1980s (e.g., Sweezy 1997; Krippner 2005; Lapavitsas 2013).²⁰⁵ Lapavitsas & Powell’s (2013) comparative empirical analysis of the trends in financialization overall simultaneously shows that (1) ‘[t]here is no standard form of financialisation’ and (2) there is evidence of a ‘commonality of underlying tendencies’ across countries.

Of course, in the end, the professed radicalness of the various nationally constituted ‘weak state’ ideological agendas was overall not actually activated; notably, as shall be discussed later, neither facilitative functional state procedures/dynamics nor public expenditure, whether in the US or across Western Europe, did actually diminish. Importantly, although for example various forms of privatization – whether involving private economic actors, citizens or civil society – may be perfectly

²⁰⁵ According to Krippner (2005: 181) financialization can be defined as ‘a pattern of accumulation in which profit making occurs increasingly through financial channels rather than through trade and commodity production’. Following Lapavitsas & Powell (2013: 5-6), the process of financialization involves ‘three constitutive underlying tendencies’: (1) the financialization of MNCs, (2) the redirection of the activities of large banks, turning these ‘toward mediating transactions in open financial markets, thus earning fees, commissions and proprietary profits instead of simply accruing interest rate spreads through lending’, (3) the integration of households and household dynamics into the financialization process.

meaningful from the ISI of the state (depending on both the specific form and substantive implications of this) (see also, e.g., Barker 1990: 100-1), straightforward ideologically-promoted programs aiming to effectively dismantle the authority of the state or its four constitutive monopolies makes less sense. The very fact that the ideological radicalness of the 1980s was largely inflated is telling: even the decade often deemed as the most extreme did not actually manage to actualize what, from the ISI of the state, to some extent would have been considered self-punitive policies.

This of course points to a larger underlying issue, namely the necessity of unpacking the concept of neoliberalism. Here, it seems helpful to (at least) introduce three types of distinctions. Firstly, an understanding of neoliberalism as primarily operating at either (1) the ideational, ideological or programmatic level or (2) the material or institutional-organizational level.²⁰⁶ Analytically separating these two levels allows for a better understanding of the historically changing dynamics of their actual intermingling – notably, the historically specific institutional-organizational selectiveness of this process – and thus serves to make better sense of the discrepancy between the ideologically-driven rhetoric of neoliberalism and the materially speaking largely non-event of shrinking statehood. Secondly, an understanding of neoliberalism as primarily involving either (1) a ‘weak state’ or (2) a ‘strong state’. This understanding makes sense on both of the above two levels: at the ideological level, a distinction may for example be made between two stereotypical intellectual programs, namely a more ‘weak state’ Chicago School view and a more ‘strong state’ Ordoliberal view (e.g., Gamble 2006; Foucault 2008; on specifically the Ordoliberal view, see also Bonefeld 2013), while at the ‘actually existing’ material level, as also indirectly discussed earlier, it makes sense to operate with regionally/nationally specific neoliberal trajectories – e.g., a US versus a Western European experience or (within the latter) a UK vs. Swedish one, etc. – patterned around a shared overall transformation pointing in a cross-cutting direction.

Thirdly, it seems helpful to also introduce an overall ideal-typical historical distinction concerning neoliberalism – notably, following Peck & Tickell (2002: 384), a distinction between a more ‘destructive’ ‘roll-back neoliberalism’ of the 1980s and a more ‘constructive’ ‘roll-out

²⁰⁶ This latter level may be helpfully characterized as ‘actually existing neoliberalism’ (Wacquant 2012). See also more generally Peck & Tickell (2002).

neoliberalism' of the 1990s. Somewhat similarly, and more generally concerning the post-1980s period: Offe's (2009: 555-6, emphasis in original) helpful analytical distinction between the two 'normative premises' regarding 'state intervention' underpinning the governance phenomenon – namely (1) the more 'social-democratic-statist' perspective focused on the 'intelligent *extension*' of the state through finding ways of actively 'unburdening' it and (2) the more 'market-liberal' perspective focused on the more genuine '*substitution* of the state as the designer and guarantor of social order' – can arguably be reinterpreted as also representing an overall historical separation between the 1980s and the post-1990s period (which of course nevertheless partly temporally overlap, particularly at the ideational level).

In the end, as should be evident, both the Chicago school and the Ordoliberal programs are mainly ideological fantasies, selectively implemented particularistic visions.²⁰⁷ More generally, specific ideological, regional/national and temporal distinctions notwithstanding, the substantial overall political sociological and politico-economic developments of the post-1980s should be construed as being not only both deeply, historically, continually and increasingly state-facilitated but, specifically, anchored around the ISI of the state and the historically changing dynamics of legitimacy and fiscal state-crafting.

Summing up, this chapter has served as a brief reflection on the generalized bewilderment of the 1970s and more generally an analytical orientation-facilitating prelude to the subsequent chapters also treating the reconfiguration process. Firstly, two overall types of steering/governing-situated bewilderments were discussed – a short-lived end-oriented bewilderment and an apparently perennially activated means-oriented one. Secondly, a short critical reflection on the illustrative shift from the Carter-associated bewilderment of the 1970s to the inflated Reagan-associated firmness of the 1980s was provided. Thirdly, and lastly, some of the key empirical trends of the 1980s were surveyed and the analytical status of the so-called 'neoliberal' 1980s was discussed. Informed by this short and analytically selective prelude on the 1970s/1980s, the next chapter shall proceed to analyze – in greater depth and looking at multiple domains – key dynamics of the shift towards (what shall be described as) a more co-productive hybrid tension-displacing order of the post-1990s, focusing specifically on its

²⁰⁷ Although if one was forced to choose, the Ordoliberal agenda would probably most accurately approximate real life dynamics (for an argument implicitly along this line, see, e.g., Bonefeld 2013).

connection to the reconfigured dynamics of the tension-filled functional relationship between legitimation and fiscal accumulation.

Chapter 9. The Post-1990s: Towards a Co-Productive Hybrid Tension-Displacing Order

In this and the next two chapters looking at the post-1990s period, I shall examine and discuss a number of ways in which the tension-filled functional relationship between legitimation and fiscal accumulation have been reconfigured; more specifically, emphasis is put on the different ways in which the tension-management strategies and concrete practices of Western European polities have reconfigured in relation to the changing status of the relationship between legitimation and fiscal accumulation – a development notably associated with the dynamics of the described GA period, which consolidated a certain growth-oriented and consumption-optimizing agenda and a generalized inner-normatively identifying consumer-citizen.

As I shall argue, the post-1990s period put another governance-related twist on this form of subjectivity: the turn to governance is representative of a particular ‘co-producing’ consumer-citizenship, which can both be perceived as an intensification of the GA form and as implying a more substantive reconfiguration. Co-production – an, as discussed earlier, essential and increasingly salient feature of the governance perspective – transcends the political-institutional domain; it also symptomizes the commercial arena, explicitly or indirectly appearing as a constitutive element of everything from marketing to basic commodity production. As shall be discussed, in the specific context of this study co-production presupposes and analytically encapsulates a reconfigured dynamic of particularly post-1990s state-crafting: a reconfigured status of political legitimation, a reconfigured mode of fiscal accumulation and, symptomatically integrating these two, the generalized appearance of what can be described as reconfigured *hybrid tension-displacing formations*.

Firstly, as particularly chapter 11 shall look more formally into, the long-term intergenerational change in value priorities constitutive of the GA period – which consolidated a popular socio-psychological expectation of ever-widening economic growth and consumption prospects and thus tweaked behavioral and normative patterns in an overall status quo-maintaining and fiscally functional direction – has implied, especially in its more recent intensified form, a relative historical shift in the prevailing mode of post-1970s political legitimation (and particularly state legitimation).

Secondly, a great deal of state fiscal activity in the post-1970s period consists in functionally encouraging, and facilitating and maintaining the various conditions for optimizing, an overall national consumption-situated economic growth agenda – an overall agenda that both, as argued, indirectly and over the long-term helps tweak the prevailing value priorities in a certain direction and, contrary to what might be the instinctive expectation, effectively implies extensive state involvement in a principally endless number of societal dynamics. Importantly, this form of fiscal state-crafting of the post-1970s, and particularly post-1990s, is not only faced with the perennially intrinsic incapacity to directly govern functionally-optimized values and behavior (as addressed in chapter 5) or the increased demands with regards to the sophistication of the specific modality of fiscal state-crafting stemming from the more recent intensified dynamics of the specifically co-producing form of consumer-citizenship. Fiscal state-crafting in the co-productive post-1990s period is also faced with, or inherits, the tension-filled dynamics and tendencies integral to the consumption-situated economic growth agenda itself: notably, as addressed earlier in relation to the frustration in affluence argument, the systematic production of frustration associated with growth-led state-crafting. Although this process always principally contains the possibility of re-politicization, of a return to ‘responsibility’ of a certain systemic kind, this is, for numerous reasons elaborated on earlier and to be discussed later, increasingly less likely; rather, as shall be seen, the systematic state-facilitated maintenance of a consumption-situated economic growth agenda not only serves to further organically intensify a non-systemic, idiosyncratic and overall ‘privatized’ form of political legitimation; this fiscal-functionally optimizing process’ production of frustration is tendentially associated with a set of destabilizing dynamics such as rudeness, crime, ignorance, lowered trust, gossip, etc., (the list is potentially endless) – a set of dynamics that, as shall be seen, in particular comes back to haunt the bottom-up dynamics of party politics.

Typically, as value priorities have become tied to a certain GA anchored level of economic growth, ‘crisis management’ to a large extent translates into growth management. But, in a situation of non-GA growth rates, from the ISI of the state, crisis management increasingly becomes a question of expectations and claim-makings management. Specifically, as shall be discussed, co-production, construed critically in this way, inter alia entails a displacement onto citizens, notably implying a co-production of economic growth.

Thirdly, co-production implies the proliferation of hybrid and supposedly tension-overcoming narratives and structures (which simultaneously symptomatizes both the reconfigured status of political legitimation and mode of fiscal accumulation). Obviously, the hesitation implied by the word supposedly connects to the larger question of the reconfiguring versus overcoming character of the overall post-1970s development, which shall be both explicitly and implicitly touched upon in this and particularly the next two chapters. This chapter, in particular, examines the appearance and development of the reconfigured nationally cross-cutting co-productive hybrid tension-displacing order of the post-1990s. As shall be seen below, this order, and its various discursive and institutional-organizational formations, operate and are visible at different overlapping levels of analysis and in different analytically selected causally cross-cutting domains. Importantly, these various hybrid co-productive formations are both symptomatic representations of the overall reconfigured mode of state-crafting of the post-1990s and causally active tension-displacing strategic exercises associated with this. While the focus of this chapter is clearly on the 1990s, the examination also sometimes goes back to the 1970s and 1980s and (more frequently) extends into the 2000s (which shall be treated in more details in the next chapter).

The chapter is split into four main sections, each one analyzing the shift towards a co-productive hybrid tension-displacing order from within different domains. Firstly, it examines the dynamics of co-productive consumption. Secondly, it discusses and problematizes the co-productive dynamics of governance. Thirdly, shifting gear and domain, it provides a relatively extensive account of the unequal intermingling of state and party in the post-1990s period. Fourthly, and lastly, it provides an empirically anchored analysis of some of the key post-1990s fiscal sociological reconfigurations.

9.1 Co-productive consumption

In OECD polities, consumption constitutes the most essential component of aggregate demand and thus economic growth; since circa 1945 the average share of consumption expenditure as a percentage of GDP has been above 50 percent (OECD 2013: 40-3; World Bank 2016c).²⁰⁸ Importantly, this essential

²⁰⁸ As usual, the US (and the UK) case stands out with a ‘household final consumption expenditure’ (as a percentage of GDP) around 68% (and 64% for the UK) in 2008 (World Bank 2016c).

position of consumption can be perceived as both a driver and a symptom of the co-producing nature of post-1970s fiscal state-crafting. On the one hand, it entails that governmental activity, as part of maintaining a growth-oriented and consumption-optimizing agenda, comes to put a relatively high premium on measuring, facilitating, mobilizing and adapting to the prevailing socio-psychological value priorities and behavioral patterns of the consumer-citizens.²⁰⁹ Naturally, although the relative shift is sometimes exaggerated, the Western European-wide turn to the ‘service economy’ witnessed since the late 1960s/early 1970s (for data on this, see Crafts & Toniolo 2010: 316-317) – besides being representative of, *inter alia*, some of the changing sociological dynamics of work – also helped trigger or reinforce the new governmental recognition that economic growth increasingly had to be institutionally-organizationally activated through a more mobilization-control-oriented strategy, that is, through the facilitation and mobilization of more elusive, soft and socio-psychologically complex channels and variables.

On the other hand, it is symptomatic of the relative shift witnessed since the post-1945s, and particularly the post-1970s period, from a production orientation to a consumption preoccupation (for particular diagnoses of this, see, e.g., Bauman 2000; Sennett 2006; Streeck 2012a). As Bauman (2000: 76) for example points out, although slightly exaggerating the turn away from production, work, etc., the contemporary period ‘engages its members primarily in their capacity as consumers rather than producers’. Despite this process being continuously underpinned by an underlying mass production logic, new engineering and production methods/organizational forms broadly associated with a newly articulated model of ‘flexible specialization’ (Piore & Sabel 1984) – alongside a mutually correlated ever-increasingly intensified significance of so-called ‘planned obsolescence’, subcultural dynamics and market segmentation practices – allowed for a supposedly more smooth, accurate and dynamically evolving correspondence between the form of the product being produced/sold and the supposedly intangible identity, preferences, etc., of the individual consumer-citizen (e.g., Sennett 2006; see also Streeck 2012a).

²⁰⁹ As Schwarzkopf (2010: 8, 9) outlines, already in the 1940s, in the overall context of the rising ‘scientification of market research tools’, the ‘Consumer Sentiment Index’ was developed in order to ‘give a more accurate indication of the future course of the national economy than could be gauged from producers’ expressed intention to invest in production capacity’.

Whether or not this process actually implies a an understanding of the individual as a ‘consumer sovereign’ (for a particular critical understanding of this concept, see Schwarzkopf 2011), it is structurally supportive of a type of commercial dynamic – increasingly salient of the post-1990s period – that seeks to optimize and discursively awaken individualized participation, involvement, responsibility, etc., i.e. co-productive consumer-citizen activity. This is of course particularly visible in contemporary companies’ marketing/advertising practices, which, for example, sometimes, as Sennett (2006: 148-9) discusses drawing on Ervin Goffman, present ads with ‘half-finished frames’ that ‘invite the consumer to participate by filling in the picture’. In this form of ‘imaginative participation’, which arguably drafts the individual for ‘the process of magnifying differences’, the ‘consumer is engaged by his or her own mobility and imagination’ (Ibid.: 150, 148, 149). The ideal-typical Mad Men-like paternalistic and essentially clumsy logic of GA advertising has thus transformed in the post-1990s into a more sophisticated marketing dynamic increasingly revolving around cooperation and involvement and, as Harvie Ferguson (as cited in Bauman 2000: 75) puts it, a ‘liberation of wishful fantasies’.²¹⁰ In sum, from particularly the 1990s it seems evident that consumer-citizen ‘co-producership’ has increasingly become an essential ingredient of both the profit-engulfed considerations of private economic corporations and the growth-oriented dynamics of fiscal state-crafting.

²¹⁰ Potent concrete cases of this can of course easily be anecdotally provided. For example, the internet-driven company Amazon tracks and utilizes information provided by potential customers when, as they write on their homepage, ‘you search, buy, post, participate in a contest or questionnaire, or communicate with customer service’ as a way of inter alia purportedly ‘customizing future shopping for you, improving our stores’, etc. (see Amazon Privacy Notice n.d.). Another more explicit manifestation would be the increasingly diffused ‘self-service’ practices of (particularly) retail corporations. See also for, example, the industry report by Cognizant (2012), which advises companies to, and provides strategic indications of how best to, ‘involve’ their customers and their ‘external resources’ more generally, or Nike’s online participatory shoe campaign NIKEiD (see NIKEiD n.d.).

9.2 Co-productive governance

As also mentioned earlier, the mainstream governance literature has integrated and indirectly provided its own conception and advocacy of the proliferation of co-production. This dimension, which operates at both an explicit and implicit level, seems particularly salient in the case of some the contributions of the 2000s within especially political science and comparative politics, which generally focuses less on privatization and New Public Management (NPM), etc., and more on private-public partnerships and 'New Public Governance' (NPG) (on NPG, see, e.g., Osborne 2006). Thus, throughout the 1990s and 2000s a supposedly more 'democratic', 'collaborative' or 'participatory' governance appears (e.g., Imperial 2005; Ansell & Gash 2008; Sørensen & Torfing 2011). Ansell & Gash (2008: 544) define 'collaborative governance' as a 'governing arrangement where one or more public agencies directly engage non-state stakeholders in a collective decision-making process that is formal, consensus-oriented, and deliberative and that aims to make or implement public policy or manage public programs or assets'. Importantly, this form of 'collaborative governance' – which, according to the characteristic governance perspective of Ansell & Gash's (2008: 544), not only 'emerged as a response to the failures of downstream implementation and to the high cost and politicization of regulation' but also 'as an alternative to the adversarialism of interest group pluralism' – overwhelmingly emphasizes the particularly means-oriented usefulness in relation to the governance of citizen- or user-based 'dialogue', 'consensus', 'collaboration', 'trust', etc.

This trend, which in many instances is welcomed by governance scholars, is of course premised on two key constitutive elements that are widely shared across the governance perspective. Firstly, the overall understanding of a fragmented and pluralistic 'polycentric state characterized by multiple centres' (Rhodes 1996: 657). Secondly, a general organizational pragmatism/instrumentalism – which, although operating on another political-normative level, to some extent resembles the largely underemphasized ontological/epistemic pragmatism of much neo-positivist thinking (e.g., Friedman 1966) or the basic causal-functionalist logic of 'functional equivalence' particularly salient within large-scale emergent corporate entities – with regards to whatever entity performs the relevant governing activity: companies, networks, NGO's, PPPs, citizens, etc. As Rhodes (1996: 658) for example argues, a meaningful component of governance may inter alia be the condition that 'services [are] provided by any permutation of government and the private and voluntary sectors'. In sum, co-production (broadly construed) appears as a constitutive element of the governance literature; in the

context of a widespread post-GA economic growth-oriented means-bewilderment, co-production presents itself as part of an overall universe of largely functionally equivalent forms of governing.

Clearly, this academically-situated focus on less hierarchical and dialogical forms of ‘participatory governance’ should be placed in the wider context of a systematically intensified production and proliferation of hybrid co-production-like and supposedly tension-overcoming *discourses* within the political-institutional and social-scientific arenas (see also more generally e.g., Chouliarki & Fairclough 1999; Boltanski & Chiapello 2005; Thorup 2015: 308). Examples of such hybrid tension-displacing discursive formations would be (varyingly institutionally formalized) terms such as ‘flexicurity’ ‘co-steering’, ‘green growth’, ‘human capital’, and so on. Each of such hybridizations – whose individual material-discursive history of course would need to be examined in separate studies in order to be exhaustively grasped – include within themselves their own optimistic logic and attempted form of tension-displacement.²¹¹ Naturally, the Tony Blair-led New Labour version of The Third Way represents an extreme example of this overall trend towards tension-displacing discursive hybridizations within the political-institutional arena. As notably analyzed by Norman Fairclough (e.g., 2000: 181, 185) looking at speeches, Green papers, etc. (in the context of his larger program of Critical Discourse Analysis), New Labour frequently presented so-called ‘but also’ or ‘x but also y’ combinations: for example, ‘from welfare to work’ or ‘we benefit but we pay’ or statements such as ‘reciprocal duties between government and the individual’ or ‘we keep a welfare state from which we all benefit, but on terms which are fair and clear’.

Arguably, as a wider development in which the academic governance turn should be placed, one can observe a correlated overall trend within the social-scientific sphere. Two overall elements seem particularly salient here. Firstly, academically-situated critical social theory – and ‘critique’ more generally construed – have to some extent been strategically ‘hijacked’ by management/organizational textbooks, public administrations, consultancy firms/experts, etc. (e.g., Thrift 1997; Boltanski & Chiapello 2005; Willig 2009). Although not a perfect one, Pierre Bourdieu’s critical sociological work provides one loose illustration: his well-known work on capital forms has, for example, been extended

²¹¹ Arguably, a notable distinction can be made within this overall group of optimistic discursive formations between those that implicitly or explicitly either (1) reject the existence or importance of a tension-filled relationship between the relevant components/entities and/or (2) posit the productive or synergistic relationship between these.

via Catherine Hakim's (2010) conceptual introduction and overall normative embracement of 'erotic capital' and his 'social space' theorization has been selectively taken up by neo-positivist segmentation-focused scholarship/analysts.²¹²

Secondly, the need for selectively 'hijacking' elements of critical social science/theory decreases as formally politically dispassionate utilizability increasingly becomes a constitutive component of more contemporary social scientific work itself. For example, from particularly the 1990s and 2000s one can observe an intensified focus on networks and network-like processes – a generalized preoccupation that goes beyond the governance perspective's specific stress on 'networks' (particularly of the 'self-governing' kind) or, for example, Bruno Latour's contribution to Actor-Network Theory, etc.²¹³ Such perspectives tend to shift attention away from tension-filled class-situated relationships and dominating organizational structures and instead put ontological primacy on the network and its internal processual dynamics. Importantly, from the ISI of the individual corporate actor, the generalized network perspective brings an almost endless list of utilization opportunities to the table: as functionally equivalent entities, networks can be used for anything (to fire, hire, sell, relocate, manage, etc.) or by anyone (the HR personnel, the CEO, the marketing department, the administration, etc.).

Basically, the presupposition of a supposed genuine tension-overcoming that implicitly underpins consumer-citizen co-producership stands in opposition to the overall analytical perspective of this study focusing on the state-situated tension-filled functional relationship between legitimation and accumulation. Co-production is, to put it simply, a problematic notion. Arguably, some of the problems concerning both the notion and practice of co-production seem to be associated with a more general problematic trait of the governance concept, namely, as Offe (2009: 551) diagnoses it, its tendency towards an 'ideological, premature and undifferentiating harmonization'. As Offe (2009: 551, emphasis in original) points out, the governance concept 'lacks a clear opposite': emphasizing 'power to' rather than 'power over', much of the mainstream governance literature 'logically and politically can do *without opposition*' since ideally speaking 'all relevant actors are included in cooperative networks'.

²¹² For example, one study by Blasius & Mühlichen (2009: 87), which empirically draws on and tests Bourdieu's 'social space' perspective as a way of examining 'audience segments', points out that an advantage of 'the lifestyle typology introduced in the present work is its practical use in the advertising field'.

²¹³ For Latour's amusing but problematic rejection of (some corners of) critical social science, see Latour (2004).

Some of the following additional problematic aspects concerning hybridized co-production arrangements could briefly be mentioned. (1) The network focus obviously problematically sidesteps, for example, the historically constituted monopoly processes underpinning modern statehood (as discussed in chapter 5).²¹⁴ (2) Following Offe's (2009: 555-6, 559) earlier mentioned distinction, co-production activity may be perceived as part of an 'intelligent extension' of the state (i.e., an extension through 'unburdening'). More generally, as argued in chapter 5, the attribution mechanism integral to corporate-institutional actors, and in particular modern states, allows for authorized state-facilitated processes of delegation, attribution, dispersion, distribution, etc., that can still maintain and in many instances even enhance the state's monopoly status. (3) With regards to specifically the UK case, the key governance presuppositions explicitly launched by R.A.W. Rhodes (1996: 657) of a fragmentation and crumbling of the center/state/government and the diffusion and relatively strengthening of 'self- and co-regulation', overlooks the continuing and perhaps increasingly centralizing qualities and coordination- savviness of the 'core executive' (on this argument, see Taylor 2000; Holliday 2000; Marinetto 2003). (4) The notion of 'consumer sovereignty' is underpinned by a battery of problematic assumptions (e.g., Schwartzkopf 2011: 119-124). (5) discourses advocating hybrid tension-displacing forms of co-producership are arguably implicitly underpinned by problematic and generally overdramatized sociological premises – such as those articulated by Ulrich Beck and Anthony Giddens – concerning the supposed contemporary erosion/insignificance of 'class' and class study (for a critique of such 'death of class' perspectives, see Atkinson 2007a, 2007b).

Overall, as interpreted within this study, hybridized co-production-based formations should be construed in the context of overall tension-displacing activity – they appears as part of a, using Offe's (1984: 168) formulation, 'constant search for non-political forms of decision-making'. Thus, rather than necessarily implying increased 'participation' they more generally involve increased responsibility on the part of the consumer-citizens. Moreover, increased participation and engagement, etc., typically either effectively implies increased consumption choices or, as I shall discuss in the next section, increasingly concerns itself with largely immaterial issues and areas of life (gossip, absurdities, elite lifestyle, celebrities, scandals, local cultural-ethnic specificities, personalities, media events, strategy, and so forth). As shall be seen below, situations of increased bottom-up driven modes of 'participation'

²¹⁴ Although it has many redeeming qualities, a similar overall argument could be made against the so-called neo-Foucauldian governmentality perspective (as also briefly touched upon earlier).

neither rules out simultaneous trends of state-crafting-underpinned top-down dominance nor presuppose a specific quality of ‘voice’: the specific content and status of the bottom-up driven mode of party politics depends on both the historically specific quality and direction of the prevailing value priorities and the interlinked relationship between the structural dynamics of state-crafting and the meso-level properties of the party political system (as well as the specific intermingling of these two levels). Thus, as shall be (perhaps a bit provocatively) argued, the specific form of ‘participatory’ bottom-up driven pressure of the post-1990s period has not necessarily been progressive; rather, if anything, it has in some ways come to haunt party politics.

9.3 The post-1990s unequal intermingling of state and party

It makes sense to, so to speak, transfer the above examination of the proliferation of hybrid and supposedly tension-overcoming narratives and structures to the party political level, to both see how these dynamics play out in this arena and to look into some of the mechanisms conditioning this process. As mentioned earlier, Kirchheimer was able to grasp and foresee many of the dynamics associated with Katz & Mair’s (1995) notion of the post-1970/1990s ‘cartel-party’ already in the 1950s (through, for example, his notion of a ‘state-party cartel’) (on this, see also Krouwel 2003: 24). As argued, this of course corroborates the point made about the highly governance-consolidating/preparing setup of the GA period: the governance turn should be construed as a reconfigured intensification of consolidated GA dynamics in an overall co-productive context.

Considering developments at the party political level provides another way to examine key elements of the turn to governance, in particular the dynamics of a heightened governing fetishism and the state-facilitated and policy-selective logic of political-institutional displacement. As for the latter element, the governance phenomenon can in the context of this party political section *inter alia* be construed as the second of two overall state-facilitated political-institutional displacements – the first one, as discussed earlier, from state to (party) government – namely from parties to civil society or profit-maximizing corporate actors (i.e., from government to governance). Thus, examining the governance-situated co-producership of the 1990s at the party political level allows for a better understanding of both how legitimacy and fiscal state-crafting dynamics (through, for example, both

the functional encouragement and facilitation/maintenance of the conditions for optimizing the growth agenda) underpins governance and how governance also effectively reenergizes and further sediments state legitimacy. Moreover, it allows for a meaningful analytical understanding of the peculiar coexistence of two of the core governance trends, namely the alleged dissipation of governmental authority and the societal dominance of particularly fiscally functional forms of governing.

In the post-1970s period – and in particular from the 1990s as so-called Third Way parties entered into office all across Western Europe – the so-called ‘cartel party’ model (Katz & Mair 1995) increasingly started to formally dominate the party political scene. Notably, this party form implies:

- An increasingly ‘self-referential’ and professionalized form of party politics (Ibid.: 19).
- That parties have become increasingly simultaneously (1) unfastened from civil society dynamics and (2) merged with the state (Ibid.: passim; see also more generally Mair 2013).
- A shift from a heightened ‘catch-all’ type of inter-party competition to a form of ‘inter-party collusion’, in which competition is either engaged with by the colluding parties ‘in the knowledge that they share with their competitors a mutual interest in collective organizational survival’ or outright positively discouraged/downplayed (Katz & Mair 1995: 19-20). Moreover, and more specifically, when parties actually compete, inter-party competition increasingly ‘takes place on the basis of competing claims to efficient and effective management’ (Ibid.: 19).
- A weakened party political emphasis on ‘voice’ and an increased stress on ‘order’ (Mair 2013: 97); or, put differently, a downgrading of ‘responsiveness’ and an upgrading of ‘responsibility’ (in the ordinary non-LAF sense) (Mair 2009).

Empirically speaking, as Mair (2013: chapter 1) also showcase, the bleak diagnosis of representative democracy that underpins the cartel thesis seems generally well supported, with the first symptoms of a nationally cross-cutting dissatisfaction with an increasingly fragmented, exhausted and debilitated party political system appearing already from the late 1960s.²¹⁵ For example:

- Although not an entirely ‘unidirectional’ trend, electoral turnout has generally fallen across Western democracies since the 1970s and particularly the 1990s (Mair 2013: 22-29). Firstly, ‘record lows now come with greater frequency, and in a greater number of

²¹⁵ That said, the mainstream neo-positivist data gathered to measure such things is unfortunately many times non-exhaustive, too static or unable to genuinely measure the relevant properties.

polities' (Ibid.: 27). Secondly, voter apathy is connected to levels of income inequality (which, as is now well-known, has generally risen in the last couple of decades): 'the more unequal a country is, the higher it rises' (Schäfer 2012: 24).²¹⁶ Parallel to this voter turnout trend has been an increase in 'unconventional participation' – a form of participation 'that is heavily biased to the detriment of the resource-poor' (Ibid.: 33).

- Electoral volatility has risen, particularly from the 1990s (Mair 2013: 29-34). As Drummond (2006: 629) also finds, looking at the period of 1970-1995, '[m]ean measures of volatility, elasticity and variability of party support are on the rise in the overwhelming majority of countries'.
- Party membership levels have fallen markedly: on average, across the 19 European democracies surveyed by van Biezen et al. (2012: 33), '[party] membership levels in terms of absolute numbers have been nearly halved since 1980'.
- Similarly, trade union density rates have gone down since the 1970s (Visser 2006; van Biezen & Poguntke 2014: 210-11): as van Biezen & Poguntke (2014: 210) finds, 'trade union membership has undergone a similar decline to that of party membership in the vast majority of countries'.
- Partisanship or socio-psychological party identification has declined markedly throughout the last three-four decades (Mair 2013: 35-7).
- The substantive meaning of particularly left-wingness has been considerably reconfigured over time. For example, as also mentioned earlier, Mudge's (2011) manifesto-based examination of mainstream 'center' parties across the OECD since 1945 reveals a generalized particularly post-1970s trend of parties increasingly 'neoliberalizing' their political agendas.²¹⁷

²¹⁶ A similar class-bias holds for satisfaction with 'the functioning of democracy' and trust in 'parliaments and in politicians', which both lowers (increases) as income lowers (increases) (Schäfer 2012: 38).

²¹⁷ For an updated description of the relevant 'Manifesto Corpus' and the availability of this data, see Merz et al. (2016). On the British case in details, see for example Hakhverdian (2009). On the Danish case, see for example Klemmensen et al. (2007).

With regards to this study, what is crucial about Katz & Mair's (1995: 17, 6) notion of the 'cartel party' is the observation concerning an increasing 'interpenetration of party and state' or an 'ever closer symbiosis' between the two. Importantly, despite pointing to the increased 'anchoring of parties within the state' – or presenting statements hinting that parties have become 'agents of the state', etc. – Katz & Mair (Ibid.: 15, 5, 16, 25) arguably generally operate with an undertheorized conception of both the state-level and the proper status of the state-party relationship: their perspective is either ambiguous about this relationship or, more often, explicitly insinuate that the state is 'invaded by the parties', which are perennially craving funds/resources/aids, institutional/regulatory infrastructure, etc., and that the position of parties 'has strengthened'. Arguably, as I shall argue further below, this understanding both downplays the extent to which state-crafting dynamics increasingly has taken primacy and the specific tendentially unequal dynamics of the relationship between the state level and the party level. In this relation, at least implicitly/indirectly, Kirchheimer's (e.g., 1957) early notion of 'state-party cartel' – which not only prefigured many of the trends associated with the 'cartel party' but also stressed how the fact that parties would become 'amalgamated with the state' implied a transformation of politics into 'state management' and 'a rationalisation of [parties'] structures and procedures' (Krouwel 2003: 31, 34; see also Krouwel 2006: 258-9) – seems to do a better job at unpacking the status of the state-party nexus of the post-1970s/1990s period. Importantly, in light of both the overall state-situated approach of this study and the question of the proliferation of hybrid bottom-up driven or co-productive tension-displacing formations of this chapter, Kirchheimer's and Katz & Mair's cartel process can be productively specified and analytically tweaked in the following manner.

The development initiated with the appearance of catch-allism and in particular the cartel party implies what may be described as an interrelated two-legged *division of political domination*. On the one hand, this entails an observable intensification of a bottom-up driven consumption-situated symbolic media-fetishizing agenda, implying a strengthening of the party-strategic leg – a trend arguably associated with what Edelman (e.g., 1985), as part of his general analysis of the symbolic and strategic use of language, has referred to as the 'political spectacle' (on the symbolic dynamics of contemporary politics, see also, e.g., Sennett 2006; Streeck 2012a).²¹⁸ In the contemporary party

²¹⁸ Interestingly, Kirchheimer spoke early on of the increasing 'symbolic participation of the mass of the people in the political process' (as cited in Krouwel 2003: 32).

political context one can unproblematically casually point to some of the following anecdotal properties underpinning this party political symbolic/surface-level intensification.²¹⁹

- An excessive self-referencing meta-reflexive infatuation with the strategic or ‘process-based’ aspects of party organization and inter-party competition.
- An increasing ‘personalization’ of politics in the form of a disproportional attention being put on assessing the leadership qualities as well as the intricate biographical details of MPs.
- A marked increase in the media personnel operating inside the party organization (in the form of so-called ‘Spin Doctors’ or public relations staff, opinion pollsters, etc.).
- An increase in particularly quantitative political science scholarship, which focuses on ‘voting behaviour’ and provides statistically representative survey information to political parties and state personnel about the so-called ‘public opinion’.
- An increasing attention to and permanency of party campaigning (the ‘permanent campaign’) along with a constantly growing amount of financial resources being used for this purpose.

On the other hand, the two-legged division of political domination entails an observable intensification of a top-down driven fiscally functional state-crafting agenda, implying a strengthening of the state-administrative leg. Specifically, this trend involves an increased subjection of particularly ruling governments and politically-appointed ministers to a largely ‘path dependent’ budgetary-concerned state-crafting logic, entailing a heightened governing fetishism and the relative dominance of

²¹⁹ It seems reasonable to link this intensified production of largely immaterial strategic dynamics and discourses to the earlier addressed state-facilitated societal corporatization. Corporate actors systematically produce and disseminate, in a usually perfectly routinized (i.e., nine to five-like) manner, what may be described as professionalized tension-displacing rhetoric; agents/members within specific corporations – often operating in the context of larger (e.g., marketing/administrative) units – are often contractually inclined to engage in the (from the perspective of the average ‘natural person’) above-average production of strategic forms of communication optimizing the ISI of the specific entity. Naturally, states and large profit-making corporations are at the forefront of this process.

fiscally functional governance.²²⁰ As Rose (1990: 263) arguably indirectly/implicitly and more generally described the dynamics of this state-administrative leg: ‘the legacy that [politicians] inherit is carried forward by institutional commitments grounded in laws, organizations and budgets that are more important than the preferences of individuals’.

Importantly, as is evident, this two-legged division of political domination, which underpins the intermingling of state and party, is highly asymmetrical: whereas the party-strategic leg tends to dominate largely immaterial issues and areas of life, the state-administrative leg tends to dominate non-trivial core, for example, legal and political-economic questions. Interestingly, the very *simultaneity* of the above two trends not only serves as a source of confusion within the more mainstream and empirically-oriented party political literature regarding how to properly diagnose recent developments (since the tendencies seemingly point in different directions) but also indicates that they are in fact emergently connected. In this relation, Peter Mair’s above mentioned argument concerning the shift from the ‘responsive’ to the ‘responsible’ party may be productively specified/unpacked in the following manner: parties (particularly those in office) are unresponsive (and responsible) with regards to the non-trivial administration of the state, but highly responsive (and less responsible) with regards to the immaterial strategic and symbolic aspects of party politics. This dynamic can also be described in a different manner: ‘responsible’ non-trivial steering goes up alongside an increase in ‘responsive’ immaterial dynamics.

This two-legged division of political domination involves an additional element. The development of an increasingly self-referencing and self-serving meso-level of party politics, with inter alia its particular form-oriented dynamics of electoral cycles and campaigning, etc., introduces, at historically varying degrees, a ‘foreign’ quality into state-crafting and its functional servicing of legitimation and accumulation. Thus, as party politics becomes increasingly emergent, the intermingling of state and party, the ‘state-party cartel’, remains not only unequal but also an always already unfinished symbiosis. However the above dialectical relationship and dynamics are described,

²²⁰ Of course, historically constituted national differences in bureaucratic traditions – for example, the relative replacement rates of public officials and the administrative personnel – may tweak this process in certain directions. For 2010 OECD-wide descriptive data on the ‘level of politically influenced turnover’ in relation to ‘a change in government’, see OECD (2011b: 94-5).

we are witnessing a substantive weakening of, in Offe's (1984: 167) terms, the institutionalized 'articulation of conflict'.

The party political trends of the post-1990s period, characterized by an unequal intermingling of state and party, is representative of both the spread of co-productive tension-displacing hybridizations and a pragmatic (functionally equivalent) and heightened governing fetishism (both of which are key elements of the governance turn); from the ISI of the state, it signals that the specific mode of state-crafting – whether explicitly and directly state-facilitated, public or private, or whether working through parties or interest groups, private economic actors, citizens, etc. – is less relevant than whether resources are being mobilized and tweaked in an overall fiscally functional direction. Overall, the development taking place in the post-1990s period at the party political level signals an effective intensification of top-down driven fiscal state-crafting considerations. While this development has taken place amidst a seemingly bottom-up driven co-productive turn, the bottom-up dynamic camouflages the fact that it has been underpinned by an intensification of a largely immaterial party-strategic leg, implying an overall 'co-produced' form of political legitimation (to be discussed later) and production of frustration stemming from a reconfigured intensification of the state-facilitated maintenance of a fiscal functionally optimizing agenda. Co-production, in this sense, effectively remains a policy-selective top-down driven affair. That said, despite the described two-legged division of political domination, the increasingly emergent quality of the party-strategic leg still prevents a full state-party symbiosis: the absurd dimensions of bottom-up driven co-producership occasionally comes to unnerve bureaucratic political-institutional dynamics in idiosyncratic and unexpected ways.

9.4 Fiscal sociological reconfigurations

This last section seeks to play out the post-1990s issue of hybrid co-productive tension-displacing formations in yet another arena (whose dynamics are also simultaneously considered drivers and symptoms of this development), namely that of fiscal sociology. In this relation, the main intention is to briefly, and obviously non-exhaustively, analytically consider – drawing on the general fiscal

sociological terminology presented by James O'Connor (1973) – some selected properties of the overall shared fiscal (and more broadly political economic) experience of the post-1990s period.²²¹

As argued earlier, after WW2 the nationally constituted formalization of a proper ‘public household’ takes place *inter alia* involving both (1) the twin invention/activation of national systems of accounts/the GDP measure and the macroeconomy, (2) a general sharpening of the budgetary-situated organizational solipsism and fiscal lens of the state and (3) the societal and institutional-organizational development and later formal anchoring of nationally specific ‘growth models’. In this overall post-WW2 fiscal context, in O'Connor’s (1973: 6-7, *passim*) budgetary-oriented scheme, as elaborated upon earlier, the two functional requirements of capitalist statehood appeared as a fiscally-situated requirement to simultaneously service two types of overall expenditures, namely ‘social capital expenditures’ (mainly associated with the ‘accumulation’ function) and ‘social expenses’ (mainly associated with the ‘legitimation’ function). Although the two expenditure categories to some extent always already empirically overlapped, analytically speaking ‘social capital expenditures’ (which was split into two sub-dimensions, namely ‘social investment’ and ‘social consumption’) could roughly be construed as ‘expenditures required for profitable private accumulation’, whereas ‘social expenses’ could roughly be understood as various kinds of welfare-oriented ‘projects and services which are required to maintain social harmony’ (Ibid.). Importantly, as shall be argued towards the end of this section, the fiscally-situated development of the post-1990s period can be construed as implying a critical reconfiguration of this basic O'Connor-like fiscal sociological setup: it implies a tension-displacing hybridization of the basic conceptual distinctions.

9.4.1 Unpacking the key dynamics

Against potential expectations, state expenditures – and particularly general government spending (as a % of GDP) – in Western European polities have generally not been scaled back during recent decades (OECD 2016c; Eurostat 2016; World Bank 2016a, 2016b; see also Lamartina & Zaghini 2011: 151).

²²¹ Whenever relevant – for example depending on the data, argument, etc. – this also implies looking at the post-1970s period more broadly.

Disaggregating this overall category, the same pattern can be observed with regards to, for example, social expenditures (OECD 2016i; Lindert 2004), health care expenditures (OECD 2016d, 2016e)²²² or pension expenditures (OECD 2016h).

This experience arguably indicates at least two things, both of which automatically and structurally go against construing governance as implying a ‘downsized’ state/government. Firstly, it indirectly corroborates the argument of the overall legitimation and accumulation approach concerning the private-property system’s tendential requirement of continuing expenditure-heavy fiscal support and regulatory maintenance, which, in O’Connor’s budgetary terms, and construed from within the tension-filled fiscal-functional ISI of the state (as presented in this study), implies both accumulation-oriented social capital expenditures and (legitimation-oriented) social expenses. Secondly, when functionally disaggregating state expenditures across Western Europe it is clear that the ‘social protection’ category trumps all other types of spending (e.g., ‘education’, ‘defense’ etc.) – in fact, with the notable exception of the US, this is the case in all OECD polities (OECD 2015: 73).²²³ Arguably, this not only confirms the general analytical saliency of legitimatory state-crafting – notably implying a perennial and shared functional pressure towards the routinized activation and firm institutionalization of social expenses – it also signals the general, but of course highly historically variable, way in which ‘social protection’ additionally critically underpins (notably growth-oriented and consumption-optimizing) fiscal accumulation.²²⁴

Of course, it makes sense to also ideally try to qualitatively unpack the dynamics of the fiscal *non*-downsizing trajectory, for example concerning the specific dynamics, logic, consequences, type and relative apportioning of expenditures, coverage, uncertainty, liability, etc. (see also more generally Hacker 2014). Also, as to some extent seems to be a standard (at least Keynesian-leaning) insight: because the maintenance of a growth-oriented and consumption-optimizing agenda (particularly of the

²²² Of course, with regards to health care expenditure, the US markedly sticks out compared to Western Europe, showing a very large increase since the 1970s.

²²³ Concerning the US: looking at 2013 numbers, the ‘social protection’ category is slightly exceeded, as the only one, by health care spending (OECD 2015: 73).

²²⁴ As briefly mentioned earlier, although O’Connor actually acknowledges this, his framework generally underestimated the extent to which his two overall expenditure categories functionally overlapped: ‘social expenses’ not only ‘maintain or create the conditions for social harmony’ (O’Connor 1973: 6) but also (at least indirectly) usually stimulate or help maintain accumulation dynamics (see also Mosley 1979).

kind consolidated during the GA period) requires a systematic/regular expansion of expenditures and productive activities, a stagnating (or even only slightly increasing) level of spending or GDP may imply – or be experienced as – an effective relative dwindling. Moreover, besides the fact that the observed economic expansion of the post-1990s period was weaker than in the GA period it also seems to have been synthetically maintained by the cross-country expansion of monetary ‘stopgaps’ (Streeck 2011) – notably public debt in the 1990s and, as shall be examined in the next chapter, household debt in the 2000s (Crouch 2009).

It also seems relevant to take fiscal decision-making opportunities and taxation into consideration. Firstly, as Streeck & Mertens (2010: 3) argue looking at Germany and the US, there has been a decline in ‘fiscal flexibility’ – that is, a ‘shrinkage of democratic control over budget priorities’ over time. As Rose (1990: 264) more generally put it, ‘[p]ublic sector organizations institutionalize the legacy of past governments’. Secondly, the OECD-wide total tax revenue (as a % of GDP) seems to have peaked around the year 2000 (Brys et al. 2011: 8-10; see also Streeck 2014: 122).²²⁵ Disaggregating taxation trends across the OECD, a clear fall in both corporate tax rates and the top personal income tax rate can be observed (e.g., Loretz 2008: 641-4; see also Brys et al. 2011: 4-5), generally implying an increasing ‘tax burden’ on labour relative to capital (Winner 2005: 671-2).

Broadening the scope a bit – from fiscal properties narrowly construed to wider political economic dynamics – it is, first of all, clear that a generalized class-selective transformation of the form and logic of industrial relations has taken place since the 1970s (and particularly the 1990s) (see, e.g., Howell & Givan 2011; Baccaro & Howell 2011). More specifically, it is possible to outline a couple of tendencies pointing towards a class-situated decreasing relative strength of ‘labour’.

- As mentioned earlier, trade union density rates have gone down since the 1970s, as have party membership levels (Visser 2006; van Biezen & Poguntke 2014).
- Since the 1980s strike rates have gone down markedly (e.g., OECD 2007).
- An expansion of low-wage jobs can be observed across sectors and countries, not simply in the US and the UK but also in countries such as Germany and the Netherlands (Appelbaum 2010).

²²⁵ See Streeck (2014: 64-5) for graphs showing the development in specific OECD countries.

- Although it is not a completely uniform trend and high national variability exists, atypical forms of work (notably temporary or part-time employment) has generally increased (Kalleberg 2000; OECD 2002).
- A decentralization of wage bargaining can be observed across Western Europe (Baccaro & Howell 2011).
- Since the 1980s, ‘labor income shares’ has declined in Europe, particularly in unskilled sectors (IMF 2007: 168-9).

Looking more closely at labour market dynamics/policies a couple of transformations can be observed since the 1990s. Firstly, Boeri’s (2011: 1184-6) examination of the European trends in labour market and social reforms – looking at activation and early retirement agendas, employment protection legislation (EPL), unemployment benefits (UB), etc. – not only reveals the generally high volume of reforms enacted (particularly in the case of UB and EPL) but also shows the primary direction these reforms have taken since the 1980s: towards lowered protection, lowered generosity and increased activation. Secondly, and related to the above, in recent decades, and particularly the 1990s, so-called active labour market policies (ALMP) have been promoted and increasingly fiscally supported across Western Europe (e.g., Immervoll & Scarpetta 2012; Bonoli 2010). While this ‘activation’ trend obviously varies a great deal across the different countries – seemingly making it possible to speak of different types or logics of ALMP (Bonoli 2010) – it nevertheless generally implies a shared relatively stronger focus on, as Immervoll & Scarpetta (2012: 1) formulates it, so-called ‘make-work-pay’ or ‘back-to-work’ approaches, involving ‘the enforcement of strict eligibility criteria for benefit recipients together with the provision of effective re-employment services’.²²⁶

Thirdly, the activation preoccupation of the post-1990s period is strongly correlated with the Dutch-originated so-called ‘flexicurity’ phenomenon (e.g., Wilthagen 1998). Clearly, the flexicurity notion is premised on ‘win-win’ types of solutions/fallouts (Wilthagen 1998: 1-2); it ‘promises the best of both worlds, and emphasizes that flexibility and security are not necessarily incompatible’ (Mailand 2010: 242; see also Hansen & Triantafillou 2011: 205-6). Flexicurity has been variously entangled with

²²⁶ Although this discussion is beyond the scope of this study, a general affinity between the notion of ‘human capital’ – whether associated with Gary S. Becker, Anthony Giddens or The Third Way (more generally) – and the primacy of activation is of course evident.

EU-driven dynamics from an early point: from its connection to the European Employment Strategy (as for example expressed in the 1998 Employment Guidelines) to the ‘common flexicurity principles’ proposed by the Commission and adopted by the Council in 2007 (Mailand 2010; see also Hansen & Triantafillou 2011: 205-6).²²⁷ The Lisbon Strategy should also be mentioned here. As for example Hansen & Triantafillou’s (2011) Foucauldian-oriented paper on the Lisbon Strategy argues, it can be perceived as an EU tactic for ‘aligning economic and social concerns’.

In this context, a new optimistic logic revolving around ‘social investments’ started to appear from the 1990s, partly sparked by the ideas and recommendations of notably Anthony Giddens (1998), the OECD (1997) and Esping-Andersen (2000) (see also more generally, e.g., Taylor-Gooby (2008) on the appearance of a ‘social investment strategy’). As articulated by, for example, the OECD (1997: 18) summary report *Beyond 2000: The New Social Policy Agenda*, ‘a ‘social investment’ approach’ should preferably ‘guide developments in social policy’. According to Esping-Andersen’s (2000: 22) characteristic recommendations of the early 2000s, reforms should generally have a clear ‘social-investment bias’, and social policy should strive to ‘actively mobilize and maximize the productive potential of the population so as to minimize its need for, and dependence on, government benefits’.

This type of perspective implies a switch from, to draw on Lunt (2009: 30-1), a ‘safety net’ type of social policy, understood as a ‘drag on market mechanisms’, to a form of ‘social investment’ that is construed as an ‘essential lubricant or dynamo of market mechanisms’. Moreover, it also involves a preoccupation with future spending sequences (see also *Ibid.*) – an intensified focus on what may be described as fiscal forestalling: in the context of the budgetary-situated organizational solipsism and sharpened fiscal lens of the state, fiscal-functional practices increasingly revolve around deterring, in an ideally timely fashion, potentially costly future social behavior – possibly using various kinds of evidence-based ‘risk’ categories and scenarios drawn from for example social work-oriented practice

²²⁷ As the ‘Council Resolution of 15 December 1997 on the 1998 Employment Guidelines’ for example states: ‘the social partners are invited to negotiate (...) agreements to modernise the organisation of work, including flexible working arrangements, with the aim of making undertakings productive and competitive and achieving the required balance between flexibility and security’ (see Council of the European Union 1997).

and analysis (on such categories, see, e.g., Fraser et al. 1999) or relevant neo-positivist policy-oriented quantitative economic/sociological analyses.²²⁸

Importantly, from the perspective of the legitimation and accumulation functions approach, and specifically the critical fiscal sociological perspective of James O'Connor, the above described post-1990s fiscally-oriented tension-displacing development can be construed as implying an important analytical tweaking of O'Connor's state-situated conceptual setup. Above all, the post-1990s period has involved a relatively intensified state-facilitated and co-productive tension-displacing hybridization of the two main categories of 'social capital expenditures' and 'social expenses': as a gradual process that has been systematically underpinned by state-crafting strategies – and, as I shall expand upon later, that is both critically premised on and has helped condition an underlying tweaking of popular value priorities – legitimation-oriented social expenses and accumulation-oriented social capital expenditures have become increasingly hybridized. More specifically, social capital expenditures – seemingly considered a fiscal state-crafting property – have increasingly become a way of maintaining/maximizing legitimatory state-crafting. Rather than dissolving O'Connor's analytical setup, this claim critically historically tweaks it. While O'Connor partly accepted that the two types of expenditures would sometimes functionally overlap, the argument is more that the post-1990s period has seen a non-trivial and tension-displacing intensification of this functional hybridization: social capital expenditures has increasingly come to also serve the legitimation function, and thus increasingly come to depress a potential corresponding pressure for activating social expenses (or for activating these in a manner or form that is not also somehow linked to social capital expenditures). Moreover, and very much related to this, contrary to O'Connor's (1973: 6, emphasis added) general argument that social expenses should be construed as being 'not even *indirectly* productive', the post-1990s development implies a situation in which social expenses has become increasingly 'indirectly productive', and, from the fiscal ISI of the state, ideally speaking *directly* productive.

²²⁸ As the *Beyond 2000: The New Social Policy Agenda* summary report for example puts it: 'interventions which take place early in the life-cycle will have a long pay-off period and a correspondingly greater chance of expenditure costs being outweighed by social benefits. Hence, there is a need for increased emphasis on anticipating and preventing social distress among children and young adults' (OECD 1997: 18-9). Or as Esping-Andersen (2000: 23) argued in his *A Welfare State for the 21st Century* report: 'the highest priority should be assigned to social investments in children, who represent the future productive potential of society'.

Arguably, this O'Connor-oriented question of the unproductive versus indirectly/directly productive dynamics of certain types of expenditures can also partly be linked up with Esping-Andersen's (1990) well-known 'de-commodification' concept, as well as his later altered understanding of this, particularly when additionally exposed to Offe's (1984, 1991) writings on this.²²⁹ Firstly, like O'Connor, Esping-Andersen's (1990: 50) de-commodification concept, which famously focused on 'market-independence' as its key overall attribute, seems to erroneously construe alleviatory measures as generally necessarily 'unproductive' or anti-market. As Offe (1991: 1555, emphasis removed) for example asks in his review of Esping-Andersen's *Three Worlds of Welfare Capitalism*: 'could it be that, instead of decommodification's being the opposite of the treatment of labor power as a commodity, it is in part also a precondition of such treatment and its social viability?'.²³⁰

Secondly, in this relation, and in a peculiar manner, Esping-Andersen's more recent 'social investment'-focused perspective seems to be implicitly infused by an important historically updated neo-positivist and policy-oriented version of O'Connor's basic fiscal sociological perspective (a version that, in a sense, indirectly has taken Offe's above comment into account). For example, as Esping-Andersen (2000: 3, fn. 2) advises in his report *A Welfare State for the 21st Century* it makes sense to 'rethink our existing accounting systems so as to recognize that many social outlays are direct or indirect investments with a calculable economic payoff'. Or as he relatedly complains in an equally updated yet principally pure O'Connor-like moment: '[c]ontemporary systems of national accounts are unable to distinguish between social expenditures which play an 'investment role' and those which do not' (Ibid.: 23, fn. 36).

Thirdly, Esping-Andersen's switch from de-commodification to what, fittingly using Offe's (1984) terminology, can be perceived as 'administrative recommodification' can be construed as sociologically-normatively symptomizing a relative intensification of the specifically co-productive moment of commodification, that is, the relative degree and desirability of labour market-based self-commodification. To be clear, both the particular understanding of the GA period presented in this study and the above understanding of the general functional overlap of O'Connor's two types of

²²⁹ For a critical take on Esping-Andersen's academic trajectory, see also Hansen & Triantafyllou (2011).

²³⁰ Interestingly, Esping-Andersen (1990: 37) originally at one point seemed to partly acknowledge this when stating: 'decommodification should not be confused with the complete eradication of labor as a commodity'.

expenditures makes it analytically untenable to accept what to some extent have become a mainstream implicit conception of the postwar period, namely that it actually and accurately reflected a ‘de-commodification’ era. Nevertheless, as has been argued, the post-1970s/1990s period implies, to historically tweak Esping-Andersen’s (1990) terminology, a relative historical downgrading of the dynamics and popular desirability of ‘market-independence’ and a corresponding relative historical upgrading of the dynamics and popular desirability of ‘market participation’.

As a final O’Connor-directed observation on the fiscal development of the post-1990s period, to preface this study’s subsequent examinations, it makes sense to construe this process as being both strongly symptomatically indicative of and critically causally linked to a more general reconfiguration of state legitimation characterizing the post-1970s period – a particular type of legitimacy reconfiguration which I shall address and argue for in the next two chapters.

This chapter has analyzed some of the key dynamics of the appearance and development of the nationally cross-cutting and multi-domain co-productive hybrid tension-displacing order of the post-1990s. Attention has particularly been put on its connection to the reconfigured dynamics of the tension-filled functional relationship between legitimation and fiscal accumulation. As argued, the various examined hybrid co-productive formations are both symptomatic representations of the overall reconfigured mode of state-crafting of the post-1990s and causally active tension-displacing strategic exercises associated with this.

The first section discussed how consumer-citizen co-producership has increasingly become an essential ingredient of the dynamics of both corporatized profit-making and fiscal state-crafting. The second section discussed and problematized the proliferation of co-produced governance dynamics (questioning, for example, some of the socially progressive elements purportedly connected to this). The third section provided a more extensive analysis of the intricate unequal relationship between bottom-up and top-down driven dynamics in the post-1990s period by putting analytical attention on the two-legged division of political domination. The fourth and last section both empirically outlined some of the key fiscally relevant trends of the post-1990s and amongst other things provided an analytical tweaking of O’Connor’s fiscal-budgetary setup in view of the fiscal sociological reconfigurations of the recent decades.

Informed by the above overall analysis, the next chapter shall zoom in on the dynamics of co-produced legitimation in the 2000s. This is done through a brief empirically anchored but analytically directed examination of the case of the pre-2008 crisis expansion of growth-spurring household debt-taking.

Chapter 10. Co-Produced Legitimation

In this empirically anchored mini-chapter I shall examine particular aspects of the generalized expansion of economic growth-sustaining mortgage-situated household debt-taking in the 2000s (up until the 2007-8 crisis) – what has been described as a pre-crisis regime or growth model of ‘privatized Keynesianism’ (from now on PK) (Crouch 2009; Watson 2010; see also more generally, e.g., Hay 2011; Streeck 2011, 2014). Rather than attempting to provide an either exhaustive or straightforward account of this PK phenomenon or the 2000s more generally (whatever this would mean), the intention of this chapter is more modestly to simply single out key aspects of relevance to this study. Importantly, construed very loosely from the earlier discussed case study perspective, the PK phenomenon – or more precisely, selected properties pertaining to this – appears as a key illustrative case (i.e., subject) of this study’s overall historical-theoretical analysis/framework and arguments concerning the reconfiguration of state legitimation in the post-1970s period (i.e., object).

Notably, as shall be argued, it is highly illustrative of a particular mode of co-produced legitimation or co-produced tension-management characteristic of the post-1970s governance period. Also, since all three types of state-crafting strategies launched/developed in chapter 6 are in place and empirically activated in the PK case, it provides a productive way of analytically rolling out this strategic toolbox. Moreover, the case is obviously intrinsically important due to its indirect link to the 2007-8 financial crisis (as shall be seen below); thus, at least partly, examining the PK phenomenon implicitly helps shed light on the particular state-crafting dynamics underpinning the recent economic crisis and the larger development of the post-1970/1990s governance period. In this overall capacity, the particular analysis launched in this chapter allows for a productive articulation of some of the shortcomings of a more capitalism-focused take on the PK phenomenon (and partly, by extension, the 2007-8 crisis or neoliberalism). In this overall sense, the PK case to a certain extent encompasses, compresses and causally intensifies many of the relevant macro-mechanisms of analytical interest.

The chapter is split into two brief main sections. The first section analyzes some of the key macro-mechanisms and empirically observable factors associated with the PK phenomenon by analytically activating the strategic toolbox of state-crafting. The second section reflects on and

discusses the analytical status and implications of the first section's analysis for understanding the governance-situated dynamics of legitimacy and fiscal state-crafting in the reconfiguration period.

10.1 Pre-crisis household credit expansion: Activating the strategic toolbox of state-crafting

Crouch (2009) construes PK as a particular 'demand management' regime of particularly the 2000s, appearing in the overall context of a largely de-regulated and financially globalized neo-liberal 'free-market' turn, driven by housing-oriented private debt-taking.²³¹ According to Streeck (2011: 17), who roughly places the phenomenon in the same overall de-regulatory and liberalized context, PK refers to 'the replacement of public with private debt' in the late 1990s/early 2000s, and is thus in this way perceived as yet another monetary 'stopgap' averting a potential economic crisis (stemming from the perennial contradiction between capitalism and democracy).

Empirically speaking, there is clearly support for the descriptive claim that household credit-demand increased markedly and widely across Western European (and OECD) polities during particularly the 2000s (e.g., Cecchetti et al. 2011; OECD 2016f; André 2016: 7-9; see also Streeck 2011: 19). Importantly, with the exception of Germany, household debt expansion was clearly a shared Western European trend – a common development that cut across specific institutional, regional or 'regime'-type clusters.²³² The argument concerning a switch from public to private debt also seems well-supported: while public debt saw stagnating growth in the 2000s (before the crisis), household debt rose rapidly in the same period (e.g., Cecchetti et al. 2011; OECD 2016b, 2016f; see also Streeck 2011: 19).

As argued, the PK case provides a productive illustration of not only the contemporary reconfigured functional dynamics of legitimacy and fiscal state-crafting but also the logics and

²³¹ This section draws partly on elements from Celik (2016a).

²³² Interestingly, while the Netherlands and Denmark stand out as having particularly high household debt rates (as a % of disposable income), the UK (and, if looking at the OECD, the US) experienced a very steep expansion in the late 1990/2000s (e.g., OECD 2016f; André 2016: 7-9).

empirical effects of the emergent interplay between the three more specific state-crafting strategies of market-conforming re-regulation, claim-reduction and normative mobilization-control. In this relation, this section seeks to very briefly and (highly) non-exhaustively trace or survey some of the relevant state-crafting-situated macro-mechanisms and empirically observable factors associated with the PK phenomenon in an analytically directed manner, which groups the relevant processes conceptually through the three strategies rather than, for example, necessarily temporally.

Firstly, and most obviously, market-conforming re-regulation was heavily activated, particularly in the form of a positive implementation of a cluster of indirect and direct credit-optimizing policies. At the international regulatory level, in the context of a politically and legally empowered proliferation of over-the-counter (OTC) financial products and financial innovation more generally, particularly the Basel II banking agreement is understood to have promoted or reinforced a market-conforming regulatory setup, most likely buttressed by multilevel lobbying and so-called ‘regulatory capture’, which would underpin the inflated pre-2007-8 crisis growth dynamics (Underhill & Zhang 2008; Baker 2010; cf. Young 2012). With regards to monetary policy, historically low interest rates could be observed during the 2000s – not simply in the US but also across Europe (the monetary decisions of the Fed and the ECB also being correlated) – spurring risky and immoderate financial and mortgage-oriented decisions (Taylor 2008: 1-8).²³³

Nationally specific policies directly or indirectly facilitating homeownership and debt-taking (whether for consumption, housing, etc.) were implemented throughout Western Europe, such as, for example, Thatcher’s ‘right-to-buy policy’ or New Labour’s more general institutionalized encouragement of a more ‘financialized’ and ‘investor’-oriented population in the UK (e.g., Watson 2010) or the pre-crisis government-mandated combination of a 2002 property tax freeze/ceiling, new mortgage loan types, the liberalization of the so-called cooperative housing associations and a generally expansive fiscal policy in Denmark (e.g., Rangvid et al. 2013).²³⁴ Or, for example, the nationally and institutionally varying innovation in mortgage products/services also observed in, for example, the

²³³ As Taylor (2008: 5) points out, housing booms were more severe in countries with lower interest rates.

²³⁴ In the US, which of course remains the key case concerning the pre-crisis years, well-known aspects could of course be mentioned: for example, the amendments made to the Community Reinvestment Act (boosting lending), the state-backed activities of Freddie Mac and Fannie Mae or the signing of the Commodity Futures Modernizations Act (unfastening OTC derivatives).

Netherlands, Ireland and Spain (e.g., Miles & Pillionca 2008; Rouwendal 2007; Doyle 2009; European Central Bank 2009).

Secondly, and in an irreducibly related manner, diverse nationally specific extra-regulative strategies of indirect normative mobilization-control were of course also triggered. This would include everything from educational courses, reports, analyses, informational campaigns, urban projects, ministerial communication agendas or speeches or TV-show bits by high-ranking political figures, etc., directly or indirectly fostering such things as ‘entrepreneurship’, credit card spending, ‘nuclear family’-oriented homeownership forms, and so on (see also, e.g., Allon & Redden 2012). This necessarily more elusive and multifarious process should of course be placed in the overall context of state’s ongoing growth-led tension-displacing functional activities and considerations, which through the reconfigured intensification of the maintenance/maximization of national growth-oriented and consumption-optimizing agendas in the 2000s, indirectly served to further endogenously tweak popular value priorities and behavioral patterns in a more fiscally functional debt-driven direction. Importantly, practices associated with the macro-level strategy of normative mobilization-control are generally concerned with tapping into, supplementing and re-energizing ongoing processes of micro-situated marketization, self-commodification, etc.²³⁵

Thirdly, the PK phenomenon was also linked to a generalized but of course nationally diverse strategy of claim-reduction. For the sake of argument, I shall only focus on two elements of this larger strategy, which are (as shall be seen) critically linked, namely the observed rise in inequality in recent decades and the increased arguably co-productive dimension of economic growth expansion. First, there is by now well-known strong empirical evidence that income (and wealth) inequality has risen across the OECD polities in the last couple of decades – not simply in the US and the UK (where it increased sharply), but also more recently in, for example, the Nordic countries (e.g., OECD 2008, 2011a; Cingano 2014; Piketty 2014). Secondly, a range of scholars, looking primarily but not exclusively at the US case, have linked the rise in inequality to the observed rising household debt accumulation and thus in this way suggested a possible macro-process underpinning the 2007-8 crisis (e.g., Barba & Pivetti 2009; Guttman & Plihon 2010; Goda et al. 2014). The argument, in short, suggests that the growth-decreasing effects of inequality on consumption (particularly amongst lower-

²³⁵ Marketization/commodification processes that have of course been more generally diagnosed and examined by figures such as Marx, the early Frankfurt School members or more recently, for example, Zygmunt Bauman.

income households) were roughly compensated for by (particularly mortgage-related) household debt, which in turn was famously complexly linked up to financial sector innovations, the housing boom, etc.

This inequality-debt-crisis link indirectly provides an empirical articulation of some of the elements and effects of the overall claim-reduction strategy of the 2000s. Debt-taking helped governing authorities, particularly in the US and the UK, ‘privatize’ private-property-based negative social externalities and thereby assisted in, using Offe’s (1984: 71) formulation, relocating state-functional tensions ‘into extra-political ‘market’ domains’. In this way, the PK phenomenon can be said to imply, using Ulrich Beck’s (1992: 137, emphasis removed) formulation – but without taking on board his larger class-overlooking analysis (for a critique of this, see also Atkinson 2007b) – the activation of ‘individualized institutional situations’, situations in which ‘how one lives becomes the biographical solution of systemic contradictions’.

While it is less clear whether this rather convincing inequality-debt-crisis association – which seems to apply particularly well to the US and the UK (especially with regards to the existence of a strong link between inequality and household debt (see, e.g., Iacoviello 2008)) – also holds for countries such as Sweden and Denmark (e.g., Goda et al. 2014; Baccaro & Pontusson 2016),²³⁶ it is obvious that growth-spurring household debt-taking has been a widespread and general trend cutting across ‘regime’-patterns, national institutional differences etc.²³⁷ Arguably, this generalized rise in household debt-taking can be critically related to the mechanisms of escalation discussed in chapter 7. Most importantly, in the absence of strong counteracting mechanisms, the irreversible asymmetric endogenous logic of consumption-situated economic growth and its frustration-escalating properties make sure that consumption-demands (and by extension demand for debt, whether credit card-oriented or housing-based) are not only continuously reproduced but also reproduced in a new and more intense form. In this way, even without high (rising) inequality the reconfigured intensification of a popular

²³⁶ The inequality-debt-crisis story obviously does not hold for Germany (with its more ‘export-led’ growth model), since this country stands out for not having seen an increase in household debt in the relevant period (see also Goda et al. 2014).

²³⁷ A household debt-taking trend that is infused with a clear class-bias. Generally, as one OECD working paper points out, ‘low-income indebted households tend to be more leveraged, to carry a higher debt burden relative to income (...) to have lower liquidity buffers than more affluent ones (...) to be more vulnerable to negative income shocks and unemployment’ (André 2016: 11).

socio-psychological expectation of ever-widening economic growth and consumption prospects served to expand household debt-taking. Of course, inequality most likely reinforces this mechanism, intensifying the consumption dimension of popular preferences.²³⁸ This would provide one (of course partial) explanation for why countries which experienced a relatively lower increase in inequality also expanded household debt accumulation.

However this is precisely understood, the PK case, as argued (and as construed above), appears as a key illustrative case of the dynamics of legitimacy and fiscal state-crafting in the 2000s – notably, the emergent combination of the three above strategies – and in particular the governance-situated reconfiguration of state legitimacy in the post-1970s period. This can be observed in a number of ways, which shall now be more formally outlined and discussed.

10.2 Co-producing legitimacy

Firstly, the PK phenomenon should be construed in the overall context of the emergent combination of the three strategies of state-crafting. In their own empirically distinctive yet partly functionally overlapping ways, the strategies of market-conforming re-regulation, normative mobilization-control and claim-reduction – or the particular form in which they were activated in the 2000s – appear as both representations of the larger co-productive hybrid tension-displacing order of the post-1990s and as active tension-displacing forces in their own right. With regards to this latter causal property, the activation of the strategic toolbox of state-crafting served to simultaneously reduce, distribute, transfer or displace expenditure-relevant claims and entitlements of the citizenry and push the dynamics and conditions of fiscal accumulation in a more co-productive direction.

Secondly, the PK case provides an exemplary empirical articulation of the reconfigured status of post-1970s legitimacy state-crafting (the dynamics of which I shall address more carefully in the next chapter). Importantly, the generalized household debt-situated mode of fiscal accumulation of the 2000s was arguably premised on not only a heightened micro-situated normative and practical alignment with

²³⁸ As Bauman (2000: 88) for example generally observes: ‘[t]he more choices the rich seem to have, the less bearable to all is a life without choosing (...) the poor cannot avert their eyes; there is nowhere they could avert their eyes to’.

the prevailing fiscal-functional dynamics but also an intensification of both the output/performance propensity of state legitimation and the marketized-fiscalized content of this increasing output/performance-orientation (see chapter 11).

Thirdly, and highly related to the above, the PK phenomenon, as construed above, should be understood analytically as a peculiar unequal combination of a both bottom-up and top-down driven mode of state-functional reproduction – as an alternative manifestation of the earlier argued two-legged division of political domination of the post-1990s. On the one hand, it is representative of the larger hybrid tension-displacing co-producing order – in particular the extent to which, and the way in which, consumer-citizen co-producership has increasingly become an essential ingredient of both profit and fiscal maximization activities. In this specific sense, the PK phenomenon can be perceived as a particular bottom-up driven mode of fiscal state-crafting. On the other hand, as argued, it should be understood in the context of the active activation of the tension-displacing strategic toolbox of state-crafting and the overall state-facilitated maintenance of a fiscal functionally optimizing agenda. In this sense, PK can be understood as a largely top-down driven phenomenon. Moreover, understanding the PK phenomenon from the state-crafting perspective of this study also implies taking into account the reconfigured content and substance of the bottom-up dimension, notably the appearance and absurdity of commercialized symbolic media-fetishizing agendas and popular discourses and the generalized intensification of largely immaterial issues and areas of life, all implying an overall ‘privatized’ form of political legitimation. From this perspective, the PK phenomenon should be understood in the context of a peculiar emergent combination of a both bottom-up and top-down driven mode of state-functional reproduction, in which state-crafting considerations and practices to a large extent seek to – through both active market-conforming re-regulation and indirect extra-regulative means – reinforce a largely independently unfolding or endogenously-driven gradual intergenerational tweaking of both popular value priorities and behavioral patterns in a more fiscally functional direction (a process which of course plays out through a series of micro-situated channels, which shall be theoretically discussed later). In other words, the PK phenomenon implies a situation of an unusually high correspondence between the dynamics of fiscally functional reproduction and the authentic inner-normatively identifying value priorities and behavioral patterns of the consumer-citizens.

Fourthly, and again closely relatedly, the state-crafting-facilitated co-productive component underpinning the PK phenomenon seems evident: on the one hand, the consumer-citizens increasingly

co-produce private-property-based negative social externalities; on the other hand, they increasingly co-produce economic growth. As argued, the PK phenomenon should be construed both in a symptomatic manner – i.e., as emergently containing various articulations of the larger co-productive hybrid tension-displacing order – and in the causal context of a series of more or less active tension-displacing forces. With regards to this latter element, the PK phenomenon can be understood as part of a larger state-functional agenda focused on increasing the co-productiveness of legitimacy and fiscal state-crafting. Importantly, as seen above, in the context of the PK phenomenon – as well as this study’s analysis of the larger post-1990s order – a relative increase in co-productiveness implies, in the first instance, an intensification of social stratification, that is, the unequal distribution of both material resources, juridical entitlements and specific institutional-organizational authority/leverage and social, cultural and cognitive-intellectual resources and competences. In the second instance, and more generally, increased co-productiveness in relation to the PK phenomenon entails a simultaneously bottom-up and top-down driven relative tilting of burdensome/distressful responsibility onto the consumer-citizens; they are increasingly expected to help ‘co-produce’ consumption, debt-taking, fiscal accumulation, social services, etc.

Clearly, the particular co-production of fiscal accumulation through household debt-taking of the 2000s is revealing of the tension-displacing nature of post-1990s state-crafting: rather than an overcoming of micro-situated consumer-citizen tensions (associated with, e.g., the private-property-based production of negative social externalities) it has implied a ‘privatization’ of the tension-filled state-functional relationship between legitimation and accumulation, a relative socio-psychological untying of the question of state/government activities from popular subjective questions of responsibility. Whether and to what extent this from the ISI of the state implies a reconfigured status or genuine overcoming of the tension-filled functional relationship between legitimacy and fiscal state-crafting shall be (further) discussed in the next chapter.

Fifthly, and lastly, the PK case provides a productive way of illustrating the salient governance-relevant dynamics of post-1970s legitimacy and fiscal state-crafting argued for in this study – and, by extension, how state-crafting considerations and activities have critically underpinned the 2007-8 crisis, capitalism, neoliberalism, etc., more generally. To a certain extent, because the PK case encompasses, compresses and causally intensifies many of the relevant macro-mechanisms of analytical interest it provides a critical test: a failure to acknowledge and analytically perceive the underlying state-crafting

dynamics in this case – which should not simply be associated with the activation of the strategic toolbox but more generally with the overall functional encouragement and facilitation/maintenance of the conditions for optimizing the growth agenda – implies a more general failure to conceive of the governance-situated post-1970s period as being, as argued, both deeply, historically, continually and increasingly anchored around the ISI of the state and the historically changing dynamics of legitimacy and fiscal state-crafting.

In this relation, to take a notable example, Streeck's (2011, 2014) recent otherwise intriguing and empirically rich analysis of the neoliberal period seems to critically implicitly misconstrue the PK phenomenon. Placed within the context of his democracy versus capitalism framework, Streeck fails to properly take into account the myriad of state-crafting dynamics underpinning PK, the crisis and neoliberalism more generally.²³⁹ Interestingly, while the problematic analytical ramifications of this for his framework is overall not adequately taken into account, Streeck's (2011) own notion of monetary 'stopgaps' (in the form of inflation, public debt and private debt) – which in the context of this study can be understood as output/performance-situated economic measures – is actually implicitly logically conditioned on the type of arguments made above (and later) concerning the critical state-facilitated reconfiguration of political legitimation.²⁴⁰ Importantly, Streeck's particular capitalism-driven conception of the PK phenomenon both reveals and is a function of his general underappreciation of the almost literally endless manners in which the 2007-8 crisis, neoliberalism and the post-1970s period more generally has been critically predicated on state-functional dynamics. In sum, the PK case is analytically productive: as argued, given the PK phenomenon's multifaceted intrinsic connection to the 2007-8 crisis and post-1970s period, it can be meaningfully argued, by extension, that the fact that the case is particularly revealing of the dynamics of legitimacy and fiscal state-crafting logically tells a great deal about the generally state-crafting-situated nature of the co-productive turn to governance and its functionally patterned class-biased existence.

²³⁹ While, to be fair, Streeck does seem to briefly and nominally acknowledge the importance of a 'strong state' (e.g., 2014: 55–7; see also more recently Streeck 2015), this insight is not integrated into his overall democracy versus capitalism analysis and would arguably in any case be analytically inconsistent with it.

²⁴⁰ Again, while Streeck's *Buying Time* (2014: e.g., 31, 58–9, 61, 69, fn. 39, see also Streeck 2012a) provides arguments pointing in the direction of a more marketized popular culture, this insight is not unpacked and adequately incorporated into his framework (and would, again, arguably analytically implode it if it was).

Briefly summing up: activating the analytical framework and particularly the strategic toolbox of state-crafting, this chapter has engaged in a concentrated empirically anchored and analytically directed examination of the case of the pre-2008 crisis expansion of growth-spurring household debt-taking. Above all, the PK phenomenon has been construed as a highly illustrative case of the particular reconfigured mode of co-produced legitimacy state-crafting characteristic of the post-1970s period. Informed by this analysis (as well as the preceding ones), the next chapter – chapter 11 – shall provide an important formalized explication, analysis and critical discussion of the reconfigured status and dynamics of state legitimation in the post-1970s period.

Chapter 11. Towards Self-Legitimizing Fiscal Accumulation

This chapter seeks to do three overall things. Firstly, on the basis of the above analysis, it shall analytically explicate the implications for state legitimation of the turn to governance by, in particular, formalizing the arguments made concerning the reconfigured status of the tension between legitimacy and fiscal state-crafting in the post-1970s period. Secondly, as a brief and necessarily bounded exercise, this formalization of the arguments concerning the reconfigured dynamics of post-1970s state legitimation shall be juxtaposed with the key arguments and prophecies of the LAF approach of the 1970s. Thirdly, the arguments concerning the reconfigured status of the legitimacy and fiscal state-crafting tension shall be further unpacked and explicated through a brief and confined theoretical discussion of two recent post-millennial works looking (in their own ways, and at least partly or indirectly) at some of the dynamics of, and changes in, the antagonistic structures of the post-1970s period. As shall be seen, the three tasks of this chapter – which are performed in three separate sections – approximate an at least partial and tentative discussion of the Marcusean sub-question of this study.

11.1 Figuring out the reconfiguration

Arguably, the post-1970s co-productive governance phenomenon, as construed in the context of the preceding analysis focusing on the historically evolving dynamics of legitimacy and fiscal state-crafting, presuppose, and were allowed for by, two types of heavily interrelated socio-ontological conditions of possibility.

Firstly, a main sociological and socio-psychological condition of possibility for the governance-situated reconfiguration of state legitimation has been the generalized appearance of an inner-normatively identifying postwar consumer-citizen subject, which can be perceived as the culmination of a long-term intergenerational transformation of both popular value priorities – notably entailing a possibly irreversibly heightened popular socio-psychological expectation of ever-widening economic growth and consumption prospects – and behavioral patterns, together implying a heightened micro-situated normative and practical alignment with the prevailing fiscal-functional dynamics.

Secondly, historically re-situating and analytically tweaking the arguments and terminology of the legitimation and accumulation functions approach of the 1970s, the post-1970s/1990s governance-situated transformation arguably presuppose a reconfiguration of state legitimation, involving a relative historical shift towards a more *self-legitimizing mode of fiscal accumulation* (cf. Brown 2005: 41–2, 143, fn. 6; cf. more generally Cerny 1997). This reconfiguration arguably involves two key components. (1) While political legitimacy generally tends to be ‘output’-anchored (Rothstein 2009; Dahlberg & Holmberg 2013: 3) – i.e., focused on ‘performance-based’ legitimacy, that is, whether, to use Herbert Marcuse’s (1967) famous formulation, the system ‘delivers the goods’– the above transformation signifies a relative historical intensification of this output/performance dimension. (2) The content of state or governmental legitimacy has been relatively altered, implying an increasing popular attention to day-to-day financial security, ever-widening economic growth and consumption prospects (i.e., ‘economic welfare’). Whereas the former component puts emphasis on an increasing output/performance *propensity*, the latter puts emphasis on the historically specific marketized-fiscalized *content* of this increasing output/performance-orientation.²⁴¹

²⁴¹ It is arguably difficult to provide analytically productive longitudinal empirical or quantitative data showing the relative intensification of marketized/fiscalized popular value priorities going back to the 1970s. That said, *besides* the conglomerate package of processes, mechanisms, arguments and examples variously presented throughout this study, one can of course briefly and non-exhaustively point to a few anecdotal symptomatic indications of a gradual tweaking of value priorities in a more output/performance-based marketized/fiscalized direction.

As the more static and mostly US-based empirical socio-psychological work by John T. Jost and his colleagues show, what they denote a ‘fair market ideology’ seems to be a basic/underlying salient feature – that is, ‘people living under market economies tend to believe that market-based processes and outcomes are inherently fair and just’ (Jost et al. 2003a: 79). Moreover, low-status/disadvantaged groups have a higher tendency to ideologically embrace and justify the prevailing system/status quo (Jost et al. 2003b), not simply in the US but also cross-nationally (Jost et al. 2005). Arguably, when coupled with the rising inequality trend of recent decades, this latter element provides an indirect case for hypothesizing an intensification of ‘system-justifying’ marketized/fiscalized value priorities (cf. the general argument in Jost et al. 2005: 329).

At the party-political level, as discussed earlier, both a decline in class-voting (Alford 1962; Clark et al. 1993; Nieuwbeerta & Ultee 1999) – which, albeit, should be construed in a particular manner (Van der Waal et al. 2007) – and a generalized ‘neoliberalizing’ of parties’ ideological agendas (Mudge 2011) can be observed over time. A few much more heterogeneous and fragmented symptomatic class-situated trends of recent decades could

It makes sense to further specify this overall argument. Firstly, as argued in chapter 6, against, for example, Lipset's (1959) distinction between effectiveness and legitimation and the often observed ahistorical contemporary implicit or explicit equation of legitimation with specifically democratic legitimation, state legitimation should be construed in a multidimensional and temporal manner, analytically allowing for a historical reconfiguration of both the type/source/content of legitimacy and this source's relative propensity. Thus, while legitimacy by definitional fiat has to somehow be consensual or voluntarily, it need not necessarily be infused with a historically specific logic or content centered on, for example, democratic or socially progressive ideals and criteria. Importantly, in this sense, the above argument concerning the relative historical reconfiguration of state legitimation underpinning the governance phenomenon in no way implies the absence of normatively-based conception-formations or the irrelevance of legitimacy state-crafting. Rather, it involves not only a relative historical reconfiguration of the content of the state-situated macro-level but also the principal normative assessment-logic underpinning the ongoing formation of normatively-based conceptions itself (on this more generally, see also Zhao 2009: 418). With regards to specifically this latter element: rather than implying a diminishing or weakening of state legitimacy, the relatively historically heightened attentiveness to output/performance signals an increasing propensity of a specific dimension of state legitimation; it implies an intensification of a specific socio-psychological normative assessment-logic, focused on whether and to what extent goods are 'delivered', which equally authentically underpins the ongoing process of normative conception-formation.

Secondly, the argument made in chapter 6, following the general cues of Lipset (1959: 91) and Linde & Ekman (2003: 397, 399-400, 405-6), that regimes that continuously, and in a long-term

perhaps be loosely and non-exhaustively mentioned, such as, for example, an increase in: childhood obesity rates and overweightness in developed and particularly English-speaking 'market-liberal countries' countries (and on a global level) (De Onis et al. 2010; Offer et al. 2010), the total yearly revenues of McDonalds, the consumption of Coca Cola, online advertising (e.g., Evans 2008), etc. Other meaningful anecdotal symptomatic pre-2007-8 crisis indications would also for example be an increase in: sports betting (e.g., internet gambling), the dumbing-down or 'tabloidization' of news/media outputs, cosmetic surgeries, fitness activities, commercials, books, music, films and TV-shows emphasizing aggressive/competitive/entrepreneurial/self-interested behavior, and so on. Trends in McDonald's revenues/sales can be examined by looking at the various annual reports (see McDonald's Corporation n.d.). For Coca Cola trends, see The Coca-Cola Company (n.d.).

manner, are able to ‘deliver the goods’ tendentially enhance their normative support, can be applied in a particular and slightly analytically tweaked manner to this study’s discussion of the GA period. As argued, the unrivaled economic expansion and popular distribution of affluence of the GA period gradually served to stabilize a popular socio-psychological expectation of ever-widening economic growth and consumption prospects. In this relation, it can be argued that the generalized continuous and long-term capacity to *actually* ‘deliver the goods’ during the GA period gradually served to both intensify the relative importance of the ‘delivering’ dimension of legitimation and increasingly associate the content of this heightened output/performance-based dimension of legitimation (the goods to be delivered) with a specifically growth-oriented and consumption-optimizing agenda.

Thirdly, going beyond Gilley’s (2006: 502, emphasis in original) argument that one cannot speak of ‘state performance’ in legitimacy terms unless it is ‘from a *public* perspective’ (as argued in chapter 6), the above suggested post-1970s reconfiguration of state legitimation precisely implies the gradual co-productive tension-displacing hybridization of the two stereotypical normative questions of ‘what is good for society?’ and ‘what is good for me?’. The nationally specific growth-oriented and consumption-optimizing agendas that were consolidated during the GA period and intensified during the post-1970s period provide a good illustration of the increased synthetization of the ‘private’ and the ‘public’ facets of the output/performance-based form of legitimation: here, consumption activities (a stereotypical ‘private’ dynamic) are seemingly intrinsically connected to GDP expansion (a stereotypical ‘public’ dynamic).²⁴² More generally, the generally co-productive dynamics of the post-1970s period – whether related to consumption, debt, fiscal accumulation, etc. – are particularly revealing of the way in which the salient output/performance-based dimension is increasingly underpinned by a hybridization of the private concerns of the consumer-citizens and the extra-individual corporate fiscal-functional ISI of the state.

Fourthly, as have been seen throughout the study, the reconfiguration of state legitimation relies on an emergent mixture of endogenously- and exogenously-driven processes. While, as argued, a large portion of the fiscally functional tweaking of value priorities has occurred as part of a gradual long-term

²⁴² The ‘trickle-down’ logic of taxation may also provide a good exemplification. See Bauman (2013: 3) for a short account of the increased ideological acceptance of arguments, such as the ‘trickle down theory’, positing that ‘the pursuit of individual profit also provides the best mechanism for the pursuit of the common good’.

and endogenously-driven intergenerational process, active state-crafting dynamics have nevertheless played a major role in reinforcing this reconfiguration of legitimation of the post-1970s period. Importantly, many of the state-crafting strategies and considerations referred to in this study – which, as discussed in chapter 6, involves a certain level of ‘[s]kill, skilfulness, art’ and ‘spell or enchantment’ (Craft n.d.-b), and are thus always already underpinned by the state’s Bourdieusian ‘symbolic monopoly’ – can partly be perceived as ways for states to help nourish, to use Beetham’s (1991: 60; cf. 108-9) formulation, ‘the evidence needed for their own legitimation’. Notably, the state-facilitated intensification of co-producership implies an indirect manner of fostering a tension-displacing hybridization of the private concerns, preferences and activities of the consumer-citizens and the fiscal-functional ISI of the state; it implies a linking of the criteria for successful macro outputs/performances to ‘privatized’ dynamics (e.g., consumption prospects) – a process which in purely state-situated legitimacy terms actually effectively ends up socio-psychologically untying questions of institutional-organizational output/performance from popular subjective questions of responsibility.

11.2 Historically re-situating the LAF approach

It is important to, again, specify the argument actually being made. Firstly, the argument implies a *relative historical shift*, a non-trivial relative intensification of both the output/performance propensity and the specifically marketized-fiscalized content of this increasing output/performance-orientation. Obviously, legitimacy state-crafting still implies the effective activation of other types/sources of legitimation than those revolving around an output/performance-based marketized-fiscalized content. Secondly, and relatedly, it does not imply the irrelevance of legitimacy state-crafting or the earlier mentioned ‘general interest criterion’. Rather, the argument addresses a historically specific reconfiguration of both the content of legitimation (i.e., relatively more marketized/fiscalized) and the principal socio-psychological normative assessment-logic underpinning the ongoing formation of normatively-based conceptions itself (i.e., relatively more output/performance-based).

Returning to the arguments of the legitimation and accumulation functional approach, it is clear that all of the three scholars presumed the necessary functional insufficiency of a purely ‘bourgeois’ normativity. For Habermas (1973: 76), for example, but also implicitly for Offe and O’Connor, it was

both the case that '[c]apitalist societies were always dependent on cultural boundary conditions that they could not themselves reproduce' and that contemporary '[m]otivational structures necessary for bourgeois society are only incompletely reflected in bourgeois ideologies'. While particularly Habermas emphasized the more conservative/traditional moral aspects of the constitutive feature of extra-capitalist normativity, they all also focused on the necessity for state-situated functional reproduction of 'compensatory regulation' (Offe 1984: 49) or expenditures, whether as a way of sustaining the self-debilitating commodification process or obtaining/maintaining 'social harmony' (O'Connor 1973: 6). In either case, status quo skeptical politicization was thought to result from the necessary increased interventionist practices of the state; an interventionism sparked by the private-property conditioned production of negative social externalities, and a politicization constituted by the necessity of fulfilling a legitimation function and more generally, at the micro-situated level, the existence of 'norms requiring justification' (Habermas 1973: 69).

In this relation, the post-1970s governance-situated analysis of this study does not imply a rejection of the *necessity* of legitimatory state-crafting but rather a specification of the non-trivial relative historical reconfiguration of the dynamics and properties of legitimation. The LAF approach was less wrong about the functional requirement of fulfilling the two functions itself than simply under-assessing the possibilities for this tension-filled relationship to be critically reconfigured (cf. Held 1996: 196-201; Barker 1990: 101; Streeck 2014).

Arguably, this under-assessment was to some extent a priori analytically conditioned. All of the three scholars – and particularly Habermas – implicitly identified the process of politicization with a specific content, namely a democratically-situated socially progressive commodification/status quo skeptical normative orientation.²⁴³ Implicitly, it was largely thought that '[a]s long as motivations

²⁴³ To be clear, as also hinted at earlier, although this appears at varying degrees and neither of them systematically reflect on the consequences of this for their overall arguments, all of the three scholars can be said to implicitly presuppose a certain minimal level of output/performance-based legitimation. For example, although this is not really systematically taken into consideration with regards to his legitimation crisis thesis, Habermas' (1973: 5) nominal sub-systems scheme (which stems from Claus Offe) assumes that the 'Socio-Cultural System' produces 'Mass Loyalty' on the basis of both inputs from the 'Economic System' and 'Social Welfare Performances' from the 'Political-Administrative System'. As also partly addressed earlier, the output/performance-based dimension is relatively more (again implicitly) salient in the case of Offe and

remain tied to norms requiring justification’, politicization-inducing interventionist processes might, in a seemingly socially progressive manner, ‘break out in a questioning, rich in practical consequences’ (Habermas 1973: 69). Importantly, as should be evident, the problem, which implicitly or not involves all of the three scholars, is not the argument that norms require justification but the implicit a priori analytical assumption that the content, logic and form of these norms and justifications are of a certain kind. To put it rather bluntly and provocatively, partly like Wolfgang Streeck (which I shall discuss later) the three scholars seem to a priori expect that legitimacy demands have a certain socially progressive quality, that they are generally more or less based on the kinds of norms and justifications that they themselves support or find meaningful and productive (see also Barker 1990: 89-90, 96). Their notion of politicization implicitly reflects a specific understanding of the prevailing status of normativity, which, in hindsight, most likely partly stems from the particular (but not long-lasting) crisis-engrossed societal and academic context of the late 1960s and early 1970s that have been touched upon earlier.

From this perspective, it can be argued that the normative underpinnings of the approach’s understanding of politicization (and thus, by extension, the legitimation/fiscal crisis) remains stuck in, and to a certain extent universalizes, the first of the two earlier discussed frustration scenarios, namely the short-term claim-based one (and in particular the societal/anti-alienation/alleviatory type of expectation/claim escalation), all the while, as analyzed, the socio-psychological ‘privatized’ frustration scenario would actually become gradually activated throughout the post-1980s period. Arguably, this also reflects a partly inaccurate diagnosis of the GA period: as argued throughout this study, this period saw the gradual consolidation of a possibly irreversibly heightened socio-psychological expectation of ever-widening economic growth and consumption prospects, a critical process which, although it was partly interrupted by a short-term stage of ‘politicization’, extended into the post-1980s period in a non-trivial reconfigured intensified manner.

The above discussed argument concerning the politicized pressure for ‘compensatory regulation’ and the legitimacy necessity of ‘norms requiring justification’ was analytically predisposed to overlook some of the important dynamics of post-1970s state legitimation. While Offe (1984: 49)

particularly O’Connor, for whom the capitalist state for example services the legitimation function through ‘social expenses’.

correctly argued that ‘the capitalist state has the responsibility of compensating for the processes of socialization triggered by capital in such a way that neither a self-obstruction of market-regulated accumulation nor an abolition of the relationships of private appropriation of socialized production results’, he seems to have both: (1) over-assessed the general degree to which ‘the exchange process requires compensatory regulation’ (Ibid.) and (2) under-assessed the possibilities for the dynamics of ‘the responsibility of compensating for the processes of socialization’ to be critically reconfigured. Notably, as argued earlier in relation to O’Connor’s fiscal-budgetary framework, the post-1980s development has implied a process in which ‘social capital expenditures’ have increasingly come to also serve the ‘legitimation function’ and ‘social expenses’ has become more (at least indirectly) ‘productive’. As for the legitimacy necessity of ‘norms requiring justification’ the *quality* of both the norms and the justifications has changed. In the context of the governance-situated reconfiguration of legitimacy state-crafting, the norms, which *still* require some form of justification, have to a relatively increasing degree been both (1) underpinned by an alternative principal normative assessment-logic (focused on output/performance) authentically underpinning the ongoing process of normative conception-formation and (2) infused with an alternative marketized/fiscalized content.

One element that stands out when historically reinterpreting the arguments of the LAF approach is, as argued earlier, the gradual co-productive tension-displacing hybridization of the ‘private’ and the ‘public’ facets of the intensified output/performance-orientation implied by the post-1970s reconfiguration of state legitimation. As argued, the co-productive turn to governance has involved an intensified hybridization of the increased private-level output/performance-orientation – associated with the private concerns of the consumer-citizens – and increased ‘public’-level output/performance-orientation – associated with the extra-individual corporate fiscal-functional ISI of the state.²⁴⁴

²⁴⁴ Partly referring back to the argument made above, the extensiveness of this process can be symptomatically observed, to take one notable example, not only through the increased synthetization of micro- and macroeconomic insights but also simply the general way in which contemporary mainstream macroeconomic textbooks non-emergently and normatively conceptualizes the dynamics and preferred direction of the aggregated national economy: (aggregated) micro-level consumption activity (C), amongst other variables, enhances the macro-level volume of economic activity (Y), which, because a maximization of Y in macroeconomic textbooks authoritatively serves as the legitimate manner in which the general interest is served, is positively encouraged.

Generally, in hindsight, the LAF approach of the 1970s, focusing on the restrained, tension-filled and debilitating logics of state-based ‘steering’, thought too little of the active exogenously-driven state-crafting forces underpinning legitimacy dynamics (see also Held 1996: 197; Barker 1990: 100-1). Its general pessimism with regards to the state not only made the approach generally relatively under-assess the Bourdieusian symbolic monopoly of the state but also analytically prevented it from being able to foresee, as have been argued, how both the indirect gradual tweaking of value priorities through the overall fiscal-functional maintenance/maximization of a national growth-oriented and consumption-optimizing agenda and the diverse effects of the activation of the three strategies of state-crafting would critically underpin the post-1970s reconfiguration of legitimacy.

This study’s particular analysis of the post-1970s governance-situated reconfiguration of state legitimacy has introduced an important additional set of arguments, which encourages a further remodeling/reinterpretation of some of the key claims/prophesies of the LAF approach. Overall, this study has stressed the importance of firmly analytically integrating the emergent dynamics of party politics, of infusing legitimacy and fiscal state-crafting with a historically situated party political content – a maneuver which allows for a refinement of the understanding of the dynamics of post-1970s state legitimacy. This is seen in at least two ways.

Firstly, as argued, the LAF approach of the 1970s may be criticized for not adequately distinguishing between a lack of support for (1) the state or democracy and (2) the government or incumbents (see, e.g., Weil 1989: 683; Beetham 1991: 169). In relation to this unclarity with regards to the intended level/unit of analysis, which makes it difficult to assess the approach’s claims/prophesies about a fiscal and/or legitimacy crisis,²⁴⁵ it makes sense to apply a simple but analytically productive two-level view of macro-political legitimacy which operates with a historically-situated distinction between (1) state legitimacy and (2) party-level legitimacy. Importantly, by implication this two-level view of macro-political legitimacy minimally entails that, as argued above, legitimacy does not necessarily imply *democratic* legitimacy.

²⁴⁵ For example, a quite interesting trend can generally be observed: while ‘satisfaction’ with abstract system-level democratic principles seems to be intact (or rising), trust/satisfaction levels – as the Eurobarometer, the European Values Study, etc., show – with regards to specific political institutions, parties or individuals are (increasingly) low (on this distinction, see Linde & Ekman 2003).

Secondly, as mentioned earlier, the historical-theoretical analysis of this study reveals, and places the governance phenomenon in the overall context of, the historical institution of two overall political-institutional displacements. The first, and perhaps most important, one involves the displacement from state to (party) government. The second overall political-institutional displacement involves the post-1970s shift of overall legitimacy-relevant ‘responsibility’ *not* from state to party government (as in the first round) – introducing national variations of ‘cleavage’-based party politics – but from parties to civil society or profit-maximizing corporate actors, i.e. from government to governance.

This transformation from the state to a separate arena of party politics – the first overall political-institutional displacement – arguably involved (what has earlier been described as) a backgrounding process: by instituting an ‘electoral mode of consent’ (Beetham 1991: 150), it helped performatively popularly camouflage the ‘corporate’ character (or perhaps very idea) of the ISI of the state and the existence of state functions (or the idea of functional reproduction). Specifically, the relative shift from state legitimation to party-level legitimation, which correlates with the above described first displacement from state to (party) government, sediments and boosts state legitimacy: party democracy allows the state to restrict effective intrusions and dampens the future possibility of being directly presented with overly disintegrative or functionally-damaging claims (see also Beetham 1991: 169-71).²⁴⁶ Through the relative shift towards party-level legitimation, the dynamics of claim-making – and politicization more generally – are increasingly transferred to the party system (with its reshuffling of office-holding parties): new claims or objections are supposed to pass through the democratic-competitive (Schumpeterian) party channel; unsatisfied claimants should simply, as it is often said, either vote for another party next time around or perhaps politically mobilize themselves.

With regards to the post-1970s governance turn, as described, the unequal intermingling of state and party of the post-1970s/1990s period has involved a *further* policy-selective diminishing of ‘politicization’. Importantly, as this particular policy-selective downgrading of ‘responsiveness’ – in which certain areas are sought (at least nominally) displaced whereas other areas remain increasingly formally controlled/managed – seeks to depoliticize the party system, the turn from government to governance constitutes the second, and most recent, overall political-institutional displacement; a

²⁴⁶ At the socio-psychological level, this displacement process implies a weakening of citizens’ ability to causally link a certain bad/good performance (or non-performance) to the operations of the state.

displacement *further* backgrounding the politicization process, and pushing it one step further away from the state and its still operating functional activities.

11.3 A discussion: Two tension-filled frameworks

In this concluding section I shall try to further unpack and explicate the above arguments concerning the reconfigured status of the legitimacy and fiscal state-crafting by very briefly theoretically discussing selected elements of Wolfgang Streeck's (2014) recent book *Buying Time* and Boltanski & Chiapello's (2005) *The New Spirit of Capitalism*. As mentioned earlier, while very different, these two post-millennial works at least indirectly focus on some of the dynamics of, and changes in, the antagonistic structures of the broadly construed neoliberal period.²⁴⁷ To be clear, no attempt at a comparison between the two works shall be made. More importantly, this short exercise is by no means exhaustive; it should merely be perceived as a very brief consideration of selected elements for the purposes of analytical illustration and discussion.²⁴⁸

11.3.1 Questioning democratic capitalism

Although Streeck's (2014: 14) book *Buying Time* at first glance sets up his book as a kind of recasting of what he loosely terms the 'Frankfurt crisis theories of the 1970s' for the neoliberal period – seemingly referring to Habermas, Offe and O'Connor – *Buying Time* does not explicitly/directly take

²⁴⁷ The original French version of *The New Spirit of Capitalism* was published in 1999.

²⁴⁸ Another point to bear in mind: this study's overall analysis does not take departure in the same analytical unit of analysis as the two works to be discussed. While this study perceives things from the ISI of the state and focuses on the governance-situated dynamics of legitimacy and fiscal state-crafting, Streeck (2014) analyzes neoliberalism in relation to the contradictory relationship between democracy and capitalism and Boltanski & Chiapello (2005), arguably operating at a relatively more ideational level, concentrates their energy on the dialectical historical relationship between 'critique' and capitalism. This principally dissimilar analytical perspective obviously implies very different mechanisms, empirical interests, theoretical implications, etc. – differences which cannot be systematically treated in this study.

on board their perspectives/insights.²⁴⁹ Instead, *Buying Time*, and Streeck's (2011) earlier *New Left Review* article, sets up an alternative analytical framework for analyzing the neoliberal period focused on the crisis-inducing contradictory relationship between democracy and capitalism – what might be termed a democracy versus capitalism approach. Through this approach he, amongst other things, construes the post-1970s period as a series of near-crises temporary cancelled by the three monetary 'stopgaps' of inflation, public debt and private debt. According to Streeck (2014: 57) these crises/stopgaps were ultimately triggered by the antagonistic relationship – the 'very old tension' – between democracy and capitalism. More generally, Streeck (Ibid.: 58) argues, the post-WW2 period of so-called 'democratic capitalism' institutionalized two 'competing principles of distribution', namely 'market justice' and 'social justice'.²⁵⁰

While it is of course not possible to go through or tackle the myriad of aspects that are usually interestingly examined by Streeck – let alone his analysis of the emergence of a Hayekian-neoliberal EU-based order or his pessimistic diagnosis of the post-2007-8 crisis period more generally – it is productive for the purposes of this study's above discussion to put emphasis on two key problems of his democracy versus capitalism approach.

Firstly, and most importantly, Streeck's (e.g., 2014: 55-63, 173) approach effectively a priori analytically identifies democracy and (what he terms) 'democratic politics' with 'social justice', that is, socially progressive (i.e., egalitarian-redistributive) forces.²⁵¹ Because his approach in this way (1) implicitly equates legitimation with specifically democratic legitimation – and more generally allows him to sidestep the question of (state) legitimation altogether²⁵² – and (2) tends to infuse democracy with a socio-economically progressive content, his analysis is less able to construe state legitimation in a multidimensional and temporal manner. Importantly, this makes it difficult for him to analytically

²⁴⁹ This section draws partly on elements from Celik (2016b).

²⁵⁰ In Streeck (2011: 7) he, in a similar manner, presents democratic capitalism as being 'ruled by two conflicting principles (...) of resource allocation': while the one operates 'according to marginal productivity', the other operates according to 'social need or entitlement'.

²⁵¹ In Streeck (2011: 7) he also explicitly identifies democratic politics with 'democratic claims for protection and redistribution'. More recently, in a footnote, Streeck (2015: 59, fn. 10) effectively reveals that he equates his understanding of democracy with *social* democracy as such.

²⁵² Streeck's *Buying Time* does generally not engage in elaborate social-theoretical or analytical discussions of key terms such as the state, legitimation, politics, etc.

operate with different historically propensity-varying institutional forms or sources of legitimation – or more specifically: it makes his approach analytically unable to adequately grasp the above argued post-1970s reconfiguration of state legitimation. Had he directly/explicitly applied the legitimation and accumulation functions approach – or perhaps this study’s modified version – he would arguably have been better able to grasp the fact that, as argued above, a main sociological and socio-psychological condition of possibility for the post-1970s development has been the long-term intergenerational transformation of popular value priorities and behavioral patterns, entailing a possibly irreversibly heightened popular expectation of ever-widening economic growth and consumption prospects and, more generally, a heightened micro-situated normative and practical alignment with the prevailing fiscal-functional dynamics.

While *Buying Time* (2014: e.g., 31, 58–9, 61, 69, fn. 39, see also Streeck 2012a) a few times alludes to a more marketized popular culture and Streeck’s empirical account of the neoliberal period generally tends to implicitly showcase a popular erosion of ‘social justice’ conceptions – as argued, largely unknowingly his conception of monetary ‘stopgaps’ implicitly presuppose a more output/performance-based form of legitimation – his democracy versus capitalism approach prevents the analysis from incorporating these insights and thus rejecting the untenable presupposed necessary equation of democracy with ‘social justice’; his analytical approach makes the analysis systematically overlook the causal effectiveness of the existence of a mass basis for the neoliberal development and the dynamics of the legitimacy reconfiguration of the post-1970s notably involving a relative historical shift towards a more self-legitimizing fiscal accumulation.

In a somewhat similar manner as the LAF scholars (see above) – and particularly Habermas – Streeck infuses his conception of democracy (and thus the contradiction between democracy and capitalism) with a historically specific content, which implicitly generally involves assuming that the consumer-citizens share his socially-progressive preferences.²⁵³ Like also partly discussed earlier, this feature most likely stems from an inaccurate conception of the GA period – and thus by extension a faulty analytical opposition between this period and the post-1970s one – which identifies it too exclusively with ‘de-commodification’ and the Golden Age of ‘social justice’ rather than the

²⁵³ For a particular argument against construing democracy as having a specific content, see more generally, for example, Ross (1946).

consolidation of an overall national growth-oriented and consumption-optimizing agenda, possibly irreversibly activating a range of socio-psychological mechanisms of escalation, etc. While the LAF approach may partly share the urge to implicitly imply certain normative priorities (for example through its conception of politicization, as discussed above), contrary to Streeck's alternative democracy versus capitalism approach, it principally analytically allows for a multidimensional and temporally-based conception of state legitimation; in other words, without breaking with the core analytical tenets of the approach, it principally allows for the possibility of different historically propensity-varying institutional forms or sources of legitimation, as argued for above.

Secondly, and very much relatedly, had he directly/explicitly applied the LAF approach he would have been better able to perceive the state-crafting dynamics and strategies critically underpinning the post-1970s governance-situated period, as discussed throughout this study. Although, as argued, a couple of times briefly and nominally recognizing the importance of a 'strong state' (e.g., 2014: 55–7; see also more recently Streeck 2015) – although without systematically thinking through the analytical consequences of this – Streeck's *Buying Time* (2014: e.g., 4, 20, 28, 39, 40, 45, 159) generally effectively construes neoliberalism in a stereotypical capitalism-skeptical manner, as implying both a self-regulatory, de-regulated, privatized, and liberalized order and a defensive, hollowed out, shrinking and private-sector-controlled form of state/government. In light of the overall state-crafting framework launched/developed in this study, this is of course unproductive, to say the least.

One problematic implication of this (out of several) may be highlighted. For example, while Streeck (2014: 10-20) correctly points out both that (1) the 'financialization' of capitalism was not really foreseen by the 'Frankfurt crisis theories of the 1970s' and that (2) they generally overrated the possibilities for a popular 'legitimation crisis', his argument that it was actually the 'revolt of capital' (ibid.: 3), which, 'in the shape of its organizations, its organizers and its owners' (ibid.: 16), broke the postwar social contract, is less productive. Most importantly, by putting most of the causal weight on the 'revolt of capital' – a maneuver which of course is informed by his capitalism-oriented critique of neoliberalism and his analytically less flexible overall democracy versus capitalism approach – his analysis unfortunately fails to take adequately into account not only the important reconfiguration of the socio-psychological value priorities of the consumer-citizens and the broader legitimatory dynamics of the post-1970s period, as discussed above, but also the almost endless state-crafting-facilitated forces

and dynamics critically underpinning the PK phenomenon, the 2007-8 crisis and neoliberalism more generally.

11.3.2 Questioning the dialectic

Like Streeck, although writing more than a decade earlier and in a more discursively-situated sociological vein, Boltanski & Chiapello's (2005) book *The New Spirit of Capitalism* can be understood as a synthetic capitalism-skeptical analysis of the dynamics and antagonistic forces of the neoliberal period. Although, as mentioned, their de facto primarily discursively-situated analysis focuses on principally different mechanisms, empirical interests, theoretical considerations, etc. – and although, like in the case of Streeck, this selective exercise makes it impossible (and less relevant) to systematically reflect on all the analytical implications of the many arguments and dimensions of their book in this study – it is arguably nevertheless productive to briefly discuss a few aspects of Boltanski & Chiapello's book. Abstractly put, *The New Spirit of Capitalism*, in its own way, productively engages with the general question of the (necessary) extra-economic conditions of possibility for economic organization.

Very briefly and non-exhaustively put, *The New Spirit of Capitalism* nominally or rhetorically draws on Weber's *Protestant Ethic* work – although rejecting his claim about capitalism no longer requiring a supporting ethical/transcendental structure (Boltanski & Chiapello 2005: 46, fn. 21) – and points to the historical succession, based on a reading of management texts/literature, of three 'spirits of capitalism' that are manifested in correlative distinctive organizational/leadership typologies. These spirits of capitalism are ideological, mainly serving to maintain motivational support for capitalist profit-maximization but also to smoothly withhold this dynamic (see Chiapello & Fairclough 2002: 187, *passim*). Importantly, capitalism (or the spirits of capitalism) is dialectically connected to various forms of capitalism-skeptical 'critique'; these extra-capitalistic critiques and justificatory demands are both ontologically constitutive of capitalism (pivotal for its functioning) and have been sought strategically 'assimilated' by it.

For the specific purposes of this study, three arguments against Boltanski & Chiapello's overall framework may be selectively highlighted. Firstly, and perhaps most importantly, in a manner somewhat resembling Streeck's approach, Boltanski & Chiapello seem to a priori assume that

capitalism's requirement of a dialectically constitutive moral/justificatory basis necessarily has a 'critical' (in the sense of socially/culturally progressive) content or at least is of an extra-capitalistic origin. The question is less whether critique and 'justifications' are causally constitutive than, as has been argued, what kind/type of overall normative assessment-logic historically prevails and what specific content underpinning the legitimacy order dominates.²⁵⁴ As Willig (2009: 516, 513) for example argues, critique is not only increasingly regarded as a 'strategic weapon', it has also 'become an internal affair'; it has shifted from being 'externally-oriented' to being more 'introverted'.

Secondly, their framework is tension-filled. While analytically presupposing the ontologically constitutive necessity of 'critique', Boltanski & Chiapello (2005: xliii) nevertheless admit/recognize that the post-1980s may have seen a period of a temporary 'waning of critique'. Thus, in this way, they accept a temporary 'disarmament' or 'ideological neutralization' of critique (Ibid.: 41); for a certain period of time, capitalism is able to somehow 'evade the obstacles critique creates' (Ibid.: 42). Importantly, besides the fact that the question of how, why and through whom (or what mechanisms) this 'disarmament' of critique operates remains ambiguous, it is also unclear why an extra-capitalistic critique should necessarily reappear (let alone in the same form or infused with the same content, etc.).²⁵⁵ In other words, they seem to be stuck: if they insist on pushing the argument of a 'waning of

²⁵⁴ Although *inter alia* operating at a different analytical level, Polanyi's (1944) analysis, launched in his classical book *The Great Transformation*, seems to make a somewhat similar problematic assumption. For example, his countermovement concept arguably not only relies on a certain socio-psychological consciousness of negative market externalities but also an implicit assumption about the existence of the effective political-organizational means to mobilize this contingently experienced indignation. While the countermovement may be a constitutive element of economic organization, this neither guarantees that it necessarily implies socially protective measures nor technically speaking excludes the possibility that a full 'disembedding' might occur, since the 'fictitious' status of land, labour and money as commodities is technically speaking (i.e., not normatively) questionable (on this latter point, see also Nitzan & Bichler 2009: 86-7, fn. 1; Fraser 2014: 547-8). More generally, like Streeck and Boltanski & Chiapello, although of course in markedly different ways, Polanyi a priori analytically underappreciates the possibilities for a non-trivial reconfiguration of both the normative-assessment logic and the content of legitimacy dynamics.

²⁵⁵ As they admit, they do not consider the 'conditions on which the degree of effectiveness of critique in determinate historical situations depends' (Boltanski & Chiapello 2005: 41). Again, a brief comparison with the Polanyian perspective may be loosely drawn. While the Polanyian perspective, as Block (2001: xxv) formulates it

critique’ to the end – which they explicitly refuse to do, arguing for example that the ‘dialectic of capitalism and its critique *necessarily proves interminable*’ (Ibid.: 40, emphasis added) – their analytical framework critically breaks down; if they do not, they have a weak basis for construing, within their particular framework, the reconfiguration of legitimacy dynamics of the post-1970s period, as argued above.

Thirdly, as shall also be touched upon in a more general manner later, *The New Spirit of Capitalism* overall seems to under-assess the historically speaking relatively increasing degree to which, as Weber (2001: 214, emphasis added) might put it, the system ‘rests on *mechanical* foundations’, rather than a motivating ideological ‘spirit’ (see also Darmon 2011) – although as an empirical and historical observation it should be stressed at the outset that such former component (for sociological reasons, not principal ones) in no way exhausts the dynamics of state-functional reproduction.

11.4 Concluding discussion

It seems meaningful to end this theoretically-oriented chapter by very briefly reflecting on the implications of the above discussion for the Marcusean sub-question posed in this study’s introduction. Although this has in many ways been indirectly discussed above, it seems productive to for example more formally ask whether and to what extent the legitimacy dynamics underpinning the post-1970s governance turn has implied a bridging, reconfiguration or genuine overcoming of the tension-filled relationship between legitimacy and fiscal state-crafting?

in his authoritative introduction to the 2001 edition of the book, implies that popular resistance emerges ‘as the consequences of unrestrained markets become apparent’, it is not clear what historically stable mechanisms ensures that negative market externalities necessarily ‘become apparent’ at the micro-situated socio-psychological level. As Block (Ibid.: xxviii, emphasis added) formulates it on behalf of Polanyi: the ‘movement toward a laissez-faire economy *needs* the countermovement to create stability’. Or: the ‘protective countermovement *had* to happen to prevent the disaster of a disembedded economy’ (Ibid.: xxviii, emphasis in original). While this is historically speaking less controversial, although things did not necessarily proceed in this manner, there is no necessary reason why the countermovement or the re-embedding should reappear again.

As argued, the post-1970s co-productive governance phenomenon presuppose, and were allowed for by, two types of heavily interrelated socio-ontological conditions of possibility: on the one hand, a tweaking of popular value priorities and behavioral patterns and on the other, a relatively historical shift towards a relatively more self-legitimizing mode of fiscal accumulation. Whereas the former pattern implies both a possibly irreversibly heightened popular socio-psychological expectation of ever-widening economic growth and consumption prospects and a heightened micro-situated normative and practical alignment with the prevailing fiscal-functional dynamics, the latter implies a non-trivial relative intensification of both the output/performance propensity and the specifically marketized-fiscalized content of this increasing output/performance-orientation. Perceiving things against this background, it is clear that the development has been non-trivial: it has entailed a considerable loosening of the state-situated tension-filled relationship between legitimation and fiscal accumulation. Moreover, as have been argued continuously throughout this study, the transformation of the dynamics of legitimacy state-crafting should to a very large extent be construed in the context of the ISI of the state and the historically changing dynamics of legitimacy and fiscal state-crafting.

That said, it is less productive to speak of a genuine overcoming of the tension-filled relationship between legitimation and fiscal accumulation. Firstly, as argued, the development has implied a relative historical shift and thus neither a rejection of the necessity of legitimacy state-crafting nor the effective deactivation of alternative types/sources of legitimation. Moreover, in this relation it is of course principally likely that the dynamics of legitimacy state-crafting characteristic of the post-1970s period at one point may be retracted – although this should be considered a both empirically unlikely event given the overall direction of the various trends and, in any case, an analytical sluggish dynamic given that, as argued, the tweaking of value priorities take place through a partly irreversible long-term gradual intergenerational process.

Secondly, rather than an objective overcoming of *societal* tensions as such – which was the level at which Marcuse's question operated – the specifically *state-situated* tension-filled relationship between legitimation and fiscal accumulation has become increasingly co-produced; as legitimation has become more co-produced, the specifically state-situated tension has become increasingly socio-psychologically untied from the dynamics of state-crafting. More generally, in the context of the kind of corporate functionalism advocated in this study – in which inter alia states are perceived as functionally believable transcendental and administratively formalized organizationally- and institutionally-

emergent juridical actors with a high degree of agency and a strong historically concentrated self-interested orientation – what matters is the extent to which a certain tension-filled relationship exists within the state, i.e. whether it exists from the perspective of the ISI of the state. Thus, broadly in line with the critical realist philosophy of social science orientation discussed in chapter 3, in a situation in which the tension-filled relationship between two of the state’s functions increasingly subjectively appears as a series of more fragmented tension dynamics, it is less a genuine objective overcoming of tensions as such than a specific displacement-situated socio-psychological untying of the dynamics of legitimation and ‘responsibility’ from state-crafting dynamics. Importantly, while tensions remain as generic activated objective forces, the increased co-production of specifically state-functional tensions allows for a broadening of the scope for these societal tensions to take on increasingly absurd, spectacular, idiosyncratic and disassociated forms.

In sum, it is arguably not only possible but also analytically productive to argue for a governance-situated reconfiguration of state legitimation while firmly maintaining the utility of the LAF approach. That is, the discussed post-1970s reconfiguration of the tension-filled functional relationship between legitimation and fiscal state-crafting has been analytically meaningfully argued for from *within* this approach, utilizing its overall arguments and core concepts. As discussed, contrary to, for example, Streeck’s approach – which also more generally suffers from *inter alia* under-assessing the causal significance of statehood more generally – this study’s analysis has arguably not been hampered by a principal tension between the analytical framework and the empirical dynamics of the governance-situated post-1970s development. Thus, although it has both been theoretically modified (in key instances) and historically reinterpreted, the legitimation and accumulation functions approach presents an analytically meaningful and productive initial analytical toolbox for analyzing the post-1970s period of governance.

Chapter 12. The Micro-Situated Dynamics of State Legitimation

In this chapter I shall briefly theoretically discuss some of the main micro-situated dynamics and mechanisms underpinning state legitimation. This is largely done in an attempt to make the arguments developed and launched previously concerning the macro-level reconfiguration of legitimacy dynamics more plausible; to both make the reconfiguration more social-theoretically credible and to allow for a meaningful consideration of the reproduction of the governance turn at the micro-level. Since the overall focus has especially been on the state-crafting-situated legitimacy conditions of possibility for the governance phenomenon, this chapter primarily focuses on theorizing the processes, forces and mechanisms underpinning the argued non-trivial gradual tweaking of value priorities in an overall more fiscally functional direction. In this capacity, although it has partly been touched upon in relation to the GA period in chapter 7, the chapter is interested in theorizing how the generalized appearance of an inner-normatively identifying postwar consumer-citizen subject can be meaningfully analyzed when theoretically engaging with this process at a micro-level of analysis.

Indirectly, this to some extent provides an alternative micro-situated way of discussing two interrelated larger questions. First, the question of how – or through what mechanisms – state-functional reproduction takes place (particularly in the governance period) in a situation in which, as argued, the formation and tweaking of value priorities generally operate through a long-term and endogenously-driven process. Second, the question of the relative importance of state legitimation and legitimacy functional pressure vis-à-vis a Weber-like ‘mechanical’ state-functional reproduction. Although this is not the main objective, towards the end of this chapter this latter discussion shall briefly be indirectly engaged with through a discussion of an alternative ideal-typical critical-cynical subject/subjectivity (as also shortly informally mentioned in chapter 7). Through these two relatively axiomatically construed ideal-typical subjectivities – whose relative distribution and intensity, along with their emergence, consolidation and reconfiguration, vary historically and in a heavily class-situated manner – the chapter shall present a series of tentative causal propositions regarding the micro-situated dynamics of state legitimation (to ideally be tested or engaged with in another research context).

Two things should be stressed from the outset. Firstly, as also generally argued earlier, the usually productive (although not required) decision to examine aspects of a certain phenomenon at the micro-level in no way necessarily implies the rejection of macro-mechanisms or the presupposition that the relevant causal factors are (human) actor-centric (or even interpersonal). Secondly, this chapter's theorization is, obviously, a non-exhaustive and perennially unfinished exercise, which naturally requires further theoretical consideration and empirical corroboration.²⁵⁶ Rather than intending to necessarily present novel views on the micro-situated dynamics of legitimation, the objective is primarily to both accumulate theoretical ammunition and analytically synthesize various mechanisms for the purposes of bolstering some of the arguments concerning the governance-situated legitimacy changes of the post-1970s made in the earlier chapters.

The chapter is split into two main sections. The first section theorizes two overall types of micro-situated processes and mechanisms (or sets of mechanisms) underpinning state-functional reproduction. The second section tentatively and briefly theorizes the question of the necessity of legitimation and the distinction between normative/value priorities and behavior more generally.

12.1 The two-legged logic of micro-situated reproduction

As mentioned, the task of this chapter is to theoretically outline, based *inter alia* on a selective analytical synthesis of some of the extant relevant literature, some of the key micro-situated processes and mechanisms underpinning state-functional reproduction. More specifically, the aim is to theorize the emergent consolidation of an inner-normatively identifying consumer-citizen subject – that is, a form of subjectivity that ‘misrecognizes’ (in the largely Bourdieusian sense) the functional-objective dynamics of the social and institutional-organizational order, i.e. a functionally favorable form of subjectivity characterized by a non-trivial degree of authentic inner-normative identification with the macro-structural status quo. Clearly, whether this specific terminology should be altered or not, this is another specific way of addressing and generally accepting the effective operation of so-called ‘false

²⁵⁶ It should be considered part of an ongoing informal theorization of mine – ideally speaking a small step in an imaginable future larger research agenda focused on, as mentioned earlier, the generic process and mechanism of ‘selling out’.

consciousness'. As Lukes (2005: 9) authoritatively argued in the context of discussing his 'third face of power', it is not meaningful to 'dispense with a defensible understanding of the notions of 'real interests' and 'false consciousness''.²⁵⁷

It is helpful to initially introduce an analytical (and in that sense empirically artificial) distinction between two overall types of processes/mechanisms, namely (1) those that are more generic and ahistorical (and thus operate relatively independently of whatever specific context that may be of interest) and (2) those that are more historically volatile and heavily correlated with specific corporate-functional dynamics.²⁵⁸ Obviously, while overall proceeding on the basis of this analytical distinction, many of the processes and mechanisms outlined in this chapter always already dialectically straddle the two overall types, and the chapter thus many times strays from maintaining this grouping.

12.1.1 The generic/ahistorical leg

Starting with the generic/ahistorical leg, I shall highly non-exhaustively point to seven aspects worth considering in relation to the micro-situated dynamics of state legitimation. Firstly, for Bourdieu (1998: 77, 2000: 177, 175), a 'relation of ontological complicity' or 'immediate, tacit agreement' exists 'between mental structures and the objective structures of social space': that is, more specifically, in a

²⁵⁷ Arguably, whether they explicitly acknowledge this or not, and whether it is (neo-)Foucauldians speaking in their own ways of forms of 'subjectification' or (neo-)Marxists speaking of 'mystification' or 'fetishization', etc., most contemporary analytical perspectives or 'schools' share a minimal level of de facto acceptance of the principle of false consciousness.

²⁵⁸ Somewhat similarly, as Burawoy (2012: 192, emphasis removed) argues in relation to the reproduction of domination, a fruitful question is whether it is dependent on (1) 'social relations independent of the particular individual' or whether it appears through forces that are (2) 'at least partially independent of the particular social relations into which an individual is inserted'. For example, in specific relation to Bourdieu, Burawoy (Ibid.: 202) productively emphasizes the former's general underestimation of the importance of 'the configuration of institutions' for ensuring domination. That said, Burawoy's analysis unnecessarily dismisses the Bourdieusian perspective (the second perspective above). Importantly, the two sides addressed by Burawoy are not mutually exclusive. Rather, they are critically mutually reinforcing.

manner broadly consistent with the philosophy of social science of this study, '[t]he symbolic order is based on the imposition on all agents of structuring structures which derive part of their consistency and resistance to the fact that they are (...) adjusted to the objective structures of the social world'. In this relation, two dimensions, focusing on relatively ahistorical and deep-seated bodily-encoded forces, of Bourdieu's work seem particularly productive.

- (1) Bourdieu (1998: vii, 2000: 138) famously points to the importance of the 'habitus' – that is, 'incorporated structures' and dispositions, the 'systems of schemes of perception, appreciation and action' that are 'inscribed in [the body] by past experiences'.
- (2) The notions of 'symbolic power' and 'symbolic violence', which emphasizes the functional performativity or causal importance of the mechanisms of domination being unregistered, concealed or hidden, etc., i.e. 'misrecognized' (see also Burawoy 2012; Swartz 2013).

Secondly, an argument concerning the abstract micro-situated mechanisms of state reproduction can also be drawn from the realm of philosophy of social science. In the overall and implicit spirit of, for example, György Lukács, the early Frankfurt School members, Bourdieu's sociology and Roy Bhaskar's critical realist thinking,²⁵⁹ it can be argued that the contemporary scientific primacy of the, broadly speaking, neo-positivist philosophy of science (on this, see also, e.g., Jackson 2011) has gradually mutated and descended into what may be described as a *micro-situated neo-positivism*.²⁶⁰ Put simply, this micro-situated neo-positivism implies the existence of a correspondence between the necessarily empiricist and (pace Durkheim, usually) methodologically individualist properties of scientific neo-positivism – as outlined in chapter 3 (see also notably Bhaskar 1975, 1979) – and the patterns of micro-situated activity; that dynamics associated with scientific neo-positivism serves to

²⁵⁹ On Lukács' and the Frankfurt School's general understanding of ideology, see, for example, Eyerman (1981).

²⁶⁰ Although it of course requires further elaboration, this shift can to a certain extent be conceived as alternatively or simultaneously implying a shift from an (more Peircean-like) epistemological/methodological to an (more Deweyan-like) ontological understanding of the so-called 'pragmatic theory of truth' – that is, a mutation of the pragmatic concept of epistemological/methodological truth into a pragmatic concept of ontological truth.

tendentially incline agents to disregard the emergent, structural, macro-mechanism-based or unobservable aspects of micro-situated activity.²⁶¹

Thirdly, the argued tendential disregard for extra-individuality is corroborated by socio-psychological literature which speaks of the generalized operation of a so-called ‘fundamental attribution error’ – that is, the ‘general tendency to overestimate the importance of personal or dispositional factors relative to environmental influences’ (Ross 1977: 184; see also more generally Gilbert & Malone 1995).²⁶² From this perspective, decisions and orientations at the micro-situated level tend to promote the drawing of ‘hasty conclusions’, which generally weigh ‘personal dispositions’ over the ‘relevant environmental forces and constraints’ or the ‘potency of situational pressures and constraints acting upon all subjects’ (Ross 1977: 184). Arguably, the tendential downgrading of structural factors integral to this attribution error provides a basic non-exhaustive socio-psychological condition for the reproduction of social stratification (structurally conditioning the biased distribution of ‘life chances’). In other words, it is possible to locate a self-reinforcing structural homology between the attribution error and the neo-positivist model.

Fourthly, the above addressed continuous micro-situated emergent meshing of subjective-cognitive computations and material-objective textures and forces has also found implicit expression in, and been indirectly analytically and empirically corroborated through, Karl E. Weick’s (e.g., 1988,

²⁶¹ The specific process through which this mutation from scientific to micro-situated neo-positivism occurs is of course more difficult to unpack. Two tentative mutually reinforcing processes, pending further theorization, might be non-exhaustively mentioned – the first flowing from scientific to micro-situated practices and the other from micro-situated to scientific practices. (1) To the extent that scientific dynamics causally influence practical (e.g., policy-oriented) dynamics, the effective mainstreaming of neo-positivism within the (social-)scientific realm, which all else equal tends to tweak scientific questions, discussions, explanations, results, etc., in a more empiricist direction, indirectly serves to tendentially increase micro-situated ‘phenomenalist’ thinking. (2) The ongoing nourishing and reproduction of micro-situated neo-positivism itself helps to form the dynamics of scientific practices: academic work, recruitment processes, student activity, etc., are, in a Bourdeusian-like always already deep-seated and bodily-encoded manner, tweaked in a neo-positivist direction.

²⁶² Gilbert & Malone (1995: 21) speaks of the ‘fundamental attribution error’ in the larger context of a more generic ‘correspondence bias’, which refers to ‘the tendency to draw inferences about a person’s unique and enduring dispositions from behaviors that can be entirely explained by the situations in which they occur’.

1993; Weick et al. 2005) ‘sense-making’ conception. Partly through analyses of empirical events, and notably examinations of ‘crisis situations’ such as the case of the famous ‘Mann Gulch fire disaster’, Weick (1993: 635) has developed an understanding of sense-making that ‘emphasizes that people try to make things rationally accountable to themselves and others’ and focuses on agents’ constant ‘efforts to create order and make retrospective sense of what occurs’. For Weick (1988: 306), as for the pragmatists, ‘action is a means to get feedback, learn, and build an understanding of unknown environments’. Importantly, Weick et al. (2005: 415) speaks of sense-making, in a pragmatist vein, as a ‘redrafting of an emerging story so that it becomes more comprehensive, incorporates more of the observed data, and is more resilient in the face of criticism’. It thus involves a micro-situated rationalization process: it can be construed as the ‘ongoing retrospective development of plausible images that rationalize what people are doing’ (Ibid.: 409). Importantly, there is clearly a conservative dimension to this process: for example, as Weick et al. (Ibid.: 409) argue, in the context of crisis events or subjective disruptions, agents ‘look first for reasons that will enable them to resume the interrupted activity and stay in action’.²⁶³

Fifthly, this in many ways conservative dimension of the sense-making process has indirectly been strongly confirmed by empirically-oriented scholarship examining the micro-situated socio-psychological process underpinning status quo-maintaining attitudes. For example, as Crandall & Beasley (2001: 80, 79) point out, the individual ‘perceptual system prefers a simple, clear, harmonious, uniform perception of moral value’, implying that agents seek to avoid mentally demanding ‘ambivalent representations’ and ‘are motivated to preserve simple affective representations’. Moreover, questions of legitimacy and moral worth seem to be greatly connected to the ‘attribution of controllability’ – that is, the extent to which a person or an entity is perceived to be causally responsible, or in control of the relevant situation (Ibid.: 80-3). Connecting this to both the attribution

²⁶³ This conservative micro-situated dimension has also been implicitly engaged with by Thomas Leithäuser through his social-psychological notion of ‘everyday consciousness’ (on this, see Illeris 2003: 403-4). Put simply, everyday consciousness tends to block learning processes and rearrange, through an ‘automatic sorting mechanism’, the daily fragmented series of stimuli through the structured activation of underlying thematic ‘pre-understandings’ (Ibid.: 403). Importantly, the everyday consciousness’s activation of such ‘semi-automatic defense mechanisms’ serves as ‘a massive defence of the already acquired understandings’ (Ibid.: 404, 403).

error mentioned above and the motivation for simple, harmonious and controllable units, it is arguably possible to observe a ‘conservative’ and individualist bias (stressing, e.g., individual ‘intent’) underpinning micro-situated justificatory perceptions, which all else equal tends to reinforce the macro-societal status quo.

As part of Olson & Hafer’s (2001: 158) socio-psychological examination of the observed relatively passive toleration of social marginalization by (objectively speaking) ‘outgroups’, they inter alia emphasize the following three factors, assumed to ‘influence the behavioral tolerance of deprivation’:

- (1) People generally want to believe in a ‘just world’ – a discomfort-minimizing motivation that ‘can serve to ‘bolster the status quo’’ (Ibid.: 163).
- (2) Agents, for various reasons, may be motivated to deny or minimize the extent of actual personal discrimination or deprivation (Ibid.: 163).
- (3) Agents are motivated to ‘understate their anger about personal deprivation’ – a process induced by mechanisms of ‘self-representation’, for example, trying to avoid ‘creating an impression of incompetence, selfishness, or being a whiner’ (Ibid.: 168).

Sixthly, the mechanisms of family reproduction arguably also play a role in tendentially fostering a generally status quo-maintaining outlook.²⁶⁴ In this relation, the following tentative proposition, which of course ultimately requires further analytical and empirical corroboration, etc., may be suggested: for both biological-reproductive and moral reasons – linked to, for example, the general urge not to want to diminish the child’s future opportunities, etc. – having children all else equal downgrades the revolutionary potential of parents (and thus upgrades the conservative dynamics of micro-situated activity).

²⁶⁴ Historically speaking, the nuclear family appears as a relatively stable social entity: although neither necessarily ‘a universal model’ nor ‘the most ancient institution of human communities’, an interdisciplinary team of scientists examining a burial recently discovered in the Eulau region (in Germany) dating back around 4,600 years, have ‘established the presence of the classic nuclear family’, providing ‘the oldest authentic molecular genetic evidence so far’ (Haak et al. 2008: 18229).

Seventhly, there is a strong temporal component to the micro-situated reproduction of state legitimation. In this relation, Bourdieu's understanding of the deep-seated bodily-encoded forces, activated at an early age, conditioning the continuous micro-situated emergent meshing of subjective-cognitive computations and material-objective textures and structures sits particularly well with the earlier argued broadly speaking long-term endogenously-driven intergenerational case for the particular transformation of popular value priorities unfolding during both the GA period and (appearing in a reconfigured intensified manner) in the post-1970s period. As argued, the post-WW2 consolidation of a cross-national Western European growth-oriented and consumption-optimizing agenda initiated a gradual cohort-based irreversible asymmetric endogenous logic of consumption-situated economic growth (associated with a number of frustration-escalating properties). As also argued earlier, the emergent connection between micro-level habitual normalcy and static macro-level reproduction arguably paradoxically serves to introduce changes and condition the micro-situated emergent meshing of the subjective-cognitive and the material-objective levels: the long-term persistence of the unrivaled economic expansion and popular distribution of affluence of the GA period and the particular repetitive nature of postwar capitalist consumption, its increasingly routinized and regularized pattern, over time arguably served to gradually tweak the value priorities of the individual household.

12.1.2 The historically contextual/institutional-organizational leg

As argued, besides the more generic/ahistorical ones, it also makes sense to speak of processes/mechanisms that are both more historically contextual and heavily correlated with specific institutional-organizational corporate dynamics. While these dynamics have in various ways been placed at the center of the previous chapters – they are integral to the very state-crafting framework of this study – the intention of this section is merely to briefly and non-exhaustively put emphasis on a few theoretical aspects associated with this more historically contextual/institutional-organizational leg for understanding the micro-situated processes and mechanisms underpinning legitimacy state-crafting.

The first important aspect to be discussed is the micro-situated implications of what, in the context of James S. Coleman's work, has earlier been described as a governance-situated generally historically heightened societal corporatization – that is, the combination of both (1) a quantitative proliferation of corporate persons and (2) a qualitative intensification of the (so to speak)

corporativeness of corporate persons, two historically contextual trends which together can be said to signify the growing ‘marginality of natural persons to corporate actors’ (Coleman 1974: 35, 35-38). It is arguably possible to non-exhaustively point to five general implications for the understanding of the micro-situated reproduction of the state-functional status quo of this state-crafting-underpinned/facilitated corporatization process.

- (1) As agents of organizations/corporations take up roles, positions and offices, they are typically ‘replaceable’ (Coleman 1974: 36). In a corporate society, ‘the power held by corporate bodies (...) is in the hands of no person, but resides in the corporate actor itself’ (Ibid.: 37). In this relation, it can be argued that the corporatization process generally implies a decrease in what has earlier been described as global agency – that is, a person’s capacity to positively and genuinely affect, change, control or help restructure the key dynamics of certain geographically and causally encompassing and comprehensive large-scale social structures.
- (2) As a function of the above, as corporate entities become increasingly emergent, the relative causal saliency of its constitutive bottom-up or lower-level elements all else equal decreases.
- (3) The process can be construed as implying both the quantitative proliferation and qualitative intensification of organizational solipsism and the relative upgrading of the importance of the ISI dimension.
- (4) The process tends to diminish individual responsibility (see also more generally Arendt 1963; Bauman 1989).
- (5) The general growing ‘marginality of natural persons to corporate actors’, which is integral to the process of corporatization, intensifies a ‘greater sense of powerlessness’ at the subjective/psychological level (Coleman 1974: 35, 51).

The second important related aspect concerns the proposition that systematic involvement in specific institutional-organizational contexts over time serves to gradually tweak micro-situated value priorities in a corporate functional direction – and/or in a concentrated manner further intensify a similar ongoing and more long-term generic process. In this relation, Weber’s understanding of work in a market-capitalist context – as interpreted by Darmon’s (2011: 201, 204) reading of him and, for example, Weber’s assistance in the development of a survey initiated by the German *Association for Social Policy* probing issues related to industrial work – seem to offer a helpful understanding of this

temporal-institutional process of ‘inner attuning’ (*Eingestelltheit*) or ‘inner bonding’ (*Bindung*) to the relevant technical/organizational practices. Although uncertain of the extent to which this was a plausible or relevant scenario, and although primarily stressing the unfreedom and the disciplinary and coercive aspects of the historical condition of ‘formally free labour’ in a market-capitalist context, Weber also took seriously the possibility of ‘the inscription of an habitual orientation to the job as unintended consequence of imposed discipline’ (Ibid.: 202, 204).

Importantly, in light of the overall social-theoretical view of this study, this proposition concerning the temporal ‘inner attuning’ process should not merely be considered a feature of, for example, the specific institutional configurations of the market-capitalist labour market, but a general feature of the active engagement with and enrollment within corporate actors: since, as argued earlier, corporate actors are not only hyper-strategic and functionally hardwired but also extraordinary in their emergentist powers – i.e. the higher than usual independent extra-individual causality that is institutionally and organizationally concentrated and possessed – it is reasonable to expect that systematic lower-level entanglement with such entities over time tends to intensify the above argued micro-situated emergent meshing of subjective-cognitive computations and material-objective textures and structures.

12.2 Further legitimacy considerations

This theoretical outline of some of the implications of corporate activity for micro-situated legitimacy dynamics indirectly links up to the larger questions of the necessity of legitimation and the distinction between normative priorities and behavior more generally – questions which, although they can merely be briefly and tentatively addressed, shall be discussed in this last section.

As argued earlier, while legitimacy need not have a fixed content, it must, by definition, be based on some form of acceptance or consent, which according to the *Oxford English Dictionary* entails, respectively, a ‘[b]elief in or agreement with an idea, theory, statement’ (Acceptance n.d.) and ‘voluntary agreement to or acquiescence in what another proposes or desires’ (Consent n.d.). Thus, as stated earlier, as construed in this study, legitimacy minimally has to entail a non-trivial degree of authentic voluntary self-identification, i.e. a meaningful non-violent or non-coercive normative coordination between the structural-functional dynamics of the social order, or a specific emergent

corporate-institutional entity, and the individual's inner-normative status (cf., e.g., Beetham 1991; Held 1996: 155, 197-8). In other words: the question to ask oneself is less whether legitimacy implies voluntary acceptance/consent – since this question is, as argued, settled by definition – than whether legitimacy is strictly speaking necessary for state-functional reproduction. The answer to this complex question must remain double-sided.

On the one hand, briefly answering this question seems rather simple: while legitimation may be sufficient, it is not strictly speaking necessary. Or put differently, functionally-sufficient behavior does not necessarily have to imply voluntary acceptance/consent or legitimacy-supporting value priorities.²⁶⁵ This argument is in line with that of, for example, Abercrombie et al. (2012: 164) who going against prevailing Marxist notions of ideology argued that '[i]deology is not a necessary condition of existence of the economic base'. Also, although without elaborating on this, and seemingly going against his own conception of misrecognition and symbolic power, Bourdieu at one point in the postscript of his late collective work *The Weight of the World* seems to share the argument concerning the non-identity between value priorities and behavior. While arguing for the continuing importance of '[breaking] through the screen of often absurd, sometimes odious projections, that mask the malaise or suffering as much as they express it', he next points to the following (perhaps depressive) fact: '[p]roducing

²⁶⁵ In this relation, Burawoy's (2012: 198) otherwise insightful article on *The Roots of Domination* seems unable to systematically distinguish between normative priorities and behavior. Long story short, Burawoy uses his participatory field work experience from working in a South Chicago factory to argue for the importance of 'workplace games' – specifically, the game of 'making out', which '[made] time pass quickly, enabling workers to endure otherwise meaningless work' and helped workers 'secure 'compensatory satisfactions and consolation prizes'' and '[win] freedom at the margins' (Ibid.: 193, 195) – for producing a consensual 'mystified' form of domination. But Burawoy overlooks the non-necessity of mystification and voluntary consent – something which his own field work experience unknowingly corroborates. The very fact that Burawoy, as a conscious critical neo/post-Marxist sociologist, was simultaneously aware of the logic of 'making out' and unable to alter this logic of domination reveals the non-necessity of mystification or false consciousness. At one point Burawoy (Ibid.: 194) makes the argument, in relation to the mentioned workplace games, that '[y]ou can't be serious about playing a game (...) if, at the same time, you question its rules and goals'. But this questioning of the rules is not impossible; it was actually precisely what Burawoy (as a sociologist) did. The point is rather than it did little to change the material dynamics underpinning the institutionally specific forces of domination integral to the factory work.

awareness of these mechanisms that make life painful, even unlivable, does not neutralize them; bringing contradictions to light does not resolve them' (Bourdieu 1999: 629, emphasis added). Also Helm (1971: 57), although arguing in a different context, stressed the need to separate 'recognition and intention': 'a consequence can be recognized without being intended, it is not necessarily the case that anything at all will happen as a result of a person's coming to recognize the consequences of his [sic] action'. Held (1996: 155, 197-8; cf. Barker 1990: 37-40) also analytically distinguishes between different reasons for actors complying with something, differentiating between, *inter alia*, coercive situations and situations of normative acceptance (reserving legitimacy for the latter).²⁶⁶

On the other hand, even if conformity does not technically speaking necessarily have to imply voluntary acceptance/consent or legitimacy-supporting value priorities – this is in principle a logically possible scenario – strictly behavioral conformity neither empirically exhausts the category of state-functional reproduction nor provide a sociologically realistic account of it (see also, more generally, Barker 1990: 61-3; cf. more generally Darmon 2011). While the possibility for strictly behavioral conformity is particularly salient in the context of corporate actors (with their hyper-strategic, functionally hardwired and higher than usual emergentist powers), it is clear that (1) the degree of emergentism is, as argued earlier, empirically and historically relative and (2) corporate activity does

²⁶⁶ Although this cannot be treated extensively here, Beetham's (1991) position on this seems very ambiguous. On the one hand, Beetham's (1991: 20, 18) notion of legitimacy is based on three constitutive/necessary dimensions: (1) 'legal validity', (2) 'justifiability of rules in terms of shared beliefs' and (3) acts 'expressive of consent'. Thus, Beetham's (1991: 17) second dimension expresses the widely held idea that 'power is legitimate to the extent that the rules of power can be justified in terms of beliefs shared by both dominant and subordinate'. On the other hand, Beetham (*Ibid.* 19, 18, emphasis in original, 90) not only argues that his definition requires 'the public expression of consent' but that these public expressions are only important because of 'the contribution they make to legitimacy', not because they offer 'evidence' of legitimacy-supporting beliefs. But if acts 'expressive of consent' does not offer evidence of 'shared beliefs', it is unclear how Beetham will ever be able to verify the activation of his second necessary dimension. This problem leaves Beetham's perspective in a problematic position. If he dismisses his own second constitutive criteria, namely the existence of 'shared beliefs', it would unsettle his entire understanding of legitimacy. But if he accepts that the only way to verify the necessary existence of 'shared beliefs' is to look at acts 'expressive of consent', then he simultaneously accepts a very superficial and problematic understanding of value priorities that would identify these with behavioral patterns.

not exhaust social activity. Empirically speaking, non-consensual behavioral conformity and conformity based on consensual legitimacy-supporting value priorities operate together, at historically and contextually varying degrees, usually dialectically reinforcing each other. While, technically speaking, voluntary legitimacy-supporting value priorities might be sufficient for producing conformity, this is equally both empirically problematic and sociologically unrealistic to imagine without the simultaneous activation of mechanisms that enforce purely behavioral conformity. Another reason why a scenario of exclusively non-consensual behavioral compliance appears unrealistic is, as argued, that there are strong forces associated with corporate activity that over time encourages an ‘inner attuning’ to the particular relevant tasks and objectives: over time, the active engagement with and enrollment within corporate actors (as the most functionally believable entities) tends to intensify the micro-situated emergent meshing of subjective-cognitive computations and material-objective textures and structures.

12.2.1 Cynical micro-corporatization

In this study, a case has been made for the generalized production of voluntary legitimacy-supporting popular value priorities, not only in relation to the GA period’s consolidation of a popular socio-psychological expectation of ever-widening economic growth and consumption prospects but also through the processes and mechanisms outlined in this chapter – whether associated with the generic/ahistorical leg or the historically contextual/institutional-organizational leg – generally moving attitudes in a more fiscally functional direction. The production and relative intensity of voluntary legitimacy-conferring value priorities is class-situated: it to a large extent depends on the prevailing biased distribution of both resources, entitlements and institutional-organizational authority/leverage and social, cultural and cognitive-intellectual resources/competences. The observation that, as pointed out earlier, low-status/disadvantaged groups have a higher tendency to ideologically embrace and justify the prevailing system/status quo (Jost et al. 2003b; Jost et al. 2005) can, in the overall spirit of the early Frankfurt School, be analytically construed as an inverted orthodox Marxian conception: the degree and spread of inner-normatively identifying subjectivity is positively correlated with the degree of social stratification (cf. Burawoy 2012: 195-7).

Of course, this also means that there are alternative ideal-typical forms of subjectivities in play. In this relation, the above arguments concerning the general implications for the understanding of the micro-situated reproduction of the state-functional status quo of the state-crafting-underpinned/facilitated corporatization process seem relevant – particularly the point about the intensification of a ‘greater sense of powerlessness’ stemming from the overall growing ‘marginality of natural persons to corporate actors’ (Coleman 1974: 51, 35). Importantly, this process not only all else equal implies a decrease in global agency, it also simultaneously, although this is critically dependent on the particular patterns of the class-situated context, might heighten (at least in the short term) the possibilities for an increased production of societal and corporate cynicism and the fostering of a critical-cynical subjectivity. As addressed earlier, selectively and loosely drawing on the overall theoretical contours of Sloterdijk (1987) and Žižek (2012a, 2012b), this ideal-typical critical-cynical subjectivity implies a subject that is: (1) critically ‘enlightened’ concerning the functional-objective dynamics of the status quo but nevertheless (2) objectively aligned with this order and unable to alter it (due to a low degree of global agency in a context of heightened societal corporatization), and therefore (3) tendentially develops a sharpened critical attitude but a cynical behavioral pattern.

According to Sloterdijk (1987: 5), traditional false consciousness has transformed into a cynical ‘enlightened false consciousness’, which implies, inter alia, ‘that modernized, unhappy consciousness on which enlightenment has labored both successfully and in vain’. Moreover, ‘[w]ell-off and miserable at the same time, this consciousness no longer feels affected by any critique of ideology; its falseness is already reflexively buffered’. Importantly, for Sloterdijk (Ibid.), ‘present-day cynics’ are ‘borderline melancholics, who can keep their symptoms of depression under control and can remain more or less able to work’. Thus, they ‘know what they are doing, but they do it because, in the short run, the force of circumstances and the instinct for self-preservation are speaking the same language, and they are telling them that it has to be so’ (Ibid.).

Žižek’s (2012b: 312; see also Žižek 2012a) writing on ideology, which takes initial departure in this Sloterdijkian understanding of cynical enlightened false consciousness, presents the shift as involving an inversion of Marx’s definition of ideology as ‘Sie wissen das nicht, aber sie tun es’ in the following way: ‘they know very well what they are doing, but still, they are doing it’ (Žižek 2012b: 312). In this way, the cynical subject ‘recognizes [and] takes into account, the particular interest behind the ideological universality, the distance between the ideological mask and the reality, but still finds

reasons to retain the mask' (Ibid.: 313). Importantly, the Zizekian approach to ideology 'aims above all at the ideological fantasy efficient in the social reality itself' (Ibid.: 318). By analogy to the mechanisms of objectification/reification associated with Marx's notion of commodity fetishism, Zizek (2012b: 317, emphasis removed) argues that the subjects 'no longer believe, but the things in themselves believe for them'.

On the one hand, this Sloterdijkian-inspired Zizekian view of the contemporary dynamics of ideology provides a helpful indirect theoretical support for the argument that a principal distinction should be made between value priorities and behavior. For example, employees may (at least in the short term) despise their job, while behaviorally complying with its routines.²⁶⁷ This principal (but by no means empirical) non-identity may also help explain some of the well-known discrepancies between the results of surveys/polls and actual behavior (e.g., in the case of election polls, consumer surveys, etc.). In the specific context of the above points concerning corporate activity, Zizek's (2012b) argument can be understood as implying a situation in which specific institutional-organizational settings in a certain sense embody, sediment, fixate, objectify, materialize and externalize the false consciousness. From this study's generally corporate functionalist perspective, the ideal-typical critical-cynical subjectivity tendentially appears in a situation in which there is simultaneously (1) a low degree of global agency and (2) a high degree of critically-oriented 'enlightened consciousness'. In this way, although critically dependent on the patterns of the class-situated content, corporate activity provides a possible non-necessary and individually insufficient condition of possibility for the development of a critical-cynical subjectivity.

On the other hand, the above Zizekian view is also problematic. Firstly, at the more theoretical level, it is questionable whether it is conceptually meaningful to conceive of certain objective structures as embodying a 'false' ideology. Secondly, and much more importantly, the Sloterdijkian-inspired Zizekian view seems to problematically universalize an arguably very class-specific privileged 'post-modern' cynical subject – a type of 'death of class' perspective reminiscent of for example Ulrich Beck

²⁶⁷ Interestingly, according to an article in *The Independent* (see Gander 2015), a Chinese service company in Handan at one point implemented a 'No-Face' day, in which the staff was allowed to wear masks hiding their real facial expressions.

(for a critique of this, see notably Atkinson (2007b)).²⁶⁸ Thirdly, while the Sloterdijkian/Zizekian view assumes a pivotal shift from false consciousness to cynical ‘enlightened false consciousness’, there is simply no good reason why the critical-cynical subjectivity should exclude the inner-normatively identifying one: although heavily unequally relatively distributed in a class-situated manner, the two types temporally coexist.

In sum, it is possible to ideal-typically speak of both an inner-normatively identifying and a critical-cynical subject/subjectivity. Whereas the former implies a functionally favorable form of subjectivity characterized by a non-trivial degree of authentic inner-normative identification with the macro-structural status quo, the latter implies a combination of a critical attitude and a cynical behavior stemming from a particular class-situated mix of both a low degree of global agency and a high degree of critically-oriented ‘enlightened consciousness’. Obviously, as argued, the relative distribution and intensity, along with the emergence, consolidation and reconfiguration of these two ideal-typical subjectivities vary historically. In practice, this implies a class-correlated spectrum – a spectrum of historically situated relative degrees of inner-normative identification (on one end) and critical-cynicism (on the other end).

12.3 Conclusion: Looking pessimistically forward

Concludingly, a few propositions might be very briefly outlined with regards to the question of the future development of the linkage between value priorities and behavior and the dynamics of the two ideal-typical subjectivities. These propositions obviously remain speculative, not the least because this study’s analysis of the governance-situated post-1970s period only covers the development up until the financial crisis of 2008 – an event which to some extent muddies things and introduces some new variables. Looking forward, two trends appear particularly salient, although they seemingly push things in opposite directions. On the one hand, the quantitative diffusion and qualitative intensification of state-facilitated corporate activity, integral to this study’s analysis of the governance-situated post-

²⁶⁸ As Atkinson (2007b: 356) for example points out in his convincing (and otherwise analytically-oriented) critique of this ‘death of class’ view: ‘even a cursory glance at some statistical indices [reveals] the continued influence of class on income, access to consumption goods, health and (...) the chances of living beyond infancy’.

1970s development, at first glance provides a possible non-necessary and individually insufficient condition of possibility for the further development of critical-cynical subjectivity – particularly when coupled with the relative (mostly academic but also partly popular) re-politicization of some of the negative social externalities of private-property dynamics initiated by the 2008 crisis.

On the other hand, the development of a critical-cynical subjectivity is hampered by at least three factors. Firstly, class-situated dynamics. The critical-cynical subject not only remains an exclusive category; the dynamics of social stratification of recent decades (including the post-2008 crisis development), which have been associated with rising inequality, also provides an indirect case for hypothesizing, as also argued earlier, an intensification of marketized/fiscalized value priorities. Secondly, even if the 2008 crisis (and the post-crisis low-growth pattern) has helped trigger a relative re-politicization process the likelihood that this transforms into a re-politicization of particularly state-crafting is low, for reasons argued earlier. With regards to the generalized inner-normatively identifying output/performance-directed consumer-citizen: put bluntly, to the extent that, as argued, state legitimation has become co-produced, a relative triggering of re-politicization (even at the popular level) most likely ends up becoming expressed in absurd and spectacular largely immaterial events and dynamics (involving specific politicians, parties, etc.). Thirdly, the development of a critical-cynical subjectivity is fundamentally hampered by the above argued process linked to corporate activity, which over time encourages and intensifies the micro-situated emergent meshing of subjective-cognitive computations and material-objective textures and structures.

Part IV Automobile Production in a State-crafting Context

Chapter 13. Exploring the Emergence, Consolidation and Reconfiguration of the Automobile Industry in the UK and Sweden

In this extended case study chapter I shall examine the emergence, consolidation and reconfiguration of the automobile industry in Britain and Sweden.²⁶⁹ In doing this, the analysis of automobile production shall be placed in the context of the analytical framework and the historically informed governance-situated ECR state-crafting model integral to this. As argued earlier, the main intention of this case study is to place the changing historical dynamics of automobile production in the historically varying context of fiscal and legitimatory state-crafting; to perceive the different stages of the development of the automobile industry in the two countries as, in a certain sense, nationally specific sectoral-level articulations of the changing historical logics of state-crafting. Moreover, by juxtaposing the ECR scheme and the historical development of the automobile industry in Britain and Sweden, and by focusing on a sector often considered to reflect the turn to governance, I intend to both highlight and qualify, through the case study analysis, some of the claims and contextual premises associated with the governance phenomenon.

Since chapter 4 has already provided an extensive account of the logic of this case study, I shall not do the same here. That said, a few case study-relevant aspects may be productively reiterated. Importantly, selectively drawing on the vocabulary of Thomas & Myers' (2015: 53-55) typology, the analysis can be described as a key diachronic single case study, chosen for instrumental and explorative reasons and operating with semi-parallel and semi-comparative nested elements, which uses a primarily illustrative but also partly theory-building/testing approach and a varied or eclectic repertoire of methods and empirical sources. This, *inter alia*, implies some (but not all) of the following things.

Firstly, the automobile industry (the subject) can be considered a 'key case': it provides a productive mirroring of the state-facilitated governance turn; the changing historical stages of the

²⁶⁹ By automobile industry I shall generally refer to the companies, organizations, institutions, agents – including, whenever pertinent, the component suppliers – and social activities relevant for the production of primarily passenger cars but also commercial vehicles (including trucks and busses) and motorcycles. The terms automobile, car or motorcar are used interchangeably.

automobile industry can be perceived as variant articulations – placed at the nationally specific sectoral level – of the analyzed changing dynamics of state-crafting (the object). The governance dimension appears as both (1) an internal process – related to the organizational-managerial and economic practices of the industry or the specific automobile company – and (2) an external process – related to the industry’s or the automobile company’s changing relationship to governing authorities. Importantly, as shall be seen, both processes are critically underpinned, whether directly or indirectly, by state-crafting dynamics. In this capacity, the chapter puts focus on the connection between the changing historical dynamics of the tension-filled functional relationship between legitimacy and fiscal state-crafting and the historical development of the automobile industry.²⁷⁰

Secondly, although the examination and presentation of the case material have been heavily analytically and thematically organized, the analysis remains slightly descriptive and empirical, constituted by a narrative-like logic. While this current balance may be tilted more heavily towards an analytical/thematic mode in the context of possible future research, in relation to this chapter it inevitably also implies that not all of the analytical angles or conceptual dimensions launched/developed in the previous chapters are (fully) activated through this case study analysis.

Thirdly, and lastly, the case study analysis relies on an analytically selective mixture of contextual and detailed accounts provided by the mainstream historical literature on the automobile industry, a heterogeneous cluster of additional literature and sources (such as, e.g., country-specific statistics, automobile industry and governmental reports, etc.) and broader scholarly work addressing both overall political-economic developments and the specific party-political/political-institutional history of Britain and Sweden.

Obviously, this case study analysis in no way provides an exhaustive account of the industry’s development. The focus is naturally on analytically selected dominant aspects, key organizational

²⁷⁰ While, for example, Paterson’s (2007) analysis of ‘automobility’ – and particularly the cultural conditions of this phenomenon – puts emphasis on the antagonisms between capitalist market dynamics and problems of legitimacy and cultural reproduction, this is generally done at the level of the cultural political economy, focusing on the interest of ‘capital’ in automobile reproduction, and utilizing, amongst other things, a governmentality-anchored perspective on the governing of ‘(auto)mobile subjects’. In this chapter, I am less interested in automobility – notably automobility as a larger and more generic sociological constellation (although this is undoubtedly interesting) – than in tracing specific regulations, interventions and institutional-organizational changes connected to the more circumscribed and tangible category of the automobile industry.

actors and vital events and junctures. Naturally, when trying to utilize productive analytical categories and concepts drawn from another context – to have them travel from the state to the industrial level – certain aspects shall be stressed, while others shall be less accentuated.

The basic structure of this extensive chapter is as follows: firstly, I shall treat, separately, the two cases of Britain and Sweden. For each country the chapter looks at the automobile industry from its inception to its current status. Secondly, and lastly, I shall try to summarize some of cross-cutting findings and discuss the peculiarities of the two cases within the context of the larger study.

13.1 State-facilitated restructuring in the British automobile industry

13.1.1 Emergence: Gradually crafting an industry

As shall be seen, the gradual emergence of a British automobile industry appears as an in many ways politically constituted process; as part of not only a generic state-situated development from personalism to corporate impersonalism but also the gradual crafting and coming into place of the four monopolies of the state and, specifically, the ongoing and unfinished formalization of the tension-filled functional coordination of legitimation and fiscal accumulation, all of which appeared in the context of still uncertain particularistic dynamics, notably impatient socialist pressures on the one side and unruly capitalistic interests on the other.

From its birth, and throughout much of the early 20th century, the UK automobile industry relied on a relatively craft-intensive, and non-standardized form of motor production (Owen 1999: 210). The motor car – the first gasoline-powered three-wheeled motor car was patented by Karl Benz in 1886 – did not originate in the UK, but can be seen as a, firstly, German and French technological invention. In the UK, unlike in many rival continental countries, many of the earliest automobile producers – for example, Rover, Singer and Humber – originated in the bicycle industry (Wood 1988: 3; Owen 1999: 209). Coventry, which earlier – from 1868, before the collapse of the bicycle boom of 1893-1897 (partly due the influx of cheaply produced imported US bicycles) – had become the home of the bicycle trade, gradually established itself, like for example Detroit in the US, as Britain’s so-called ‘motor city’

(Boschma & Wenting 2007: 222; Wood 1988: 10).²⁷¹ As was the case in many countries, the early pioneers or ‘great men’ of the British automobile industry – notably the figures of Herbert Austin (a quasi-autodidact engineer/inventor/entrepreneur) and W. R. Morris (a former bicycle-repairer/seller) – were less businessmen per se than (sometimes self-taught) inventors and engineers (Wood 1988: 4; cf. Church 1994: 1), or, perhaps more correctly put, ‘engineer-entrepreneurs’ (Church 1994: 1).

Although a relatively late starter, the number of automobile manufactures in the British industry in the early period was high compared with other countries, even after this number peaked in the early 1920s at around 150 firms and afterwards stabilized at around less than one-third of this level (Boschma & Wenting 2007: 221-2). While France was the number one producer of cars (measured in units) in the world in the very first years of the 20th century, it was soon surpassed by the US, and in the 1930s the UK automobile industry became the biggest in Europe – a European lead that would last until the mid-1950s (Owen 1999: 214; Church 1994: 18). Also, in the 1930s, both Britain’s car exports and car ownership rate (or car density) surpassed that of other European countries (Church 1994: 20, 44). By the late 1930s the selection of car manufactures in Britain known collectively as the ‘Big Six’ included Morris, Austin, Ford, Vauxhall, Rootes and Standard – the leaders Morris, Austin and Ford took up around 60% of total British production, while Vauxhall, Rootes and Standard each accounted for circa 10 % (Owen 1999: 212-13). Economically, Britain performed relatively better in the 1930s than in Germany and the US where the Great Depression continued into the early years of this decade (Rubinstein 2003: 181).

Before the advent of both railways and automobiles, British authorities facilitated ‘public carrier services’ centered on the ‘horse-drawn carrier wagon’ (Freeman 1996: 50). Here, public or ‘common carriers’ supplied public road transport services, not simply to and from the economically dominant Metropolis of London, via the well-known ‘London carrier’, but also major provincial towns like Bristol and Norwich (Turnbull 1996: 25-26).²⁷² In places like South Hampshire, the state-facilitated

²⁷¹ According to Boschma & Wenting’s (2007: 222) estimates, ‘89% of the automobile entrants that located in the Coventry-Birmingham area (...) in the period 1895-1990 had prior experience in (...) industries like bicycle making’.

²⁷² The common carriers were, according to Turnbull (1996: 26), ‘traders who engaged in the public supply of road transport services’.

turnpiking of roads in the mid-18th century helped expand the carrier system – a system which, through Acts of Parliament of 1691/92 and 1748, handed over much of the control of the rates charged by carriers for incoming/outgoing goods to local government, more specifically the local Justices of Peace (Freeman 1996: 63), partly as a way of preventing carrier's from combining or fixing (and thereby raising) prices (Albert 1972: 169). The increase in carrier activity in South Hampshire – and in Britain more generally – peaked around the 1850s, when railways took over much 'longer-distance carrier services' (Freeman 1996: 49, 54) and diverted these towards shorter and more local activities.

It was not until the early 20th century – perhaps not until the 1920s – that the 'road-rail competition' (Millward 2005: 11) started to tip in favor of the progressive expansion and facilitation of automobiles. While the first railways appeared in the UK in the early 19th century, authorized by a series of Acts of Parliament, the first steam-powered passenger railway, the Liverpool and Manchester Railway, opened in 1830 and set in motion a rail track development which began in, and was dominated by, Britain until Germany and France took over around the last quarter of the 19th century (Ibid.: 7, 16). While railways in the UK were privately owned in the early 20th century (as opposed to tramway undertakings) (Ibid.: 18, 22), the industry came under state control during WW1; the Railways Act 1921 reorganized the over 100 companies by amalgamating and regrouping them with an eye to optimizing economies of scale, etc., competition for contracts were undertaken, and it was generally underpinned by a 'rights of way' logic, which instituted 'public interest obligations' into the system such as the control/setting of rates and fares (Millward 2005: 95, 152, 25-30, 149, 156).

The Locomotive Act 1865, which constrained car use by regulating the amount of passengers (to at least three) and, importantly, set the speed limit to 4 mph (2 mph in urban areas) – a piece of legislation strongly encouraged by the railway lobby (Zuelow 2016: 115) – was amended in the Locomotives on Highways Act 1896 (that, in turn, was promoted by associations such as the Motor Car Club (Ibid.)), which raised the speed limit to 14 mph, and the Motor Car Act 1903, which raised it further to 20 mph (Wood 1988: 3; Paterson 2007: 115). In the 1920s, the British railway system saw declining demand and profits, as road transport increased markedly (Millward 2005: 11, 153, 165). While, as Millward (2005: 161) points out, by specifying differential licenses for businesses, laying down permissible routes and enforcing vehicle safety and driver competence, the Road Traffic Acts of 1930 and 1933 can be seen as a 'constraining' of road transport, these initiatives nevertheless helped institutionalize and legally codify the normalization of automobiles. Arguably, the Labour party of the

1930s was particularly keen on promoting the motor industry, although road building schemes through motorway construction was not actually taken up before 1946 (Paterson 2007: 117); and although nationalizations were not actually carried out before after WW2, Labour switched from ideologically advocating the nationalization of railways to ‘transport’ in a more generic manner (Millward 2005: 161), arguably exemplifying the newfound fiscal and organizational importance of automobiles.

Although it is typically argued that the Great Exhibition of 1851, held in the original Crystal Palace in Hyde Park, which showcased British manufacturing and industrial excellence to the world and the pleased masses, was intended to promote the doctrine of free trade and the removal of national barriers, such perspective overlooks (or could not foresee) both: (1) the already institutionalized difference between the free trade orientation of commercial interests and the protectionist industrial sector and (2) how the post-Victorian state would set up fiscally favorable differential regulation accommodating these two economic constituencies (cf. Speck 1993: 56-9).²⁷³ In the case of the manufacturing-based automobile industry of the early 20th century, such frameworks became instantiated through considerable protective import restrictions, notably the so-called McKenna duties, which placed a 33 1/3 % duty on imported cars and other items.²⁷⁴

Although initially set up in 1915 during WW1, in the context of appeals from the manufacturing industry (Wood 1988: 31), in order to restrict the import of luxury items (particularly cars from the US) – hoping to help the balance of trade and save shipping space (e.g., Owen 1999: 211) – the McKenna Duties were, with the exception of a momentary break in 1924-5, annually renewed until 1956. The duties, which helped stifle foreign competition in the home market, together with the so-called Imperial Preference arranged in 1932, which through tariff concessions sought to encourage trade throughout the Empire, combined to increase British export (particularly in the 1930s), making Britain the number one exporter of automobiles in Europe in the period 1920s-1950s (Church 1994: 19, 96).

²⁷³ Karl Marx and Frederick Engels, writing in *Neue Rheinische Zeitung Revue* in 1850, described the announced 1851 Great Exhibition as a ‘great world congress of products and producers’, which demonstrates ‘the concentrated power with which modern large-scale industry is everywhere demolishing national barriers and increasingly blurring local peculiarities of production, society and national character among all peoples’ (Marx & Engels 1850).

²⁷⁴ In 1926 the duties also included commercial vehicles (Church 1994: 11).

More generally, what can be construed as a fiscally-oriented national/Imperial protectionist legal framework became a general British policy with the General Election of 1931 where Ramsay MacDonald's National Government instituted the 1932 Import Duties Act and the Import Duties Advisory Committee (overseeing tariff policy), which became vital pillars of the overall fiscal framework of the British state in the post-WW2 period (National Institute of Economic and Social Research 1943: 5). Although the McKenna Duties were temporarily abolished in 1924 by a short-lived minority Labour government that at least ideologically preferred to increase taxation on the wealthy rather than support the production of (what was still seen as) luxury automobile items (Rubinstein 2003: 187)²⁷⁵ – and although Labour politicians rhetorically rejected 'business threats' made by both Sir William Morris and Sir Herbert Austin, arguing that unemployment would rise if the McKenna Duties were repealed (and in Austin's case that the Birmingham factory would close down)²⁷⁶ – the policies of the incoming MacDonald government and later governments went in the opposite, protectionist, direction.

A notable feature of state-crafting in the emergence period (involving the emergence of both state functions and the British automobile industry) was also the implementation of the so-called Horsepower Tax, which in an ambiguous manner arguably helped both: (1) pay for road maintenance in a class-situated manner, (2) diversify and tweak car production towards smaller engines, (3) boost the home market and (4) dampen the post-WW1 export boom (see, e.g., Wood 1988: 43; cf. Church 1994: 14-15). On the one hand, using the formula invented by the Royal Automobile Club (RAC) at the request of the government for another purpose, the Liberal Chancellor of the Exchequer David Lloyd George instituted through the Finance Act 1910 a hypothecated Road Fund Tax or Vehicle Excise Duty that was earmarked for maintaining the roads. From 1921 an increased tax rate of 1£ per horsepower was set. Announced as part of Lloyd George's welfarist People's Budget of 1909, this so-called Horsepower Tax was intended as a tax on 'luxury' items, a way to externalize or transfer the costs of road network maintenance to individual motorists (who at that time were considered well-off). On the other hand, although the RAC formula used for the Horsepower tax may have taxed motorists (and thus indirectly manufactures) it also (1) for good and for bad, 'path dependently' increased the variety of car models

²⁷⁵ On the early UK car as a luxury item, invested with class distinction, see, e.g., Ivory & Genus (2010: 1115).

²⁷⁶ See, for example, the following newspaper articles: 'Chancellor Backs Government' (1929); 'Political Intimidation' (1929); 'McKenna Duties' (1929).

(as an accommodation to the taxation scales took place), (2) boosted the British home market because it discouraged higher-engine big-bored cars, typical of American car production, notably imported larger foreign cars like Ford's famous Model T that were taxed higher and, precisely because of this, simultaneously (3) restrained the post-WWI export boom (Wood 1988: 43; cf. Church 1994: 14-15).

Generally, with regards to the emergence period, the relationship between the British state and the motor industry changed as the latter developed, conditioned by state-crafting practices, from being an uncertain personalistic technological enterprise into a more formal, economically extensive and organizationally emergent entity; as the automobile industry emerged, its fiscal importance expanded (as would also be evidenced through the later knighting of key persons in the industry), and with that the political attention and negotiability of the sector.

13.1.2 Consolidation: National industrial unification

Looking at the UK automobile industry in the Golden Age (GA) period, a particular process stands out: as the British automobile industry consolidates and becomes more formalized in its institutional-organizational operations, its activities increasingly becomes subjected to state-crafting considerations, and thus regulatory initiatives, focused not simply on maintaining the organizational (and infrastructural) function of the state than on optimizing legitimacy and fiscal state-crafting and bridging and managing this tension-filled dynamic.

After WW2, the British automobile industry continued its expansion of the 1930s: motor employment, output and exports increased (Wood 1988: 95; Church 1994: 220), as did the share of these dimensions out of total manufacturing (Whisler 1999: 5). While employment in the automobile industry was already between 500-800 thousand by the 1960s,²⁷⁷ this number rose by 33% percent in the period 1959-1973 (Church 1994: 51). Also, according to Church (Ibid.), the automobile industry and its suppliers accounted for 1/3 of the economy's industrial growth in the period 1950-1960. While the British automobile industry in the 1950s was initially dominated by the Big Six, in 1952 Austin and Morris, pressured by competition from Ford, merged and became the British Motor Corporation (BMC) (Whisler 1999: 3). Out of the now five dominating companies, Vauxhall (which was acquired by

²⁷⁷ Depending on whether one includes, respectively, only direct employment or also supply/components sectors.

General Motors in 1925) and Ford was American owned. Ford's British production, through its famous Dagenham plant of 1931, was the most important foreign subsidiary of the US multinational (Wood 1988: 150). Ford, in particular, performed well after WW2 (Whisler 1999: 51), even as BMC's iconic 1959 Mini Minor, with its high-quality technical design and innovative front-wheel drive, turned out to become one of the best-selling cars of the 1960s (Wood 1988: 135-38).

Throughout the postwar period, and particularly the 1960s, car ownership (in the form of, e.g., the Mini) expanded and would increasingly straddle the social spectrum (Wood 1988: 134), helping to usher in (still class-segmented) 'mass car ownership' or a so-called 'motor revolution' (Gunn 2013: 223-224). In the postwar period, the percentage of households with a car grew by 271% in the period 1951-1970, going from 14% in 1951 to 52% in 1970.²⁷⁸ While UK's absolute car output actually rose until the late 1960s/early 1970s, automobile production lost out, comparatively, to other European countries, notably Germany, in the 1960s (Church 1994: 45) – a country whose share of world car exports started to exceed that of the UK (who, when exporting, still primarily sold to the Commonwealth countries) in the same period (Owen 1990: 221-2, 226). Arguably, it is not only the British automobile sector's development in the postwar period that should be understood in such a comparative manner – it is advisable to perceive the wider economic development in Britain in a correlative relative way (although the industry generally grew faster than the economy (Church 1994: 51)): while the average annual growth rate of 3% in Britain in the period 1950-73 was relatively lower than that of comparable OECD countries in the same period, this average growth rate was nevertheless much higher than the previous period of 1913-1950 or the following period of 1973-94 (Hansen 2001: 314).

Both directly and indirectly, war activities conditioned the development of the automobile industry in Britain (as would also be the case in other countries) – *inter alia* revealing the always already dialectical relationship between the fiscal and the violence-security-sovereignty function of the state. Like in the case of WW1 – where the factories and machinery of automobile companies expanded through war contracts and government expenditure, new production techniques were learned and manufacturers like Austin and Wolseley provided aeroplanes and armed vehicles and Morris engaged in the production of munitions (such as hand grenades and bomb cases) (Wood 1988: 31-3; Church 1994: 7-9) – the British engagement in WW2 had enormous consequences for the later development of the

²⁷⁸ Based on my calculations of numbers from Department for Transport (2003).

industry. Prior to WW2, in 1936, so-called Shadow Factories were set up by Stanley Baldwin's Coalition Government. While these factories, which at first manufactured aero engines but later all sorts of war-related goods (tanks, tractors, etc.), were practically managed by automobile industrialists, having Sir Austin as chairman of the Shadow factory Committee, they were launched, authorized and financed by the government for war purposes (Wood 1988: 57; Church 1994: 43). Not only did WW2 (and its preparation) strengthen the British state-industry institutional relationship (Wood 1988: 57), it would also expand and transform production and organizational techniques.

When considering the evolution of the motorway network in Britain, the 1960s clearly appears as the formative decade (Spence & Linneker 1994: 248-9). Clearly, as perceived through James O'Connor's (1973: 105) fiscal-budgetary perspective, 'highway spending' appears as a crucial type of (physical) 'social investment', primarily linked to the larger category of accumulation-oriented 'social capital expenditures'. Conditioned by the traffic data and survey findings of the Ministry of Transport's planning-group – and arguably the active promotion of the 'highway lobby' (Paterson 2007: 117) – the state-facilitated British motorway expansion of the postwar period was initiated with the Preston bypass (opened in 1958) and the first inter-urban motorway, the London-Birmingham (M1) (Spence & Linneker 1994: 248-9). Although schemes for the M1 were set up by the Labour government already in the immediate postwar period, it was the Conservative Prime Minister Harold Macmillan who launched the actual construction of the motorway network, which, despite the fact that the M1 had already been authorized by the business-savvy Minister of Transport Harold Watkinson, was based on amongst others Michael Beesley's fiscally-grounded cost/benefit analysis (Foster 2001: 5-6).

On the one hand, the 1945-1951 Attlee Labour government stands out for its ambitious interventionist/nationalization agenda. Bolstered by the war-induced generalized higher than usual 'planning'-oriented postwar political economic outlook, as addressed in chapter 7, the Attlee government, which had received a stunning 48% majority at the general election, launched an ambitious program of interventionist economic policy (notably the nationalization of electricity, civil aviation, the Bank of England, road haulage, railways, etc., amounting to 20% of the economy) and welfare reform (notably the National Insurance Act and National Health Act of 1946 and the National Assistance Act of 1948) (Smith 1979: 118; Rubinstein 2003: 230, 237).

On the other hand, these activities were expressive of British politics in most of the postwar era which overwhelmingly followed the general contextual patterns of the GA period. The era of great

consensus or, more historically narrowly put, ‘Butskellism’, is meant to convey the inter-party status quo with regards to dimensions such as a ‘mixed’ Keynesian economic policy and full employment targeting (Smith 1979: 119-128). For example, the Industrial Charter of 1947 launched the Conservatives’ commitment to full employment and the welfare state, and the social reforms and nationalizations of the Attlee government were, with few exceptions, kept intact when the Tories took over in 1951 (Rubinstein 2003: 247).

Moreover, although Attlee’s nationalization program at first glance reflected the socialist goal of achieving ‘the common ownership of the means of production’ – as formulated in Clause IV of Labour’s original party manifesto of 1918 – this policy aim was practically watered down through both the ideological ambiguities of the concept of nationalization (see O’Hara 2009) and the so-called Morrisonian style of implementation, which entailed the establishment of bureaucratic and commercially-oriented public corporations, and the 1947 shift (with the replacement of Dalton by Cripps as Chancellor of the Exchequer) from physical planning to a more technocratic and budgetary broadly interventionist Keynesianism agenda (Smith 1979: 109-10, 118).

Nevertheless, the postwar Labour government sought to actively engage with and bolster the automobile industry: the sector was not only subjected to the government’s high export targets, part of its ‘export or die’ campaign (Whisler 1999: 3, 13-4) intended to bolster the all-important balance-of-payment objective, which was first set at 50% of each firm’s output in 1945 and then raised to 75% of output in 1948 (Church 1994: 51; Whisler 1999: 22), but also its regional industrial policy. This regional policy scheme, which was an extension of the policy of 1934 of maintaining so-called Distressed Areas, directed automobile manufacturers (who needed permission, an Industrial Development Certificate, in order to expand or open up a plant) towards Special Areas with a historically high rate of unemployment through financial inducements (Wood 1988: 101; Owen 1999: 220) – a full-employment-targeting policy which continued under later Conservative governments (Wood 1988: 96, 150-1). Business competitiveness was sought optimized when a flat rate tax took the place of the earlier Horsepower Tax in 1948 – a policy change conditioned by the lobbying of the British motor industry (particularly the Society of Motor Manufacturers and Traders), which argued that the Horsepower tax, as argued earlier, stifled exports due to its bias against larger cars (Church 1994: 53; Wood 1988: 96, 98).

In the GA period fragmentation was perceived as being potentially problematic, while national consolidation (in both the business and state-crafting sense) offered a more promising route. Sparked by an influential academic report that in 1959 argued that while the automobile industry was overall strong, it nevertheless suffered from fragmentation due to its small firms, its large component/model range, etc. (Owen 1999: 224; Whisler 1999: 4), the 1960s introduced waves of mergers and consolidations: BMC acquired Pressed Steel in 1965; Jaguar Cars, which had already bought Daimler from BSA in 1960, merged with BMC in 1966; Leyland Motor Corporation first bought Standard-Triumph in 1960 and then took over Rover in 1967. In 1968, strongly encouraged by the Wilson government – which, aiming to create a so-called ‘national champion’, both provided financial incentives and political support – the two remaining major British automobile manufacturers Leyland and BMC merged to form the British Leyland Motor Corporation (BLMC), Europe’s fourth largest automobile manufacturer (Nuttall et al. 2011: 1292; Whisler 1999: 5, 93). This merger, which left the automobile market with a single dominant British-owned manufacturer, was promoted by the Labour government through the creation in 1966 of the Industrial Reorganization Corporation (IRC) – a public body charged with encouraging economies of scale, consolidation and rationalization of industry (Owen 1999: 227-8; Church 1994: 85).

Ford’s UK activities also induced the partial immigration of US management/industrial relations routines. While Ford’s relatively good performance after WW2 can also be attributed to the government’s generally accommodating stance towards its British operations (such as a supportive allocation of steel, exemption from nationalization policy) – a goodwill partly stemming from Ford’s chairman in Britain Sir Percival Perry’s contribution to armaments procurements policy and the establishment of the important Fordson tractor plant (Church 1994: 73) – it also hinged on it maintaining the main pillars of the Fordist regime of economic organization, i.e. its management style and payment structure. The mass production-based Fordist system relied inter alia on relatively high fixed/rigid hourly day rates combined with a high degree of managerial control of workers (in terms of job tasks, the pace of production, etc.), whereas the bulk of British automobile manufacturing was based on a more diversified piecework payment system based on looser worker discipline (Church 1994: 60-62; Tolliday 1987: 38-9).

Compared to the (always fully unrealized) British Fordist regime, which, at least until the 1944 recognition agreement which compelled Ford and other companies to strengthen their relationships with

unions, was based on an explicitly anti-worker and anti-union stance (Church 1994: 21; Tolliday 1987), the British piecework system increased job control and, in particular, granted discretion to shop stewards. While employers originally considered the piecework system favorable to their interests – as a system of ‘payments by results’, earnings would be paid out literally according to ‘the amount of sweat given off by the workers’ – the war experience and the GA economic prosperity had altered the state’s relationship to workers in a mutually energizing way and vastly increased union membership such that the piecework system could be progressively controlled by unions in the 1960s, which increasingly engaged in sectorally-based ‘inter-union competition’ (Tolliday 1987: 39, 38; Church 1994: 62, 64).

The consolidation of the British automobile industry witnessed, at least from the 1960s, the gradual shift away from ‘a seller’s market’ (e.g., Wood 1988: 134), a process correlated with, and underpinned by, not simply a car ownership boom but a general policy – which arguably, at least at first, was more greatly emphasized by the Tories (Rubinstein 2003: 255) – accommodating consumership, affluence, housing, economic growth and production, etc. Importantly, as the quantitative analysis of Dargay (2001: 813) indicates, ‘[r]ising incomes lead to a higher car ownership level, but when incomes fall car ownership is not reduced correspondingly’ – a finding that clearly matches the earlier argued case for the generally irreversible asymmetric endogenous logic of consumption-situated economic growth and its frustration-escalating properties and, more generally, the arguments concerning the postwar consolidation of a popular socio-psychological expectation of ever-widening economic growth and consumption prospects.

The postwar development of the British automobile industry also reveals the broader shift from nationalization to Keynesianism: we observe, notably in the case of the Attlee and later Wilson Labour governments’ approach to the automobile industry, the gradual marginalization of the ‘threat’ to the state of socialism and party politics more generally. We see through the turn to budgetary Keynesianism and the institutionalization of Morrisonian public corporations/bodies, a watering down of core socialist principles and a limiting of the discretion of party politics vis-à-vis state-functional reproduction. Both this development, the general consolidation of the British automobile industry (increasing its fiscal vitality considerably) and the generalized search for a ‘national champion’, signals, as argued earlier, the advent of the ‘catch-all party’ – that is, the shedding of parties’ earlier ideological

principles, the integration of state and party politics and the subjection of the ruling government to a nation-state agenda.

As seen, as the automobile industry consolidates and increases its societal importance – a process in many ways facilitated by the state – the ‘responsibility’ for its activities gradually but increasingly becomes a state-functional affair, subjected to legitimacy and fiscal state-crafting considerations. For example, the general fiscal and regulatory encouragement of the gradually consolidated automobile industry and full employment targeting through inter alia the inter-party regional industrial policy of targeting Special Areas with high unemployment, can be considered state-crafting initiatives aiming to ease functional tensions: pro-business industrial practices (indirectly the fiscal dimension) combined with worker/union- and employment-optimizing practices (indirectly the legitimacy dimension).

13.1.3 Reconfiguration: Externalizing expenditures and tensions

As shall be seen, the development of the UK automobile industry in the reconfiguration period is marked by the causally interrelated implementation of a series of both state-facilitated claim-reducing processes (e.g., discontinuation, Japanization/internationalization/Europeanization) and industry-situated hybrid tension-displacing co-productive schemes (e.g., Lean Production).

In the late 1960s and throughout the 1970s, the UK automobile industry underwent a series of crises, disruptions and institutional experimentations – a development working alongside the crisis-guided fate of the wider British economy and other advanced industrialized polities, which have been addressed earlier in this study. Although the government-backed 1968 creation of BLMC was intended to consolidate and overcome the gradually declining British industry (which had fallen behind other automobile-producing countries), the giant ‘national champion’ company did not deliver: exports, profits, liquidity, and its share of the home market, soon fell (Wood 1988: 170; Whisler 1999: 6). Arguably, BLMC suffered from a diversity of factors: a too ambitious organizational setup, a too diverse model range, a failure to integrate eight differentially profitable public companies (with, in total, circa 48 factories and 180,000 employees), model failures and weak marketing strategies, rising competition from freer trade and increasing import penetration rates, rising worker/union militancy and bargaining power, overmanning, etc. (e.g., Whisler 1999: 94, 91-121, 87, 84-124; Owen 1999: 228-

234). The relationship between fragmentation and consolidation had now reversed: bigness was a problem, while fragmentation presented itself as an attractive scenario.

The widespread means-oriented bewilderment that, as argued earlier, generally characterized the 1970s also applied to the UK automobile industry. At first, well-known GA-situated initiatives were presented. Although the Conservative Heath government, winning the election in 1970, removed the IRC in 1971 as a way of proclaiming its ideological dislike of public interventions in industrial activities, the nationalization of the troubled Rolls-Royce the same year (a way to save jobs) together with the 1972 Industry Act (e.g., Nuttal et al. 2001: 1293; Smith 1979; 166-7), which allowed for a highly state-based and interventionist industrial agenda, marked the party's practical 'U-turn' and pragmatic adherence to maintaining/maximizing fiscal state-crafting. This interventionist wave continued under Labour when Wilson's second government took over in 1974. While promising to back BLMC's increased borrowing, the Wilson government awaited the so-called Ryder Report on the status of the company, whose influential findings would not only provide the basis for (mostly) equity-based government bailouts but also the 1975 nationalization of the failing BLMC, which turned it into the state-owned British Leyland (BL) (Owen 1999: 232-3).

This rescue-cum-nationalization of BLMC and the later running of BL was managed through the National Enterprise Board (NEB), an equity-holding government body set up in 1975 and chaired by Lord (Don) Ryder (who wrote the Ryder report). Later, as a way of avoiding huge job losses, Chrysler UK, which was in a deep crisis, was provided financial assistance in return for a 'planning agreement' and industrial relations promises (Whisler 1999: 128-9).

While the interventionism of the crisis-ridden 1970s – which not only entailed the automobile industry but the nationalization of aerospace, shipbuilding, etc. – may be considered ideologically grounded, its inter-party nature bears testimony to the basically pragmatic character of the policies (Nuttal et al. 2001: 1293). Arguably, the sheer importance of the industry for the economy coupled with the functional pressure for fiscal accumulation raised the probability that an effective (rather than necessarily rhetorical) inter-party consensus would exist with regards to the implementation of fiscally-oriented 'crisis management' measures. Moreover, the pragmatism with regards to Labour was also visible through the selection of the specific institutional-organizational modes of intervention. For example, while the NEB (set up through the 1975 Industry Act) was placed in charge of managing BL, it was a largely watered down version of the one introduced in the 1974 White paper, *The Regeneration*

of British Industry, which proclaimed a more explicit public ownership motivation;²⁷⁹ in reality, the NEB reflected much less adherence to a socialist (or original social-democratic) cause – while only Tony Blair managed to remove the famous Clause IV of the party manifesto, revisionist Anthony Crosland-inspired ‘modernizers’ like Hugh Gaitskell had already tried, unsuccessfully, to remove it in the late 1950s (see, e.g., Jones 1997) – than to basic technocratic principles of the ‘mixed’ Keynesian economy (Smith 1979: 133). Furthermore, despite the apparent principled radicalism of planning agreements, the deal actually formed with Chrysler UK was not only much less restrictive and watered down, in 1978 Chrysler was sold to Peugeot (Holmes 1985: 53; cf. Wilks 1981).

Approaching the later part of the 1970s, alternative and tougher measures would become activated, heralding the unleashing of, notably, an overall industrially-situated claim-reduction strategy. When Leslie Murphy replaced Sir Don Ryder as chairman of NEB in 1977 – James Callaghan had replaced Wilson as Labour prime minister a year earlier – he hired the tough business-oriented Michael Edwardes, a NEB member, as both chairman and chief executive of BL (Wood 1998: 112-3), taken on board in order to initiate a thoroughgoing ‘rationalization’ process. Edwardes’ comprehensive ‘restructuring program’, the Coordination of Resources plan (CORE) (Whisler 1999: 369, 371), which after Thatcher’s 1979 victory enjoyed increased ideological support, entailed a regular crackdown on workers/union autonomy. While strike rates had increased steadily since the postwar period and exploded from the late 1960s and early 1970s (Church 1994: 66), Edwardes confrontational restructuring plan not only meant huge job losses through plant closings (Owen 1999: 240), around 50,000 in the period 1977-1982 (Church 1994: 102), but also increased shop-floor control and introduced wage-bargaining constraints (Whilser 1999: 270-75; Wood 1988: 220-8) – a process both symbolically represented through Edwardes firing the notorious communist and union activist Derek Robinson (known as ‘Red Robbo’) in 1979 (Church 1994: 102) and practically witnessed through overall union capitulation and diminished strike rates around 1983-4 (e.g., Whilser 1999: 375, 270-75). Clearly, the advent of the aggressive anti-union Edwardes regime illustrated that industrial policy had

²⁷⁹ In the 1974 White Paper it is argued that the Wilson government seeks to establish NEB as a public entity able to ‘provide the means for direct public initiatives in particular key sectors of industry’ in order to, inter alia, achieve ‘greater industrial efficiency’, ‘industrial democracy’ and offset ‘the short-term pull of market forces’ (Department of Industry 1974: 2, 6).

replaced full employment targeting (Owen 1999: 240), and, interestingly, the fact that Edwardes' initial 1979 restructuring plan, although rejected by the shop stewards, was approved by 87% of the employees in a ballot (Wood 1988: 227).

Although a slow starter, the Thatcher government, not only underwriting and accelerating the main pillars of the Edwardes regime but encouraged by a deeper-sitting micro-situated transformation of popular value priorities and a more output/performance-based and marketized-fiscalized mode of macro-level legitimation, would eventually embark on a combined campaign of internationalization and privatization affecting the British automobile industry as much as any. 'Japanization' through inwards investments was not only cherished but actively promoted by the Thatcher government: as effective tariff rates continued to fall throughout the 1980s (Ennew et al. 1990: 76), Japanese companies opened up new factories – notably, Nissan at Sunderland, Toyota at Burnaston and Honda at Swindon (Owen 1999: 239, 245; Whilser 1999: 391). Of course, already in 1977, under the Callaghan Labour government, NEB and governmental acceptance underpinned Edwardes plan for a strategic alliance with Honda (Wood 1988: 226). An overall industrially-situated claim-reduction strategy of government-sanctioned privatization and restructuring appeared: in 1984 Jaguar was separated and successfully auctioned on the stock exchange (until it was bought by Ford in 1989) (Church 1999: 106); BL took the name Rover Group PLC in 1986 – in 1981 a mass-market subsidiary of BL, Austin Rover Group (ARG), had been formed integrating Austin Morris, Rover and Triumph – and a year after the bus division was dispatched and the truck division sold to the Dutch-owned DAF in 1987 (Church 1994: 107; Owen 1999: 243); British Aerospace (BAe) bought Rover Group in 1988, only to have it sold off to BMW in 1994. However, one attempt, involving talks between Ford and the government, to sell off Rover Group (at that time BL) (and thus effectively British automobile manufacturing) did not succeed as amongst other things a popular backlash appeared, arguing for a stop to the internationalization of the British national champion (Nuttal et al. 2011: 1294; Church 107).

A mapping of the UK automobile industry in the 1990s and 2000s would reveal the cumulative effects of the politically driven externalization process of the 1980s: in the 1990s, as mentioned, Jaguar was owned by Ford and British Aerospace (BAe) sold off Rover Group to BMW in 1994, leaving the industry effectively without any British-owned car manufactures; in the 2000s, Jaguar and Land Rover was jointly bought by Ford in 2000 and then sold to Indian automaker Tata Motors in 2008 (joined together as Jaguar Land Rover in 2013). Of course, despite this internationalization trend, the 'car parc'

(number of cars available) and total car ownership has risen steadily in the same period – although the rate of households with one car has remained constant, the proportion of households with two or more cars have increased (Leibling 2008: 3-5; Department for Transport 2003). Also, although British vehicle output crashed in the 1970s, it rose again from its low in the 1980s as domestic production, particularly from the 1990s, was overtaken by foreign-owned manufacturing (Holweg et al. 2009: 22-3). Moreover, employment in the UK automobile industry still averages around 200,000 people since the mid-1990s (and around 6.5% of total manufacturing employment) – and using a more expanded ‘job multiplier’ definition, which includes components suppliers, etc., the industry ‘supports’ around 384,000 jobs (Holweg et al. 2009: 31-37, 102, 38-40). That said, according to some projections, of this latter number 330,000 may be threatened by offshoring and the UK has lost more jobs than those of comparable countries and seen a great deal of plant closures (Holweg et al. 2009: 31-33, 37-8, 39-40).

Arguably, the development and fate of the UK automobile industry correlates heavily with the largely state-facilitated process of Europeanization and, gradually, so-called globalization. While already from the 1950s one can observe a joint process of tariff reduction and increasing import penetration, the latter surpassing Germany in 1980 (Owen 1999: 226, 230), the long-awaited British EEC entry in 1973 further accelerated the process of import penetration and internationalization through the removing of tariffs within the EEC by 1977 (Church 1994: 47). While Britain first applied to the EEC in 1961, the French vetoed this in 1963 – a veto which apparently constrained Ford’s plans for a closer commercial collaboration between its German and UK activities (Wood 1988: 151) – and it took one more unsuccessful attempt in 1967 before the UK joined the club in 1973 (Whilser 1999: 315-7, 320). Although Britain had enjoyed membership of the alternative and arguably less successful EFTA since 1959, and although British politics (and politicians) have historically been marked by a deep inter-party ambiguity towards the EU, entry into the EEC in 1973 became a main agenda for the Conservative Prime Minister Edward Heath, and many Labour party members (particularly the neo-Gaitskellites) as well as the British population supported the Europeanization process (Rubinstein 2003: 299; Speck 1993: 199-200). Of course, this overwhelmingly economically-oriented Europeanization process was pushed forward by lobbying campaigns launched already from 1968 by the automobile industry, notably the Society of Motor Manufacturers and Traders (SMMT) (Whilser 1999: 318).

In the end, though, while the contemporary UK automobile industry exports on a comparatively massive scale, one can observe a constant automotive trade deficit since the 1990s as the import rate

has consistently surpassed exports in this period (Holweg 2009: 29). Importantly, the politically facilitated process of externalization through internationalization and Europeanization – the latter of which would push the regulation of the automobile industry towards an integrated EU legal framework, pushing for intra-community trade and external EU barriers and regulating (i.e., constraining) state aid to troubled national industries (see, e.g., Swaak 1999: 434-5, 277-341) – has also brought changes to the prevailing forms of work organization and management philosophies.

In this context, Lean Production²⁸⁰ appears as a dominant, and possibly paradigmatic, system of work organization both (1) simultaneously representing and influencing the post-1980/1990s evolution of British automobile production and (2) symptomizing the Anglo-specific dynamics of the larger post-1990s co-productive hybrid tension-displacing order (as analyzed in chapter 9).

While initiated in Japan already in the first half of the 20th century and further developed throughout the 1960s and beyond, Lean Production started to proliferate first in the US and then globally – especially thanks to Womack et al.’s (1990) influential Americanized observation and interpretation of Japanese work organization – from the 1980s. Although the existence of a global convergence on Lean Production may be somewhat exaggerated, it is evident that the paradigm has in fact, at varying degrees, been adopted across the British automobile industry from the late 1980s and early 1990s (arguably stimulated by early initiatives like the Honda-Rover alliance) – the Rover Group being a notable case (see e.g., Scarbrough & Terry 1997) – as a way of inter alia regaining cost effectiveness and managerial control. As Vidal (2006: 202) describes it, Lean Production refers to ‘demand-driven production in short runs, achieving efficiency through continuous improvement and optimized workflow with minimal buffers’.²⁸¹ Arguably, while Lean Production amongst other things promises to increase worker ‘empowerment’ and ‘participation’ and ‘teamwork’ and institute a ‘flexible’, ‘diversified’, ‘collaborative and ‘skilled’ non-assembly line system of production catered to the whimsical dynamics of co-productive consumption, more substantive case-based critical research (see, e.g., Scarbrough & Terry 1997; Jones et al. 2013) reveals that this production paradigm in many

²⁸⁰ Sometimes known as the Toyota Production System.

²⁸¹ In this form of work organization: ‘[b]ased on just-in-time (JIT) and *continuous flow* principles, work is ‘pulled’ through the factory based on customer demand’ (Vidal 2006: 202, emphasis in original).

instances is underpinned by constrained or restrictive forms of employee participation directed towards productivity enhancements.²⁸²

As argued earlier, hybrid tension-displacing co-productive schemes are problematic. In this relation, looking, more generally, at the contemporary British automobile industry it is for example noticeable that industry reports, such as *The UK Automotive International Competitiveness Report 2015* published by the Automotive Council UK (2015: 8), points out that '[l]abour flexibility is a major strength for the UK' and that '[w]e should strive to retain this key competitive advantage'. Also, an SMMT industry report (Henry 2015: 3, 17), entitled *The Future of UK Automotive Manufacturing in 2025 and Beyond*, mentions the UK's comparative 'attractiveness in terms of taxation, regulation, labour flexibility and the overall business environment' and points to factors, besides for example a '[c]omparatively low tax regime' and a '[s]upportive approach from government', such as '[l]ess onerous labour laws and rules compared to most other EU countries' and '[u]nions which are committed to maintaining and developing the manufacturing sector'. Holweg et al. (2009: 37) also finds that the observed decline in UK auto employment 'can be explained to 32% by productivity gains made over the past decade'. As (otherwise strategically constructed) presentation videos – widely available on Youtube – apparently transparently recapping the manufacturing process underpinning a new car model also reveal, contemporary car production, while showcasing aspects of a post-Fordist production regime (teamwork, high-quality products, etc.), nonetheless relies on mass-production, moving assembly lines, robots, disciplined and well-orchestrated maneuvers, etc.²⁸³ Arguably, the objective of achieving *both* high-quality production and lower costs and the aim of optimizing effectiveness *and* finding democratically-embedded remedies for worker dissatisfaction (such as empowerment and co-production) correlates heavily with the broader post-1970s/1990s relative shift towards a more self-legitimizing mode of fiscal accumulation. Lean production can be perceived as an attempt, operating at the level of work organization, to seemingly overcome the above tensions and, in many instances, in a more sophisticated manner intensify and deepen managerial control and production effectiveness. It represents a distinctive post-1970s/1990s co-productive tension-displacing hybridization, characteristic of the specific UK context, which both reflects and has been indirectly causally pushed forward by state-facilitated claim-reducing processes of Japanization/internationalization/Europeanization.

²⁸² For a more general critique of self-management, see Barker (1993).

²⁸³ For a production video presenting the New Mini, see TestDriven (2013).

As a concluding observation on the UK experience: the objective shallowness of this overall supposed tension-overcoming agenda also appears evident when looking at transportation dynamics more broadly. In relation to post-1990s transport policy – a regulatory system underpinning not only the globalized UK automobile industry but also the proliferation of a broader automobile ‘culture’ – one finds, firstly, a deregulation in 1992 of the provision of motorway service areas, transferring the responsibility for ‘the identification and acquisition’ of motorway service areas (MSA’s) to private actors (Walton & Dixon 2000: 336). Although this system was partly revised by the New Labour government in 1998, one of the reasons for this was that the promised optimization of ‘consumer choice’ did not appear (cf. Walton & Dixon 2000: 337). Secondly, the supposedly progressive ‘New Realism’ transport policy launched through the notable 1998 White Paper *A New Deal for Transport*, and in large part drawn up by the transport analyst and policy advisor Phil Goodwin (see, e.g., Goodwin 1999), did not mark such a ‘radical’ break with the earlier so-called ‘predict and provide’ policy (Docherty & Shaw 2011). While the important Conservative ‘Roads for Prosperity’ program of 1989 had promised an extensive campaign of road building to deal with the increasing and forecasted demand for cars, it brought popular attention to the problem of congestion, which New Labour promised to tackle in a ‘sustainable’ manner in its 1998 White Paper. As Docherty & Shaw’s (2011: 233-47, passim) extensive review of the actual post-1998 transport policy record of New Labour show, the party did not deliver on its announced aims such as to decrease car journeys, increase public transport and cycling and reduce pollution – rather, the principle of balanced ‘sustainable transport’ has been subjected to a ‘choice’-oriented pro-car realism oriented towards optimizing economic competitiveness.²⁸⁴

²⁸⁴ Although we can observe a post-1998 development towards a New Labour transport policy that, as the 2008 *Delivering a Sustainable Transport System* agenda declares, increasingly aims to ‘support national economic competitiveness’, the archetypical Third Way virtue of always seeking to productively overcome/displace various state-functional considerations remains a general rhetorical characteristic: as the 2004 *Future of Transport Agenda* proclaims what is needed is a ‘transport network that can meet the challenges of a growing economy and the increasing demand for travel, but can also achieve our environmental objectives’ (both quotes as cited in Docherty & Shaw 2011: 231).

13.2 Reflective fiscal state-crafting in the Swedish automobile industry

13.2.1 Emergence: State-corporatized unfurling of automobiles

As shall be seen, the Swedish automobile industry relied heavily on direct and indirect state involvement from the very beginning. Its gradual emergence was not only critically underpinned by (1) a fiscal accumulation logic based on both low domestic protection (but high competitiveness and car ownership) and a principally class-biased taxation scheme but also (2) an early ability to politically coordinate what were already highly corporatized interests and resources. Generally, the development of the Swedish automobile industry mirrors, and was critically underpinned by, the earlier than usual emergence-cum-consolidation of legitimacy and fiscal state-crafting in Sweden.

While in Sweden, like in other European countries, the railway industry took shape from around the mid-19th century – the absolute level of Swedish rail track opening has consistently triumphed that of both Norway and Denmark and rail freight traffic has been comparatively high (Millward 2005: 16, 196, 198) – it was (although less than in Denmark and Norway) characterized by a relatively high degree of state ownership: as private companies could not build railways at the appropriate speed, after a 1854 decision by the Rigsdag the state took over the organization of a basic rail network (*stambana*) (Millward 2005: 18, 22, 60, 68-9). By the 1920/30s, much of the general goods/freight traffic – a large part based on the increasingly unprofitable private railways, which would be taken over in 1939 by Statens Järnvägar (SJ) – was being replaced by road-based transport (Millward 2005: 157, 160). While this gradual late interwar ‘switch’ of course reflected the objective technological development and expansion of private motor vehicles (including trucks and buses), it was also underpinned by increased government financing and organizational involvement (Hasselgren 2013: 57) – a process, although at first a bit hesitant, which was spurred and made fiscally viable by the 1923 introduction of vehicle/fuel taxes (Hasselgren 2013: 57; Stenkula 2013: 32-3).

Notwithstanding inter alia the very early years of the 20th century in which mostly ‘engineer-entrepreneurs’ (or simply inventors) helped introduce automobiles such as the steam-driven 1891-2 Cederholm (*Cederholmaren*) built by the Cederholm brothers, the Swedish automobile industry has overwhelmingly historically revolved around three major home-grown companies: Volvo, Saab and Scania (or Scania-Vabis). Saab, which stands for Swedish Aeroplane Company Limited, was

established in 1937 in Trollhättan, first as an aircraft producer and later, after WW2, an automobile manufacturer (Malmberg 1995: 174). Scania-Vabis, overwhelmingly a commercial vehicles producer focused on trucks and buses, was established through a merger in 1911 of Scania (established in 1900), a bicycle-cum-automobile maker, and Vabis (established in 1891), a former railway supplier (Kinch 1993: 4-5). Later, when it merged with Saab in 1969 it would become Saab-Scania AB (until it was split in 1995 and named Scania AB). In 1926 the manager Assar Gabrielsson and the engineer Gustaf Larson teamed up to form Volvo in Göteborg as a subsidiary of SKF, a ball bearing manufacturer started in 1907 (e.g., Malmberg 1995: 174; Elsässer 1995: 69). In 1935 Volvo was separated formally from SKF and listed on the Stockholm Stock Exchange (Elsässer 1995: 71). The Swedish automobile industry, like that of other car-producing countries, is heavily regionally concentrated with automobile production/employment being concentrated in the south-west of Sweden near places like, for example, Göteborg (Elsässer 1995: 62; Malmberg 1995: 180-1). As the data shows, the production of trucks was higher than private vehicles in the 1930s and 1940s – something which is also partly reflected in the relatively higher share of total exports of trucks and busses in the same period (Elsässer 1995: 63, 68).

The early Swedish logic of automobile-situated fiscal accumulation was in some ways different than the British one. The Swedish tariff rates on automobiles in the 1920s were very low compared to other countries, standing at around 15% (Elsässer 1995: 39). While an important Riksdag's debate took place on whether customs tariff should go up to 30% as a way of protecting and fostering a national industry – the Swedish-owned automobile manufacturers such as (the no longer existing) Tidaholms Bruk and notably Volvo's Assar Gabrielsson generally lobbied for this – it ended with a 1927 resolution that actually decreased the tariff to 12% (Kinch 1993: 9, 10, 11; Elsässer 1995: 241). This early Swedish low protection regime – which *inter alia* was intended to raise the competitiveness of the home automobile market, expand car use and establish more favorable conditions for foreign manufacturers producing in Sweden using imported components (cf. Kinch 1993: 9-11) – helped make Sweden a net importer of automobiles until well into the post-WW2 period (Elsässer 1995: 67). Importantly, according to Lindgren & Petterson's (2009: 186) comparative analysis of the historical differences in car ownership in Sweden and Norway, pre-1960s import protections in Norway 'clearly held back (...) private car ownership'.

Throughout the historical emergence of the Swedish automobile industry, the state's own consumption of automobile products helped influence its development: in the 1920s, to take one

example, Scania-Vabia delivered busses to the national post office (what would later become *Postverket* and in 1994 corporatized as *Posten AB*) and the national train service provider (later SJ) (Elsässer 1995: 240). Like in other countries, war-related activities spurred automobile production, which in Sweden entailed production for the military in the interwar period and more importantly during and after WW2 Saab and Volvo enjoyed monopoly-like guarantees of orders of products for the military (notably the Swedish air defense) (Elsässer 1995: 240).

Despite labour unrest, the interwar period saw the political facilitation of a highly pro-business fiscal and industrial relations setup – underpinning the emergence and later consolidation of the Swedish automobile industry – that would become formalized and maintained throughout many decades. Industrial relations-wise, Sweden in the early 1930s ‘held the international record for working days used for industrial conflict and lockout, as well as for strikes’ (Korpi 2006: 188), indicating an increasingly higher relative degree of labour bargaining power, which already in the 1920s, although its profitability bounced back in 1927, had accelerated the pressure on the financially strained Scania-Vabia, bankrupting it in 1922 (Kinch 1993: 5-6). But party politically, this pressure would be expressed differently. The general election in 1932 in which the social democrats received 42% of the votes – around twice as much as the Conservatives,²⁸⁵ which was the number two party – and the 1936 election victory, in which the social democrats and the communist party could together obtain a parliamentary majority, would cement social democratic governmental rule until 1977, that is, for the next 44 years (e.g., Steinmo 1988: 418). Importantly, despite the 1932 victory and the 1936 left-wing majority, the Social Democratic Party (SAP) – whose party manifestos, ever since its first in 1897 had not actually stressed (with regards to economic policy) the ‘socialization’ or ‘nationalization’ of the economy but instead the reduction of inequality and progressive taxation²⁸⁶ – generally accepted the necessity of maintaining capitalist productivity and profitability (Steinmo 1988: 416-20).

Thus, throughout the unemployment-ridden and labour-militant 1930s, consumption taxes were raised (rather than income tax) and tax breaks for large Swedish corporations were instituted – of course lobbied for by the Swedish Employers Federation (SAF) – as part of an arguably pragmatic deal in which inter alia the labour union confederation (LO) was tacitly promised acceptance of an LO-run

²⁸⁵ At that time the *General Electoral League*, later the *Moderate Party*.

²⁸⁶ For a collection of the Swedish social democratic party’s manifestos since 1897 until 1990, see the Swedish Labour Movement’s Archives and Library (2001).

employment insurance program and all parties accepted the new bargaining setups intended to resolve or dampen industrial conflicts (Steinmo 1988: 416-422; Steinmo 1989: 522). Although partly unrelated, the latter initiative would find expression in the so-called Saltsjöbaden Agreement of 1938, which for many decades – well into the consolidation period of the Swedish automobile industry – institutionalized a distinctive deliberative ‘Swedish model’ of corporatist, particularly wage-related, industrial bargaining between the employers and the unions.

13.2.2 Consolidation: Corporatively consolidating and managing tensions

The Swedish automobile industry experience in the GA period not only ideal-typically symptomizes but was also critically causally underpinned by a prolonged pro-business consolidated corporatized management of the tension-filled relationship between legitimacy and fiscal state-crafting.

After WW2, and generally boosted by war-related manufacturing, Volvo formally embarked on (or rather returned to) the large-scale production of civilian automobile production, namely private cars, introducing the PV 444, what would become a highly successful Swedish ‘people’s car’ (Elsässer 1995: 75, 152-5, 271). While Volvo’s first branch plant was set up in 1958, the 1960s saw Volvo initiating foreign automobile production, notably setting up an assembly plant for private car production in Ghent, Belgium, in 1965 (Malmberg 1995: 178-9). While the biggest suppliers/manufacturers on the Swedish car market was Scania-Vabis in the 1950s and Volvo in the 1960s, Volkswagen sold the most private cars in the 1950s (with Volvo as number three), while Volvo enjoyed the biggest market share in the 1960s (Elsässer 1995: 187). Generally, while the Swedish state railways, SJ, suffered from increasing financial deficits all throughout the postwar period (Millward 2005: 266, 271), the 1950 and 1960s can be considered prosperous for particularly Volvo and Scania-Vabis with regards to productivity and production volume (Elsässer 1995: 8; Malmberg 1995: 174).

Relatively speaking private cars have consistently and increasingly surpassed trucks and busses when looking at the development of the car fleet since the 1950s (Elsässer 1995: 308). As data clearly shows, car ownership per capita exploded after WW2 and throughout the GA period – and while car ownership continued to increase after the 1970s, the still increasing slope weakens markedly – pushing forward, or revealing, a growing socio-economic and geographical diffusion of automobiles in Sweden (Lindgren et al. 2010: 167). With the notable exception of Japan, the intensity of this postwar expansion

and diffusion of private cars, which saw a quadrupling of the car fleet in the period 1950-1960, surpassed that of other comparable advanced countries (Lindgren et al. 2010: 168; Elsässer 1995: 64-65). Also new car registrations rose markedly in the GA period, particularly in the first part of the 1960s, being 2.5 times as big in 1960 as in the 1950s (Elsässer 1995: 269; Lindgren et al. 2010: 168). Because, as Lindgren et al. (2010: 169, 170) show, both the trends in new car registrations and car ownership correlate with GDP per capita developments – such that slower GDP correlates with fewer new registrations and lower car ownership – one can place the postwar diffusion of automobiles in the context of the generally expanding Swedish macroeconomy during the GA period. While the expansion in the Scandinavian countries generally was a bit lower than many other comparable countries, Sweden nonetheless had an average annual economic growth rate of 4% in the period 1950-73 – a growth rate higher than countries such as the US, the UK and Denmark, and certainly much higher than in both the interwar and the post-1970s period (Hansen 2001: 314).

Like in the UK, accumulation-oriented ‘social capital expenditures’ (in O’Connor’s sense) were activated to expand the motorway. At the same time as the postwar period saw a decline in the prices on new cars and gasoline, and as private cars became the dominant means of transport for Swedish consumer-citizens from the 1960s – squeezing out, relatively speaking, the railways and shipping (with ferry routes actually going down) – one can observe a marked expansion of the government-mandated construction of new (paved) roads, bridges and motorways, the latter increasing heavily from a starting point of 0 km in 1950 (Elsässer 1995: 15, 16, 312). The postwar motorway expansion in Sweden stands out when compared to the development in Norway (an in many other instances similar Scandinavian country): both the amount of motorway (measured in km) in Sweden has been around ten times as high as in Norway since 1965 and the relative extent to which roads are paved, although nearing each other in recent years, has consistently been higher in Sweden (Lindgren & Pettersson 2009: 182-3).

Originally, since medieval times, roads and their maintenance and construction in Sweden had been managed through rural/local management: first by landowners or individual farmers and then at the turn of the 19th century by laymen on behalf of the municipal authorities (Boge 2008: 222, 229; Hasselgren 2013: 57). Then, in 1944, the Royal Board of Roads and Waterways (formed in 1841) nationalized the public roads and pushed forward – particularly through a series of postwar government transport committees and notably the 1958 Road Plan for Sweden (*Vägplan för Sverige*), and its equivalent of 1969, which presented the contours and targets of the national plan for the construction of

roads (Lindgren et al. 2010: 166-7) – a much more autonomous, state-facilitated, professionalized and efficiency- or cost-benefit-oriented transport policy agenda (Boge 2008: 221-4; Hasselgren 2013: 58-63). Importantly, this post-WW2 public management of roads not only simplified and centralized local authority and networks – and subjected these to the relatively homogenizing organizational solipsism and fiscal lens of the Swedish state – it also helped further consolidate road-related activities as a distinctive GA-oriented category of fiscal state-crafting. In this relation, a notable GA-specific O’Connor-like fiscal maneuver were made: Starting with the 1923 imposition of hypothecated fuel and vehicle taxes, whose revenues were effectively earmarked for the financing of road-related initiatives, after 1938 and until 1980 ‘the government set up a particular account in the state’s accounting system with road construction and maintenance as contra entries to the annual vehicle and fuel tax revenues’, arguably, as a way of maintaining a ‘long-term balance between road users’ payments of vehicle and fuel taxes and public spending on road purposes’ (Boge 2008: 222).

The expansion of the Swedish automobile industry in the GA period was positively conditioned by a complex wage coordination scheme. A central pillar of the ‘Swedish model’ of industrial relations was the state-facilitated so-called Rehn-Meidner regime – historically underpinned by the important Saltsjöbaden Agreement of 1938 and the ensuing wartime experience – in which the peak-level organizations LO and SAF would regularly negotiate and set central targets for wage levels (effectively the level of wage increase) (e.g., Shonfield 1965: 199-211; Coates 2000: 94-8). Importantly, this scheme based itself on a policy of so-called ‘wage solidarity’ where ‘an enterprise in an industry where productivity is low are compelled to pay the same wages as more productive workers earn elsewhere’ (Shonfield 1965: 207). In such a situation ‘workers in less prosperous industries (...) should be enabled to capture some of the benefits of the extra earnings that have been obtained elsewhere’ (Ibid.).²⁸⁷ One of the aims of this inter-sectoral/industrial wage re-allocation mechanism was to increase overall business competitiveness by using ‘wage increases and the consequent pressure on profit margins to eliminate enterprises with relatively low increases in productivity’ (Israel 1978: 343). Importantly, the solidarity policy of achieving uniform wages (or at least low wage differentials) between sectors benefited the profitability of the automobile industry, otherwise characterized as a skills-intensive and

²⁸⁷ According to Eichengreen (2008: 35), ‘[t]he state played a tacit role in these negotiations by signaling its view of appropriate wage increases given prevailing macroeconomic conditions and applying its seal of approval to the results’.

productive industry, because it introduced relatively lower wages than what there would otherwise have been in this specific industry (e.g., Elsässer 1995: 254-5).²⁸⁸

Of course, while thus seemingly reliant on a hands-off approach from the state, what Korpi (2006: 188) calls the Swedish ‘Historical Compromise’ between the two main parties of capitalist democratic society rather reflected, as Shonfield (1965: 205) puts it crudely, a (neo-)corporatist system in which the relevant interest groups ‘are the instruments of public policy used by the state, wherever this is feasible, in the place of its own paid servants’. While the Swedish state arguably maintains authority over the overall political-economic direction, it has a long tradition of handing over technical discretion and responsibility for policy implementation to quasi-autonomous public entities like the National Board and Agencies (NBAs) – for example, the National Labour Market Board or the National Social Insurance Board – a form of ‘administrative corporatism’ in which the NBA’s are filled with representatives from political parties, the SAF and the LO and the civil service (Rothstein 1988: 235, 244, 237, 238, 236). More generally, the postwar Swedish corporatist system can be seen as largely a creature of pre-democratic legitimacy state-crafting: As Rothstein (1991: 167, *passim*) points out, the pre-democratic state – universal suffrage was not obtained before 1918 (with the first universal general election held in 1921) – sought to establish and nurture extra-parliamentary means of political-institutional embracement and bureaucratic cooperation.

A Swedish-style approximation of a relatively regimented form of production also partly appeared. Although both institutional and technological factors had historically worked to constrain this development (and continuously would) (see, e.g., Kinch 1993: *passim*), Volvo nonetheless increasingly tried to match and promote the postwar expansion of private cars through economies of scale and notably the implementation in the early 1950s of the Fordist-like (or perhaps rather Taylorist-like) MTM (Methods-Time Measurement) system – a time- and motion-oriented method for measuring and

²⁸⁸ Although productively pointing towards a seeming intention of the corporate actors, Coates (2000: 96) also argues that potential inflation triggered by high employment rates was sought dampened by ‘trading wage restraint (...) for active and selective labour market policies’. But, importantly, in line with the overall analysis of chapter 7, despite this arguably pro-competition limiting of wage differentiation between skill levels (and differentially skilled sectors), etc., Sweden did not on the whole experience wage moderation in the GA period – as has, for example, been argued by Eichengreen (2007: 35, fn. 38) – but rather high wage pressure (Bengtsson 2015: 372-6).

rationalizing work tasks developed by US engineers in the 1940s – which it took Saab and Scania-Vabis around ten years to finally incorporate (Elsässer 1995: 153-5). Notable in this regard was the building of the Göteborg-based Torslanda plant (Ibid.: 153, 166).

Economic policies played a great role in the postwar period, underpinning the private vehicle expansion. A key fiscal maneuver was activated: Starting in the mid-1950s, a so-called investment reserve funds system was set up in which companies could reserve up to 40% of their pre-tax profits in a reserve fund where about 40% of this tax-free deduction would be deposited in the Central Bank without interest (Taylor et al. 1982: 59-62). The idea of these investment funds was to enable firms – with the blessing of authorities – to release the money stored in the Central Bank in downturns as a countercyclical measure (Shonfield 1965: 201-2; Taylor et al. 1982: 62). Importantly, this investment reserve system had a great effect on the Swedish automobile industry in the 1960s; by helping to modernize production facilities – for example, in the form of the Torslanda factory and the construction of Volvo’s successful PV 444 – it critically underpinned the postwar private car expansion and the increasing export of cars to the US (Elsässer 1995: 250, 271, 274). More generally, exports increased markedly – particularly exports to the US – in the GA period, and in the late 1960s Sweden switched from being a net importer to a net exporter of private cars (Elsässer 1995: 67). Throughout the postwar period, Sweden’s historically low tariffs on cars stayed more or less the same – the tariffs on automobiles generally being higher than other types of commodities in this period – while the tariffs of other countries started to fall as part of a general international trend of trade liberalization (Elsässer 1995: 39, 43, 242, 241). Data on the trends in the relative share of automobile employment out of total employment shows an increasing slope since WW2 (Elsässer 1995: 58). While the steepness of this rising trend would actually increase markedly from the 1970s, it reveals the both legitimacy and fiscal importance of the automobile industry. Notably, during the 1960s, Sweden generally maintained an active regional policy, encouraging investments and plant constructions – especially through the investment funds – in areas with high unemployment (e.g., Elsässer 1995: 248-50).

The Swedish experience in the GA period provides an ideal-typical demonstration of a prolonged pro-business management of the tension-filled relationship between legitimacy and fiscal state-crafting. Unable – and/or ideologically unwilling – to generally ‘socialize’ or nationalize economic production, the Swedish social democrats during the GA period instead aimed, in Keynesian fashion, to achieve the twin aims of securing both full employment and ‘business confidence’. On the one hand,

the full employment obligation increasingly consolidated itself as simultaneously a fiscal variable – an indication of GDP expansion and normally entailing a decrease in ‘social expenses’ – and a powerful means of state legitimation (conditioned on the gradually increasing identification of employment and welfare and more generally a growing work-related synthetization of the ‘private’ and the ‘public’ facets of legitimation that, as argued, would critically intensify in a reconfigured manner in the post-1970s period). On the other hand, the fiscal and industrial policies of the postwar period were underpinned by a class-biased mixture of strategic cooperation with big businesses and low corporate taxation and relatively high income and consumption taxes (VAT) – policies that helped concentrate Swedish capital, leaving the country with few dominant big businesses, such as the powerful Wallenberg Group whose owner Marcus Wallenberg helped run inter alia Saab – as a way of promoting (re-)investment and thus economic growth (Steinmo 1988: 426, 427, 429; Israel 1978: passim).²⁸⁹

13.2.3 Reconfiguration: State-reconfigured ‘reflective’ accumulation in the automobile industry

As shall be seen, the Swedish experience in the reconfiguration period reveals a causally interrelated two-pronged Swedish-style hybrid co-productive tension-displacing development: a relative turn to a more ‘reflective’ pro-business (1) automobile profit-making and (2) fiscal state-crafting.

In the 1970s, the Swedish automobile industry faced a crisis, seeing declining production and exports, and while the market for trucks and busses generally did well, the sale of passenger cars plummeted (Elsässer 1995: 278; Malmberg 1995: 182). Underpinned by generalized crisis-ridden features of the international political economy as addressed previously, Sweden experienced increasing labour unrest, wildcat strikes, etc. Of course, the increase in strike activity, labour consciousness and wage costs – the latter of which arguably a result of *both* (1) a labour-initiated ‘stretching’ of the long-standing wage solidarity scheme (Pontusson & Swenson 1996: 228, 235), which (as argued) did not generally imply overall wage moderation but rather coexisted with continuous high wage increases (Bengtsson 2015: 372-6), and (2) employer-initiated moves to decentralize and escape the bind of the historical compromise (Korpi 2006: passim, 186-192) – also spread to the automobile industry. By the 1970s, the general situation had also affected the industry, and notably Volvo’s factories, implying

²⁸⁹ As Israel (1978: 348) shows there was a general merger trend in the 1960s in Sweden.

strikes, a generally overheated sector (making recruitment more difficult), high wage costs and an increasing degree of sick days (and other types of absenteeism) (Elsässer 1995: 159-60, 256-7; Malmberg 1995: 182).

Interestingly, as Lindgren et al. (2010: 169-70) show, although there was actually an increase in new car registrations in the early 1970s, car ownership rates largely reflects the general fluctuations of the economy: new registrations and the net increase in car ownership (i.e., new registrations minus scrapped cars) fell after the mid-1970s, as they would again after the Swedish economic dip in the early 1990s. Moreover, partly a result of legislation underpinning this, throughout the latter part of the postwar period, we see an expansion in the sales of used cars, making the ratio of used cars to new cars sales 2:1 in the late 1960s/early 1970s (Ibid.: 168) – a development that arguably also reflected both the increasing socio-economic diffusion of car ownership (e.g., lower-income groupings entering the car market) in the GA period and the more general transitory politicized energy of the objectively short-lived activation of the claim-based frustration scenario of the late 1960s/early 1970s. Although the unemployment rate did not increase markedly until the early 1990s where it exploded (OECD 2016g; see also Ljungqvist & Sargent 2010: 212), the Swedish growth rates of the post-1970s period stand out as even weaker than most other comparable countries (Hansen 2001: 314, 466). Perhaps even more so than in other countries, the crisis of the 1970s marks a crucial macro-structural turning point for Sweden, reconfiguring the properties of state-crafting practices, industrial relations and the organization of economic production in the automobile industry. The Swedish post-crisis experience provides a productive nationally specific illustration of the objective watering down and short-livedness of the immediate end-oriented form of political-institutional bewilderment of the 1970s, which was addressed in chapter 8.

At the political-institutional level, the politicized expectation/claim escalation processes of the early 1970s (e.g., in the form of a brewing discontent with working conditions), which inter alia helped increase demands for a more 'co-productive' organization of production, found expression in, first, a series of labour laws intended to improve the status and discretion of employees – laws accepted across the political spectrum – and, second, LO-initiated proposals of (and demands for) so-called Wage Earner's Funds (WEF) (Åsard 1986: passim, 210). While originally proposed by Rudolf Meidner, the famous LO economist, in his 1975 report as a way of altering the increasing concentration of capital in Sweden by expanding popular ownership and control of economic production – funds obtained by

introducing a 20% tax on profits was over time supposed to be used for taking over control of important Swedish corporations – the WEF idea was significantly stifled by not only an inactive Public Commission (looking into the matter from 1975-81) and a counter-acting SAF (introducing a general lockout and later mobilizing strikes against the idea) but also a very reluctant social democratic party (now in opposition), generally afraid to openly discuss issues of ownership and explicit resistance to capitalism (Steinmo 1988: 431-33; Åsard 1986: 213-15; Korpi 2006: 192). Importantly, the watered down WEF bill that was finally passed in 1983 – the social democrats said yes, the right-wing voted against it and the Communists abstained (Åsard 1986: 207) – now, to the relative satisfaction of the employers (Steinmo 1988: 433), overwhelmingly aimed at underpinning employment and capitalist production, supporting ‘risk capital’ and ideally helping to restrain wage inflation, etc. (Steinmo 1988: 432-3). A combination of ongoing means-oriented bewilderment and inflated firmness (through, e.g., politically driven co-productive externalization processes) would become the order of the day – at least from the 1990s.

At the industrial relations level, the Swedish postwar corporatist system of peak-level centralized bargaining was qualitatively transformed, in a deeply state-crafting-underpinned manner, from the 1980s and particularly the 1990s. While the first moves towards decentralization correlated with the slump of the early 1980s, the crisis of the early 1990s – largely a result of a banking crisis not entirely dissimilar in its origins from the 2008 financial crisis with its prior phase of re-regulation of credit markets, etc. – marked the beginnings of a new regime of ‘coordinated decentralization’ (Howell & Givan 2011: 237-241; Baccaro & Howell 2011: 543-545; cf. Pontusson & Swenson 1996: 229). Underpinned by the employers’ – and particularly the export-oriented Association of Engineering Employers – material-strategic interest in increasing both the wage differences between sheltered and non-sheltered (export-driven) sectors and the ability to more flexibly connect wages to individual employee performances (Pontusson & Swenson 1996: 232), we see a shift, particularly with the Industrial Agreement of 1997, towards a new multi-sectoral coordinated agreement allowing for more individualized wage bargaining (at the local or firm level), the partial institution of a new ‘wage norm’ linked to the development of the export sector, new rules banning strike activity during negotiations, etc. (Howell & Givan 2011: 237-241). Clearly, state-crafting practices, for example in the temporary party-political guise of the generally pro-competition but mostly banking-crisis-oriented 1991-1994 center-right Bildt government, conditioned the emergence of this decentralized regime; either through

explicit state-facilitated bargaining (Pontusson & Swenson 1996: 232, 230), more indirect mechanisms such as a generally supportive governmental stance (Ibid.: 232) or the signaling of potential state action (pointing in a decentralizing direction) ‘in the event of non-action’ by the ‘social partners’ (Howell & Givan 2011: 138).

The political-institutional WEF-situated watering down process found equivalent expression at the automobile industry-level. Looking at the automobile industry in Sweden, the crisis of the 1970s helped spawn an at least indirectly state-facilitated reconfiguration of economic production and work organization. While Volvo’s Torslanda plant had constituted the ‘Americanized’ assembly-line manufacturing site in the 1960s (Ellegård 1996), Volvo sought to accommodate problems of worker dissatisfaction, absenteeism, etc. – and the changing socio-psychological conditions of work organization more generally – by opening up new alternative and more innovative plants throughout the 1970s and 1980s. Pehr G. Gyllenhammer, Volvo’s CEO since 1971, was active in facilitating a transformation of Swedish work organization – towards what has later been called a ‘reflective production system’, ‘Uddevalla system’ or ‘alternative assembly system’ (Ellegård 1996; Jonsson et al. 2004: 757, *passim*) – positively acknowledging in 1973 that ‘[d]emands for what is called work content have increased strongly during recent years’ and arguing that ‘it should be possible to develop new solutions in the area of production technology in factories and offices (...) that combine rational systems with more meaningful work tasks so that the requirements for increased efficiency are satisfied too’ (as cited in Jonsson et al. 2004: 754). When Volvo opened up the (short-lived) truck-oriented Arendal plant/workshop in 1974, the Kalmar plant in 1975 and the Uddevalla plant in 1985 it aimed to not only introduce an alternative to the moving ‘single product flow pattern’ of assembly lines in the form of a ‘semi-parallel’ (at Kalmar) and ‘parallel’ (at Uddevalla) product flow pattern with workstations but also more ‘self-management in (...) autonomous workgroups’ enjoying a higher degree of overview of and control over the complete manufacturing process (Jonsson et al. 2004: 755; Ellegård 1996).

According to the key academic proponents of this so-called ‘Swedish model for work life development’ (see Engström et al. 1996; Jonsson et al. 2004) – notably Tomas Engström, Dan Jonsson and Lars Medbo – ‘alternative assembly systems’ generally introduce a ‘flexibility advantage’: they are, much more than traditional assembly lines, ‘suitable for product markets with high product differentiation, large fluctuation in demand over-time and relatively short product cycles’ (Jonsson et al.

2004: 767, 763) – a view that, of course, commonsensically accepts the apparent contextual shift towards notably so-called ‘flexible specialization’. Importantly, Jonsson et al. (2004: 768, 758, emphasis added; see also Engström et al. 1996) not only argue, based on their own empirical-observational studies, that ‘assembly in alternative assembly systems is more *efficient* in terms of man-hour use than line assembly’ – they argue, more generally, that whereas ‘[t]rue teamwork certainly existed in the Uddevalla plant’, it is more uncertain whether Lean production delivers on that parameter (Engström et al. 1996: 144, *passim*) – they also advocate the Swedish model of ‘reflective production’ as a way of ‘[taking] advantage of specific Swedish competitive advantages’. In other words, what is being described is the development of a pro-business and supposedly tension-overcoming ‘reflective’ co-production logic in the Swedish automobile industry.

Two key overall aspects should be considered in this regard. Firstly, with regards to the above latter point, that is, the advocacy of the ‘competitive advantage’ of the Swedish model, it seems crucial to emphasize the importance of the Swedish state in underpinning the construction of alternative manufacturing sites: for example, Volvo’s plant construction in Uddevalla, where a regionally important shipyard closure was taking place, was government supported; an important motorway was constructed linking Göteborg and Uddevalla; although soon closed again, Saab’s alternative Malmö plant, established in 1989, also received financial support (Malmberg 1995: 186; fn. 4 ; see also Ellegård 1996).

Secondly, like in the case of the reconfiguration of the UK automobile industry, there are problematic aspects linked to supposedly tension-overcoming co-productive hybridization schemes. Characteristically, the above pro-alternative assembly systems scholars argue, as against both traditional assembly line and Lean production, that the Swedish model actually overcomes tensions: as also indicated in the above quote by Volvo CEO Gyllenhammer (which they present approvingly), Engström et al. (1996: 156) optimistically find that in the ‘parallel flow manufacturing model there is (...) no conflict between humanization of work and productivity, or between productivity and flexibility’. Writing in the 2000s, and in an even more optimistic manner, Göran Brulin (2000: 249), a scholar from the National Institute for Working Life, affirms the observed decentralization of the Swedish system of manufacturing and industrial relations and, pointing particularly to the Metalworkers’ Union, applauds ‘the Swedish unions’ for having ‘at least locally and regionally, started to adjust to the new requirements’ – that is, for seeing adjustments ‘as necessary to allow production to

develop towards increased consumer adaption, flexibility, shorter lead times and increased productivity'. To a certain degree, Brulin (2000: *Ibid.*) approvingly finds in at least one instance, 'the unions have become partners in the development process instead of just negotiating the effects' – a co-productive industrial relations dynamic that, as argued above, was heavily politically constituted.²⁹⁰

Overwhelmingly, the alternative Swedish system of production – in many ways a natural response, operating at the level of work organization, to the short-lived gradual activation of the claim-based frustration scenario of the late 1960s/early 1970s – were dismantled in the crisis period of the late 1980s and the early 1990s. Notably, restructuring activities in the 1990s entailed the selling off of production plants, massive workforce layoffs and the closure of amongst others the experimental Kalmar and Uddevalla plants (although the latter opened again two years after it was finally reorganized in 2002 in a more traditional assembly line manner) (Malmberg 1995: 187; Jonsson et al. 2004: 756-7). Arguably, the post-1990s 'reintroduction of assembly lines', as described and decried by Jonsson et al. (2004), is indicative of a both generalized yet distinctively Swedish post-1970s trajectory: firstly an apparent radicalism in the 1970s, then a watering down process in the 1990s.²⁹¹ In many ways, the Swedish model of 'reflective production' mirrors the trajectory of the WEF (operating at the level of fiscal and legitimacy state-crafting): the watering down of the Swedish alternative assembly system can be seen as the automobile-organizational equivalent of the political-institutional watering down of the WEF.

²⁹⁰ This form of proposed 'co-production' apparently also found early expression at the level of the worker-costumer relationship at the Uddevalla plant when at one point, as Ellegård (1996: 'Results' para. 1) neutrally describes it, '[c]ostumers were invited to follow 'the birth' of their own car, and to talk to the team who assembled it. The costumer could also be allowed to assemble some components in his car himself [sic], supervised by a worker'.

²⁹¹ As Richardson et al. (2010: 62) for example also finds when looking at transportation policy and the complex institution of congestion taxation in Stockholm, we go from initial radical proposals in the 1970s – focused on tackling the problems of extensive car use – to a gradual (yet somewhat fluctuating) watering down process from the 1980s and beyond, resulting, in the end, in a congestion scheme that is 'not about changing mobility patterns' but is '[r]ather (...) about 'effective' mobility management'. In this resulting moderated scheme, 'the mobile subjects in focus are once again car users, who should not necessarily travel less but should modify their behaviour to use the road system in a more efficient way'.

Although this occurred later than in the UK, and in a different context and thus with a different relative intensity, etc., a somewhat similar (although less explicitly) state-facilitated process of displacement through internationalization and Europeanization could be observed. Arguably, the crisis hitting both Saab and Volvo in the late 1980s, showing falling returns on total capital (at the concern level) from the mid-1980s (Elsässer 1995: 86)²⁹² – and of course, much more indirectly, the crisis starting in the 1970s and the larger reconfiguration associated with the post-1970s period – helped initiate a general internationalization process from particularly the late 1980s and beyond that have decisively altered Swedish automobile production. The important 1990 strategic alliance between Volvo and the (until 1996) state-owned French automobile company Renault, allowing for cross-ownership, collaboration, etc., initiated Volvo’s effective internationalization process that intensified in the 2000s. Ford bought Volvo Cars in 1999 entailing a bifurcation in the form of Volvo Group, a Swedish-owned entity focused on inter alia commercial vehicles, and Volvo Cars, a more regular automobile producer. Then, in 2010, the Chinese automobile company Zhejiang Geely (or Zhejiang Geely Holding Group Co.) bought Volvo Cars from Ford. Volvo Group, amongst other international activities, bought a stake in Nissan Diesel in 2006 and the entire French automobile company Panhard in 2012. In 1989, in the crisis-ridden late 1980s, Saab Automobile AB was formed – it was separated from Saab-Scania AB, the post-1969 Wallenberg-organized merger of Saab and Scania-Vabis – as part of a joint investment from General Motors (GM) and the Swedish investment company Investor AB, only to become a full subsidiary of GM in 2000.

Certain symptomatic aspects connected to this (at least later Europeanization-driven) restructuring and internationalization process of the post-1990s implicitly express the tension-displacing and strategic-discursive, rather than necessarily objectively tension-overcoming, components of the ‘reflective’ Swedish scheme. Notably, the recent restructuring/internationalization process – intrinsically connected to Sweden’s entry into EU in 1995, which entailed an acceptance of an EU-harmonized tariff rate on passenger cars and trucks (currently 10% and 11-22% respectively) (US Department of Commerce 2011: 83) – has challenged the purported national ‘integrity’ of the Swedish automobile manufacturers (cf. Malmberg 1995: 189-90). Arguably, both Saab’s successful 2005 ‘Born from Jets’ campaign, which sought to reach back to its military-situated aircraft heritage and Volvo’s

²⁹² Despite this fall, the stock prices of both Saab-Scania and Volvo seemed to have increased markedly from the early 1980s and throughout the early 1990s (see, e.g., data in Elsässer 1995: 311).

ongoing 'Made By Sweden' campaign, which, for example, tries to reach back to its Swedish manufacturing roots, its long history of safety-technology innovations, etc., is revealing of a legitimacy-deficit intrinsically connected to the industry's increasing objective national uprooting.

This seems to be particularly visible in Volvo's ongoing Made By Sweden campaign: its inclusion of, amongst other things, a 2014 TV-ad featuring both the soccer-star Zlatan Ibrahimović engaging in various outdoor activities in the Swedish winter-landscape reciting, in voiceover form, sentences from the Swedish national anthem and the Swedish pop singer Robyn's climate-oriented Volvo commercial intended to promote Volvo's new supposedly emission-friendly Drive-E technology, seems focused on displacing the fact of its Chinese ownership. Interestingly, while 'producing the Volvo way' referred to the original decentralized form of production, with its strategic use of specified components from a network of suppliers and subcontractors, this strategy did not really survive the interwar period (Elsässer 1995: 72; Kinch 1993: 13-15). Moreover, while the more recent versions of the Made By Sweden campaign – which of course almost conspicuously sidesteps the issue of whether the cars are still overwhelmingly made *in* Sweden – includes the slogan 'Made By People', presumably referring to the Swedish form of car manufacturing, associated with its particular system of 'reflective production' practiced at the Kalmar and Uddevalla plants, this discursive appeal of course falls flat given the company's above mentioned return to more traditional styles of assembly-line production.

While it seems tempting to read the Swedish post-1970/1990s automobile experience as the story of a genuine alternative Swedish route, this route arguably involves a form of 'reflective' automobile profit-making or, at another level, 'reflective' fiscal state-crafting that in many instances actually is underpinned by a combination of a micro-situated transformation of popular value priorities and a more output/performance-based and marketized-fiscalized mode of macro-level legitimation. In this relation, despite the presumably greater than usual proliferation of a critical-cynical subjectivity in the Swedish 'reflective' context, there is for example implicit evidence that car ownership preferences in Sweden are actually patterned according to more output/performance-based inner-normatively identifying consumer-citizen value priorities.

Specifically, although Volvo's post-1990s commercials increasingly find it necessary to infuse their activities with a 'reflective' content – seemingly as a way of tapping into the new sophisticated consumership that is increasingly normatively skeptical of car ownership, car culture, etc. – there is strong indication that car ownership patterns are greatly dependent on rational-material considerations.

For example, as Lindgren et al. (2010: 169-70) finds, the fall in new registrations of cars fell simultaneously with the economic dip of the early 1990s, or as Bastian & Börjesson (2015: 101) shows, most of the observed development in vehicle kilometers traveled (VKT) in the period 2002-2012 ‘can be explained by trends in fuel price and GDP per capita’. Bastian & Börjesson (2015: 96) reports an increase in the VKT throughout the 2000s until a fall in the period 2008-2012 is seen. Importantly, while it may be obvious to see the fall in VKT in the period 2008-2012 as an expression of a normative change (notably connected to the 2008 crisis), Bastian & Börjesson’s (2015: 101) findings show that it is ‘too early to draw conclusions about any substantial break in the preferences for driving’. Moreover, while there has been an observable decrease in Swedish driver licence holdings from around the 1990s, much of this can be explained by factors such as a higher unemployment rate (particularly amongst the youth), increasing migration or, as survey reports show, a lack of financial resources or time (Kågeson 2014: 5-6, 6-7,10). Seen in this light, as marketized/fiscalized output/performance-based value priorities seem to be intact – they are in a certain sense confirmed by the fall in VKT during the 2008 crisis – it is reasonable to expect increases in for example VKT should the macroeconomic situation change.²⁹³

13.3 Analytical formalization and conclusion

Concludingly, against the background of the above nested two-country case study analysis, this section shall non-exhaustively analytically formalize and summarize some of the both shared and peculiar key properties that have been dealt with. Generally, looking historically at the British and Swedish automobile industry in a state-crafting context – and across their specific nationally-situated experiences – provides a productive way of perceiving the state-crafting conditions of possibility for the automobile industry in these two countries, i.e. how the industry’s emergence, consolidation and

²⁹³ The two transportation scholars optimistically conclude: [t]ransport modeling is based on the underlying assumption that preferences stay constant over time. From this perspective, it is reassuring that most of the variation in VKT per adult in 2002-2012 can be explained by elasticities in fuel price and GDP per capita’ (Bastian & Börjesson 2015: 101).

reconfiguration in many ways both (1) mirrors/reflects and (2) was directly and indirectly conditioned by the changing historical dynamics of legitimacy and fiscal state-crafting.

Firstly, the development of the automobile industry in both countries throughout the three periods is symptomatically representative of the state-crafting dynamics integral to the ECR model. In the emergence period, the crafting of the two automobile industries correlate with the crafting of the state itself, its gradual securing of its monopoly status and its functional hardwiring. In the consolidation period, the automobile industries, as they have concentrated and corporatively formalized, are not only highly correlated with the tension-bridging status of legitimacy and fiscal state-crafting of the GA period but have also become explicitly subjected to state-crafting considerations. In the reconfiguration period, the industry-situated launching of British- and Swedish-style hybrid tension-displacing co-productive processes and schemes heavily correlates with the earlier argued relative shift towards a more self-legitimizing mode of fiscal accumulation.

Secondly, the development of both the British and the Swedish automobile industries were directly and indirectly conditioned by state-crafting practices and considerations. On the one hand, automobile production was more or less directly influenced by accumulation-oriented (physical) 'social investments' (in O'Connor's sense), nationalization, regional initiatives, tariff rates, taxation policies, the fiscally functional promotion of a 'national champion' (linked to the strategy of normative mobilization-control), etc. On the other hand, the two automobile industries were indirectly facilitated by the general consolidation and maintenance/maximization of national growth-oriented and consumption-optimizing agendas, which through encouraging a popular socio-psychological expectation of ever-widening economic growth and consumption prospects secondarily supports the diffusion of a car-consuming citizenry (by tendentially tweaking value priorities in a pro-car direction). In this way, through servicing its own fiscal ISI, the state, via a long-term causal chain, helps secure the necessary (but of course insufficient) socio-psychological conditions for both, what Paterson (2007: 121-165) describes as, the '(auto)mobile subject' and the wider automobile industry.

Thirdly, the two-country case study analysis not only (1) stresses the importance of the state-facilitated shift from an early period of personalism (associated with networking, craftsmanship, innovation, flexibilism, fragmentation, etc.) to a later period of corporate impersonalism (associated with rationalization, bigness, organizational solipsism, bureaucracy, fiscalism, etc.), but also (2) reveals the correlative operation of this historical dynamic at different levels of analysis, i.e. at the sectoral

level (that is, the automotive industry), the political-economic level (associated with industrial relations, managerial-organizational arrangements and economic production) and the state-crafting level (associated with legitimacy and fiscal state-functional reproduction). The historically increasing degree of automobile fiscal saliency and corporativeness – the increasing extent to which automobile manufacturing becomes fiscally relevant and organizationally formalized and managed by synthetic and increasingly emergent and impersonal corporate actors with an ISI and a (usually) international geographical reach – strongly correlates with not only the generally growing degree of state-facilitated societal corporativeness but also a much more consolidated state-industry relationship. This not only signals how, as argued with Weber (1978, 1948: chapter VIII), Sennett (2006: 20-23) and Chang (2011: see especially 199-209) in chapter 7, capitalism is irreducibly intrinsically linked to ‘planning’, but also generally stresses the importance of state-facilitated change: how the pressure to serve state functions and the ISI of the state pushes things forward in a corporatized manner, sets formalized processes, mechanisms, organizations and actors (that all have their own dynamics and rationality) in motion and over time indirectly helps tweak value priorities in a corporate functional direction.

Fourthly, as seems evident, war activities, which are ultimately connected to the ontological violence-security-sovereignty function of the state, have been crucial in shaping the development of the automobile industry in Britain and Sweden – both in terms of spawning specific ‘path dependent’ technological and organizational patterns and more generally in terms of supporting the consolidation of the four monopolies of the state (and, in this relation, utilizing fiscal resources and manpower and supporting the state’s large-scale organizational-functional considerations, etc.).²⁹⁴ Importantly, the wartime effect on the development of the automobile industry – a cross-cutting feature of the car producing industrialized polities – appears as a salient indication of not simply (1) the always already dialectical relationship between war and fiscalism but also (2) how the fiscal function (along with profit-based accumulation) becomes subjected to the otherwise backgrounded structural constraints of the violence-security-sovereignty function of the state in war/military contexts. Although the case study analysis showcase the activation and mutual establishment of all of the four of the state’s monopolies,

²⁹⁴ On a general note: looking broadly at the development of economic growth and the distribution of wealth/income, Piketty (2014: 20) interestingly boldly points out: ‘the reduction of inequality that took place in most developed countries between 1910 and 1950 was above all a consequence of war and of policies adopted to cope with the shocks of war’.

after WW2 it is evident that what has earlier been described as the Maslowian-like relative historical backgrounding of the violence-security-sovereignty function kicks in as, in particular (but of course not exclusively), the fiscal-functional importance of the automobile industry takes primacy.

Fifthly, the case study analysis reveal, confirming Chang's (2011: especially 74-87) general argumentation, that private economic actors – in this case automobile companies and their organized representatives – in many instances do not favor free markets and open borders. Their concrete stance is highly historically and contextually contingent: the overall pro-market ideological stance is greatly counterbalanced by pragmatic-functional considerations that may easily result in the individual company unproblematically supporting tariffs or other forms of protections. As also argued earlier, the same goes for regulation: automobile companies, as seen in the two national experiences of the UK and Sweden, are neither for or against state intervention – this question overwhelmingly depends on the specific nature, direction, timing, etc., of the state-crafting activity.

Sixthly, the automobile industry analysis stresses the importance of maintaining the analytical saliency of the ISI of the state. This is seen in at least four ways.

(1) While this may be obvious, with regards to nationalization and the institution of public bodies, the case not only makes clear that the distinction between, for example, public and private, in no way linearly corresponds to the distinction between either state and capitalism or socialism and capitalism (cf. Millward 2005: 289), but also that public ownership for the most part has merely entailed an alternative way of fiscally managing the capitalist economy.²⁹⁵ Moreover, the observed failure of nationalization – that is, either the failure of notably social democratic parties to implement their own original policies, or the (purported) unsuccessful operation of a specific instance of state ownership – should not necessarily be perceived as a failure of statehood or as something working against the state's ISI. The observed watering down of the nationalization agenda, the institutionalization of Morrisonian public corporations/bodies, the general shift towards budgetary Keynesianism, the incorporatization of the Wage Earners' Funds agenda, etc., may easily imply the gradual marginalization of the (at least theoretical) 'threat' to the state of socialism and the advent of the 'catch-all party', implying the effective subjection of political parties to an institutionally-organizationally emergent state-crafting

²⁹⁵ More generally on the ambiguousness of nationalization/socialization from a historical socialist/social democratic perspective, see Przeworski (1980: 47).

logic, rather than necessarily the power of ‘capital’ to structurally enforce its collective visions or material agendas, etc. (although this may sometimes be the case, and in any case may reinforce the watering down process).

(2) The development of the automobile industry in many ways reflects the historically changing dynamics of social democracy vis-à-vis the state. Both the British and Swedish experience not only illustrate the gradual watering down of core socialist/social democratic principles but also how this party political selling out process affects the dynamics of fiscal and industrial policy and the broader conditions of possibility for the automobile industry. More generally, as seen in the case study, social democratic governments have been very active in pushing the overall corporatized fiscal state-crafting agenda forward (continuously advocating planning, modernization, economic expansion, cost/benefit calculations, etc.). While originally focused on a socialist agenda, particularly after WW2 social democratic parties have, as argued more generally earlier, in particular tied their agenda to the ISI of the state, expressing the advent of catch-allism and the first overall political-institutional displacement from state to party politics, implying a micro-situated relative socio-psychological backgrounding of the corporate character of the ISI of the state and the existence of state functions. Arguably, this experience of a gradual ideological watering down process stemming from the early effective identification of the social democratic agenda with the ISI of the state made social democratic governments particularly suitable for engaging in the widespread hybrid co-productive tension-displacing development of the post-1990s.

(3) Relatedly, but more generally, the automobile industry case study to some extent helps empirically illustrate the causal saliency of state-functional reproduction. While the activation of state-functional pressure is always difficult to empirically perceive (for one, as discussed in chapter 3, the actual mechanisms are principally directly unobservable), the examined systematic ideological pragmatism of party politics provided a notable symptomatic indication of this: the different parties’ general adherence to overall principles of legitimacy and fiscal state-crafting is indirectly revealing of the saliency of state-functional pressure and the unequal intermingling of state and party (implying, as argued earlier, the relative domination of the state-administrative leg associated with non-trivial core, e.g., legal and political-economic questions).

(4) From the state's fiscal lens, politically-facilitated processes of externalization through privatization, internationalization and Europeanization – part of the governance-situated second overall political-institutional displacement from parties to civil society, profit-maximizing corporate actors, the international realm, etc., implying the activation of not only a claim-reduction strategy but the whole strategic toolbox of state-crafting – may easily be considered overall attempts at maintaining/maximizing the ISI of the state, and thus reenergizing statehood (see also, e.g. Barker 1990: 100-1).²⁹⁶ Importantly, given the emergent logic of the ISI of the state, this argument precisely makes perfect sense even though such externalizations of expenditures and tensions – which in both cases were more or less encouraged by parties of all ideological colors – may be class-selectively detrimental to citizens. Moreover, it even still makes full sense if, in the end, the externalization process actually turns out to be dysfunctional for state-crafting (since the results are a much more contingent empirical question than the logic and direction of the functional pressure).

Seventhly, looking at the automobile development in both the UK and Sweden helpfully illustrates some of the context-specific variations on the general dynamics of the post-1970s reconfiguration of legitimacy and fiscal state-crafting. Two aspects should be mentioned here.

(1) Different governance routes were taken; variations on the overall hybrid co-productive tension-displacing agenda could be seen: notably, a relatively harsher and more blatant state-facilitated Lean production in the UK and a relatively more intricate and convoluted state-facilitated 'reflective' logic of production in Sweden. Importantly, these contextually situated dynamics of governance-situated automobile production not only suggest a kind of varieties of co-production but also highlight the fact that despite this (sometimes life-altering) variation, the process still always already entails a co-production of profits (whether in the Marxian sense or not) and is thus, in this sense, strictly speaking merely an alternative tension-displacing hybridization.

²⁹⁶ As Millward (2005: 297) also argues, in a partly different context, when pointing out that the effective 'control' of an industry need not imply direct state ownership: 'financial returns (...) together with the necessary affirmation of sovereignty could be achieved by asserting property rights, granting concessions and levying taxes'.

(2) Underlying the above nationally-specific variation in post-1970s automobile production is not only a different composition of value priorities – implying, for example, a relatively higher socio-psychological premium being put on self-commodification in the UK context – but also arguably a different relative distribution of either inner-normatively identifying or critical-cynical subjectivity. For example, the relatively more emphasized critical-cynical component in the Swedish context becomes expressed in the more ‘reflective’ logic of automobile consumption and production (i.e., profit-making), concretely observable through not only the alternative logic of work organization but also, for instance, the industry’s long history of safety innovations – such as, for example, Volvo’s three-point safety belt, the rearward child seat, the Whiplash Protection System – and the generally climate-oriented production orientation. Nevertheless, as also argued earlier, (1) there is indication of an overall rational-material logic of car ownership in Sweden (indirectly implying the continued generalized existence of marketized/fiscalized output/performance-based value priorities) and (2) the co-productive ‘reflective’ pattern of automobile production still relies on a tension-displacing logic.²⁹⁷

Eighthly, and lastly, although the analyzed automobile trajectory generally mirrors the ideal-typical macro-structural development integral to the launched/developed ECR model, both the British and the Swedish experience productively highlight certain analytically interesting timing-specific peculiarities. With regards to the UK experience, three items may be mentioned. Firstly, the fact that automobile production expanded before the post-WW2 GA period not only reveals variation on the ideal-typical pattern but also indirectly stresses the early saliency of many of the GA-like features, how they were already fairly consolidated during the emergence period (or put differently: the consolidation before the consolidation). Secondly, the fact that the average growth rate in the GA period exceeded the previous and the following periods, signals that the UK pattern of an otherwise comparatively speaking low growth rate appears as a variation on, rather than an exception to, the general expansionary trend. Thirdly, while seemingly breaking with the GA pattern, the automobile slowdown in the 1960s

²⁹⁷ In both the UK (see, e.g., Gunn 2013) and Sweden (see, e.g., Bastian & Börjesson 2015: 101; Lindgren et al. 2010: 176-77), although naturally at varying degrees, car ownership patterns (and car-consumer preferences) are of course highly dependent on patterns of social stratification, notably differences related to income and geographical location.

highlights the fact that, as discussed earlier, the crisis dynamics of the 1970s in many cases appeared earlier (even earlier than the late 1960s) and in a more gradual manner than what is sometimes presented. As for the Swedish post-1970s experience, it is noticeable that it not only had a crisis in the 1970s (hitting both the general economy and the automobile industry) but were also hit by a significant economic crisis in the early 1990s – a kind of second 1970s pre-2008 crisis. Arguably, this to some extent helped shift/delay a few of the ideal-typical dynamics – for example the state-facilitated processes linked to both privatization/internationalization and decentralization – by a decade or so.

Chapter 14. Conclusion

This study has examined the governance phenomenon from a state-situated and broadly speaking historically informed perspective, explicitly and actively causally-functionally tying it to the reconfigured post-1970s dynamics of legitimacy and fiscal state-crafting. Mostly importantly, the study has asked whether, to what extent and through what processes and mechanisms the governance phenomenon can be considered a distinctive post-1970s/1990s state-facilitated manner of either bridging, reconfiguring or overcoming the tension-filled functional relationship between legitimacy and fiscal state-crafting. This agenda has been executed through an overall retroductive examination of the three retroductive operational questions: how is governance historically possible?; what state-situated macro-causal mechanisms are related to governance?; and, importantly, what legitimacy qualities must exist for governance to be possible? In this way, the study has tried to answer the main research question and sub-question (which were integrated above for the sake of brevity) by investigating the main historical, state-situated and particularly legitimacy conditions of possibility for the governance phenomenon. Additionally, this examination has been critically underpinned and preceded by an extensive and in-depth meta-retroductive account and discussion of the philosophical/epistemological conditions and considerations necessary for productively understanding and studying governance.

14.1 Thinking back

Basically, the whole study can be perceived as an extensive attempt at establishing a complex yet meaningful historical and causal-functional connection between governance and state-crafting. By explicitly and systematically rooting the governance phenomenon in the historical dynamics of legitimacy and fiscal state-crafting, it has demonstrated how it has been fundamentally state-crafted. Governance has been systematically positioned in both a long historical trajectory and a relative extensive theoretical setting centered, in the first instance, on the gradual appearance of modern statehood, and in particular a state-situated ISI. In this relation, a range of important historically and

theoretically supportive maneuvers have been made, such as for example the analytical establishment of the four state monopolies and their Maslowian hierarchy and relative backgrounding/foregrounding. Even more importantly, in the second instance, the governance phenomenon has been analyzed in direct relation to the launched and developed ideal-typical historical-theoretical ECR model covering the emergence of legitimacy and fiscal state-crafting, its post-WW2 consolidation and its post-1970s/1990s reconfiguration and focusing on the changing status of the tension-filled relationship and the correlative key dynamics of tension-management. Governance has been analyzed as a specific and contingent post-1970s continuation of this general and patterned but historically changing dynamic.

In this way, the study has provided a way of clearing up a kind of puzzle, which is problematically implicitly integral to the governance perspective, namely that of the peculiar *simultaneity* of two things: (1) the claim of a seeming dissipation of state/governmental authority and (2) the normally accepted observation of the societal dominance of particularly fiscally functional forms of governing. Through the above historical-theoretical state-crafting analysis, this question concerning the governance period has been ‘unpuzzled’. Rather than implying a downgrading of state authority and control mechanisms, the study’s analysis of the post-1970s governance dynamics has focused on the activation and effects of state-crafting strategies, notably market-conforming re-regulation, normative mobilization-control and claim-reduction. For example, in the pre-2008 crisis case of the ‘privatized Keynesianism’ of the 2000s, the study put analytical attention on the rolling out of functionally encouraged strategies to, *inter alia*, have economic growth and hence fiscal state-crafting be increasingly co-produced through household debt-taking. Focusing on state-crafting strategies in this manner – strategies that straddle and should be perceived as both articulations of and ways of bridging/altering the tension-filled functional relationship between legitimation and fiscal accumulation – is indicative of a general insistence on not falling in the trap of conflating these with the effective possible downgrading of state/governmental authority.

Instead of pointing to a simple shift ‘from government to governance’, the study placed governance in the long historical context of two overall deeply state-facilitated political-institutional displacements – the first one involving the shift from state to (party) government and the second one the functionally encouraged shift from parties to civil society or profit-maximizing corporate actors. This distinctive analytical view not only stresses the importance of what can be described as a preceding turn *to* government – indicating that the governance perspective may generally benefit from a clearer

historical unpacking of government, statehood and party politics – but also puts attention on the crucial historical and continuing state-crafting conditions of possibility for governance (in particular, those conditions that are causally-functionally connected to the changing status of the tension-filled relationship and the correlative key dynamics of tension-management). Coupling this particular historical understanding with the introduced two-level view of macro-political legitimacy – acknowledging a basic distinction between state and party-political legitimacy – it becomes possible to see how governance also effectively reenergizes and further sediments state legitimacy.

As part of establishing and arguing for a functional connection between governance and legitimacy and fiscal state-crafting, the analysis has continuously highlighted both direct and indirect, exogenously- and endogenously-driven and bottom-up and top-down driven features of state-functional reproduction and stressed their emergent interconnection. In this relation, the analysis of the GA period provides a productive way of understanding how the emergent interconnection between these features helps explain the governance phenomenon. Importantly, this study's analysis of the GA period put attention on the important way in which governance was sociologically conditioned by the prior state-facilitated long-term intergenerational production of value priorities indirectly set in motion or encouraged by the consolidation of an overall national growth-oriented and consumption-optimizing agenda. In this way, a to a large extent inherently endogenously-driven process was exogenously provoked and systematically intensified; in this way, it becomes clear that the reproduction of fiscal state-crafting, the self-interested operation of the state's fiscal lens, indirectly served to provide the legitimacy conditions necessary for state-functional reproduction through governance – conditions shaped and played out through a series of micro-situated dynamics, as discussed in chapter 12.

This also, more generally, implies a reversal of the mainstream understanding of the GA period: rather than reflecting the opposite of the post-1970s, or an 'embedded' or 'de-commodificatory' era, it should primarily be distinguished for its consolidation of a possibly irreversibly heightened popular socio-psychological expectation of ever-widening economic growth and consumption prospects. By formalizing and analytically synthesizing the mechanisms of escalation structurally built into the dynamics of the GA period, the study has indirectly shed light on the GA-specific conditions for the crisis of the 1970s. In this sense, rather than reflecting, for example, a capitalist takeover, the crisis of the 1970s should to a large extent be considered the built-in crisis of the GA period; and the post-1970s

governance-situated period more generally should to a large extent be considered the reconfigured intensification of mechanisms integral to the GA period.

With regards to the main research question concerning the functional contribution of the governance phenomenon, it is in this sense more accurate to understand the governance turn as a broad, long-term and gradual process, a series of activations of macro-mechanisms that were heavily state-facilitated, than a consciously planned state-crafting agenda set up by necessarily rational and foreseeing state/governmental elites. It not only makes more sense to speak of state-facilitation rather than direct state-production, it is also more generally analytically productive to take seriously state-facilitated functional mechanisms of change – that is, to systematically take into account the extent to which, and how, the pressure to serve state functions and the ISI of the state *inter alia* tendentially pushes things forward in a corporatized manner, sets formalized processes, mechanisms, organizations and actors (that all have their own dynamics and rationality) in motion and over time indirectly helps tweak value priorities in a corporate functionalist direction. Overall, supported by the necessary social-theoretical vindication provided in chapter 3, the study has systematically extolled the virtues, and demonstrated the productiveness, of corporate functionalist analysis.

This is also very much evident in the way in which the study has not only (1) continuously made a case for the corporate functionalism of state-crafting – which, amongst many other things, analytically implies letting Bourdieu meet Weber through Coleman and Hobbes/Skinner and synthetically teaming them all up through a critical realist-underpinned emergentist orientation – but also (2) actively and systematically utilized this conception for understanding the governance phenomenon. In doing this, the analysis has highlighted the close interconnections between corporatization, state-crafting and governance; specifically, how state-crafting indirectly underpins the governance phenomenon through facilitating the increased societal corporatization. Firstly, as argued, governance is closely causally connected to corporatization; it can be perceived as a particular historically contingent symptomatic articulation of this process. As argued, increased corporatization, and by extension corporate functionalism, tendentially increases the quantitative rate and qualitative intensity of functional considerations and boosts the causal saliency of macro-mechanisms and thus, for good and for bad, extra-individuality and the general degree of societal emergentism. Importantly, many of the key trends – and all of the four necessary attributes – associated with the governance turn are heavily correlated

with the general corporatization of society. Notably, chapter 12 non-exhaustively pointed to five general micro-relevant implications of the governance-situated societal corporatization.

Secondly, while in no way being identical, the corporatization process is heavily connected to state-crafting dynamics. State-underpinned/facilitated corporatization appears in two main ways. First of all, as the dominant corporate actor, the playing out and activation of the state's own activities *directly* boosts corporatization; the sheer bigness and comprehensiveness of states allow for this spread and intensification of corporate functionalism. Second of all, corporate functionalism is *indirectly* activated through the regular maintenance/maximization of state-functional reproduction, which, as argued, functionally encourages and sets in motion an array of formalized processes, mechanisms, organizations and actors. Although these two routes in no way exhaust the dynamics of corporatization, states thus greatly help underpin and facilitate this process and thus shape the overall flow, intensity and direction of corporate functionalism. In other words, states help craft governance through corporate functionalism. This particular connection between corporatization, state-crafting and governance, emphasized in this study, thus provides one dominant overall way in which governance should be considered a heavily state-crafted phenomenon.

Underpinning, or complimenting, the above important points – which should be considered ways of establishing a systematic connection between governance and the tension-filled relationship between legitimacy and fiscal state-crafting, and thus answering the main research question – is the study's key analysis of the historically evolving dynamics of macro-political legitimation that both underpins and is reflective of the governance turn. Importantly, the study has argued that the post-1970s/1990s co-productive governance phenomenon presuppose, and were allowed for by, two heavily interrelated legitimacy conditions of possibility: (1) a heightened micro-situated normative and practical alignment with the prevailing fiscal-functional dynamics and (2) a macro-situated reconfiguration of state legitimation, involving a relative historical shift towards a more self-legitimizing mode of fiscal accumulation. While the analysis of the expansion of household debt-taking in the 2000s amongst other things shed light on not only the increasing co-production of economic growth but also legitimation, the analysis of the post-1990s revealed how the proliferation of hybrid co-productive tension-displacing formations across many domains and levels of analysis both presupposes an overall reconfigured mode of state-crafting and should be considered causally active tension-displacing exercises.

In this way, the study's overall characterization of the governance phenomenon, which is directly connected to the development and launching of the historical-theoretical ECR model and the larger analytical framework focused on legitimacy and fiscal state-crafting, thus serves a double function: it not only provides a particular account of governance and its main conditions of possibility but also simultaneously puts forward a distinctive historically informed reinterpretation of some of the key claims/prophesies of the adopted and reworked LAF approach. Notably, reinterpreting O'Connor's fiscal-budgetary framework in light of the fiscal sociological reconfigurations of the post-1990s period, it seems clear that 'social capital expenditures' have increasingly come to also serve the 'legitimation function' and 'social expenses' has become more (at least indirectly) 'productive'. Also, against the arguments of the LAF approach, legitimacy state-crafting has to a relatively increasing degree been both (1) underpinned by an alternative principal normative assessment-logic (focused on output/performance) authentically underpinning the ongoing process of normative conception-formation and (2) infused with an alternative marketized/fiscalized content. Moreover, as argued, the LAF approach generally suffers from not operating with a two-level view of macro-political legitimacy, that is, a basic distinction between state and party-political legitimation, something which this study has tried to incorporate into the analysis.

As for specifically the sub-question – which was in many ways naturally built into the main question – the study has provided a continuous examination of this throughout the different chapters, coming to the motley and qualified general conclusion that the governance phenomenon has overall implied a reconfiguration of the tension-filled relationship between legitimation and fiscal state-crafting, not a temporary bridging or an overcoming of it. Although there are clear tendencies pointing in the direction of an outright overcoming – spurred by the state-facilitated process of corporatization and the relative intensification of an alternative principal normative assessment-logic underpinning the ongoing process of normative conception-formation – this has nevertheless not been actualized. Firstly, the shift is not complete but rather relative; legitimacy state-crafting still implies the effective activation of a heterogeneous set of types/sources of legitimation. Secondly, the generalized displacement process of the post-1970s has implied the co-production of a particular state-situated tension-filled relationship, not the disappearance of tensions as such.

Of course, a relevant general question to ask in this relation would be: if a tension-filled dynamic is no longer socio-psychologically experienced as a state-crafting-relevant tension can it then still

meaningfully be said to exist or operate? While this is, given the nature of the analysis of the trends provided in this study, an increasingly salient question, the study has nevertheless argued that it, first of all, so far largely remains an empirically hypothetic one (although, again, not one that should be rejected on principal grounds). Second of all, in critical realist fashion, even if not socio-psychologically experienced the underlying tension-filled relationship is still there, and its different effects, however absurd and idiosyncratic they may be expressed, are still experienced. In that sense, the underlying mechanisms underpinning the tension-filled relationship remains intact, although the logic of this relationship and the observability of the mechanisms are contingently socio-psychologically untied from the dynamics of the state's specific institutional-organizational activities. In any case, the empirical potentiality of a full socio-psychological untying is critically determined by the dynamics of state-crafting, notably the long-term indirect state-facilitated production of value priorities – a process that, in other words, is conditioned on the shaping of the content, direction and quality of the historically contextual/institutional-organizational leg of the micro-situated processes/mechanisms.

The case study analysis of the automobile industry in the UK and Sweden has not only rolled out the analytical framework and the ECR model in a specific empirical setting, helping to illustrate, specify and qualify the arguments concerning governance. By looking at the maximum-variation countries of the UK and Sweden it has also helped make more convincing the general analytical focus on the shared dynamics of Western European liberal-capitalist democratic legitimacy and fiscal state-crafting. Correlatively, and equally importantly, the automobile industry case study has tentatively emphasized the existence of what may be described as national varieties of the tension-filled functional relationships, or national varieties of legitimacy and fiscal state-crafting – in the form of, for example, a more externalizing state-crafting in the UK and a more 'reflective' one in Sweden. Of course, this case study merely represents an approximation, a tentative empirical articulation of this national variation. More empirical examinations, looking at new cases (or the same case in a different manner) and other areas, with potentially new methods, etc., would allow the agenda to be taken one step further. Moreover, although this was partly treated above, the case study would arguably benefit from a closer examination and/or critical reinterpretation of some of the implications for state-crafting of the perceived (particularly) post-1990s shift towards a more global and thus geographically speaking 'disintegrated' form of automobile production – for example, in relation to issues of

safety/risk/disasters, national automobile employment opportunities, the fiscal attractiveness of the industry more generally, etc.

The case study analysis should be considered ideally part of a potential empirically based future research agenda introducing new and more refined dimensions and examinations. Ideally, the overall analytical framework, historical-theoretical ECR model and case study analysis can be utilized/taken on board, in whatever form, by other scholars focusing on governance-related issues, the post-1970s political economic development or elements related to the historically changing relationship between legitimation and fiscal accumulation.

Something similar may in all modesty be hoped for with regards to some of the key social-theoretical and methodological maneuvers that have been made in this study. Chapter 3 and 4, which provided an extensive reflection on some of the scientific conditions necessary for properly understanding and studying governance, as well as the actual execution of the examination, can be considered a defense and call for a particular style of analysis *inter alia* focused on: taking macro-mechanisms and functional dynamics seriously (the state being a primary entity in this relation), breaking with the dominant DJ distinction, genuinely overcoming disciplinary cleavages, maintaining a firm constitutive spotlight on important societal issues and selectively integrating critical and mainstream literature. Arguably, although there is nothing inherently wrong with engaging with either of these two, all of these maneuvers can be productively made without succumbing to a full constructivist or neo-positivist philosophy of social science.

In sum, the analysis has provided a range of interconnected arguments for why governance should not only be considered a historically specific modality or institutional-organizational mode of modern state-crafting – involving a process which is both deeply, historically, continually and increasingly state-facilitated – but more specifically a contingent post-1970s/1990s continuation of the historically changing tension-filled dynamics of legitimatory and fiscal state-crafting. At a more general level, this analysis promotes an analytical perspective that systematically integrates state-situated corporate functionalism – including state dynamics, activities, interests, functional considerations, etc. – into the study of all relevant post-1970s social affairs, not simply governance.

14.2 Thinking forward

Although this has also partly been done above, it makes sense to reflect more formally on a few selected implications of this analysis. A productive question may for example be how to think about the 2008 crisis and the post-2008 crisis period more generally in light of the arguments of the study. Any kind of reflections on this of course remains speculative since the analysis of governance, and the ECR model more generally, deliberately ended with the onset of the important 2008 crisis. Clearly, this crisis has served to ‘repoliticize’ a range of themes – from markets, to inequality to capitalism – and it is highly uncertain whether this study would have turned out in the same manner without the crisis. Since the crisis a greater and more mainstream emphasis has been put on defending democracy in its apparent struggle against capitalist crisis- or inequality-triggering forces (e.g., Streeck 2011, 2014; Piketty 2014). Although it generally welcomes this repoliticization, this study warns against any optimism with regards to the popular and institutional-organizational potential for a more socially progressive political-economic order.

Firstly, there are no real indications that the type of value priorities that were consolidated during the GA period and intensified in a reconfigured manner in the governance period – as argued in this study – has been genuinely dissolved after the crisis. Despite academic, institutional and popular talk along the lines of, for example, OECD’s Better Life Index, fashion agendas concerning themselves with less extravagant clothing, well-meaning consumer initiatives promoting recycling, etc., the ‘normal’ value priorities still dominate – an observation that is not only daily confirmed through both a high-level ongoing hunt for growth-relevant mechanisms but also the generalized attempts at maintaining the routinized dynamics of consumer-citizenship. Contemporary political-institutional processes are still very much encircled in a means-oriented bewilderment. Also, the less irregular appearance of absurd events – such as elections, spectacular media stories, etc. – does not indicate a weakening of the immaterial strategic and symbolic aspects of both micro-situated social activity and party politics (if anything they are revealing of a post-crisis strengthening of this dimension).

Secondly, the general stress on the causal saliency of state-crafting dynamics, along with the arguments concerning the unequal intermingling of state and party – that is, the two-legged division of political domination – of the post-1990s governance period, implies that statehood/government is not necessarily the remedy, but rather a problem-contributing factor. Typically, the post-crisis advocacy of state-oriented solutions not only relies on an analytical misrecognition of the endless ways in which the

2008 crisis was state-facilitated but also, more generally and more problematically, a failure to take the in many ways built-in highly socio-economically status quo-maintaining dynamics of legitimacy and fiscal state-crafting into account. In this light, anti-predicament formulas seem both few, ambiguous and in any case long-term. If the analysis can be said to indirectly produce any kind of necessarily speculative post-crisis guidelines, they would obviously concern looking into the core macro-structural functional dynamics of state-crafting – the ISI of the given state, its functions, its fiscal lens, and so on. Of specific relevance in this relation, would be to focus on the indirect state-facilitated production of value priorities through notably a GDP growth-led fiscal state-crafting. While the entrance of a new political party or appearance of another increasingly ‘charismatic’ personality will be largely structurally immaterial (primarily involving the party-strategic leg), an alteration of the consolidated and intensified growth-oriented and consumption-optimizing agenda might potentially serve to tweak value priorities in a certain socially-progressive direction and thus provide the legitimacy conditions necessary for a possible new political-economic setup. Of course, such a process would not only be gradual, long-term and hinging on endogenously-driven intergenerational mechanisms but also dependent on (1) a problematically actualized and not immediately forthcoming prior (necessarily) democratic mandate to initiate this alteration and (2) the level of state-functional corporatization, which might in any case effectively behaviorally neutralize any otherwise democratically-relevant tweaking of value priorities.

In specific relation to democratic dynamics, the above historically informed state-crafting analysis of governance might also indirectly address a few aspects of relevance for how to diagnose contemporary Western democracy and particularly its generally accepted symptoms of ‘fatigue’. Firstly, and generally, the analysis redirects attention away from simply capitalism – or the contradictory relationship between democracy and capitalism (e.g., Streeck 2011, 2014) – and towards legitimacy and fiscal state-crafting. Notably, as argued, this framework principally analytically allows for grasping the Chinese mode of ‘illiberal’ capitalist state-crafting; it indirectly analytically suggests a structural homology cutting across, operating over and above, both ‘illiberal’ and liberal-capitalist democratic polities; it emphasizes, amongst other things, the crucial non-identity (sometimes taken for granted) of democratic and political legitimacy. In other words, it provides an analytical framework that is in principal able to provide a meaningful understanding of some of the similar trends that can be observed in both China and across Western European liberal-capitalist democratic polities.

Secondly, and relatedly, rather than stressing particularly capitalist forces, the analysis of the two-legged division of political domination points to the importance of focusing on the intricacies of the historically varying intermingling of state and party. Specifically, it indirectly warns against both fetishizing modern democracy and simply proposing an extension of state regulation or upgrading of state authority as a bulwark against the seemingly ruthless unleashed dynamism of the market and profit-engulfed corporate actors. The relevant question to ask oneself seems to be whether the current form of (party political) democracy and statehood either supports or dampens whatever intended agenda one may be thinking of and striving for. As argued, the answer to this question greatly depends on both the historically specific form of state-crafting – and the prevailing logic of its legitimacy and fiscal considerations – the state of party democracy and of course the specific way in which the two levels emergently co-vary over time, that is, the relative historical intensity and specific quality of their intermingling.

Arguably, although this remains a tentative consideration, the study also indirectly addresses the theme of neoliberalism. Implicitly, more than anything, it not only (1) promotes a perspective that does not identify neoliberalism with a downgrading of state/governmental authority and control mechanisms – but rather the opposite – but also (2) construes neoliberalism, like governance, as a specific post-1970s continuation of the general historically changing dynamics of legitimacy and fiscal state-crafting. In this way, neoliberalism may, perhaps counterintuitively, be said to be about: the upgrading of the state's ISI, the boosting of state legitimation and the fiscal lens of the state, the activation of the strategic toolbox of state-crafting and the reconfiguration of the tension-filled functional relationship between legitimacy and fiscal state-crafting. Although this characterization requires further consideration, the governance and the neoliberalism concepts arguably provide two alternative descriptions of some of the key changes observed in the post-1970s period: whereas the former centers relatively more on issues related to statehood/government and steering/governing, the latter puts more emphasis on capitalism, markets, financial forces, etc.

Obviously, many otherwise relevant aspects or potentially interesting questions have not been treated, or treated exhaustively, in this study (many of which have already been mentioned). Some of these may arguably be productively pursued as part of potential future studies (in whatever form). Five examples shall be mentioned. Firstly, one productive research agenda may consist in more systematically historically and analytically examining the interconnections between the four

monopolies/functions of modern statehood discussed in this study. For example, although the focus has been on two of the functions, it may be interesting to analyze the more detailed dynamics of the other two, their mutual relationship and historical emergence, consolidation and reconfiguration, as well as their connection to legitimation and fiscal accumulation. Secondly, another productive way to take the analysis one step further would be to provide a more extensive and empirically informed theorization of the micro-situated dynamics of state legitimation. In this relation, as indicated earlier, one interesting research agenda might involve the study of the both generic and historically specific mechanisms of ‘selling out’ – and to examine this both empirically (through, e.g., detailed case studies or even field work) and historically and at different levels of analysis in a way that ideally makes one able to explain the selling out process with regards to simultaneously a specific individual and for example a political party.

Thirdly, another interesting and potential future exercise, which could not be undertaken in this particular study, would be to systematically juxtapose the legitimation and accumulation functions-inspired analysis of the governance phenomenon with some of the subsequent post-1980s works written by the three LAF scholars. Fifthly, an interesting task might be to more systematically link up the launched/developed state-crafting framework and ECR model to the more recent ‘growth models’ perspective of Baccaro & Pontusson (2016), which is still in its very early and mostly programmatic stage. Since their largely post-Keynesian (or neo-Kaleckian) perspective does not really treat the state level, it may be productive to more formally think through how either (1) this study’s analysis may contribute to their agenda by providing it with a distinctive macro-structural and corporate functionalist state-crafting basis or (2) how the productive focus on different ‘growth models’ – rather than the more typical focus on different setups concerning profit-making, capital accumulation, finance, etc. – may contribute to the above mentioned potential empirically-based agenda focused on further detailing national varieties of legitimacy and fiscal state-crafting, and in particular nationally specific modes of fiscal state-crafting. Sixthly, yet another productive potential future research agenda might be to both further theorize functional activity and specifically the operations of state functions and methodologically formalize philosophically meaningful concrete procedures for studying and observing this and collecting relevant data.

While executing any or all of the above suggestions for future study should undoubtedly boost the overall research agenda focused on analyzing the historical, state-situated and particularly legitimacy

conditions of possibility for governance, it is nevertheless the hope that the examination already provided may on its own ideally take the necessary critical macro-situated study of post-1970s Western European liberal-capitalist democratic polities one small step further. On a more personal and idiosyncratic intellectual level, it will be interesting to observe the next 30 years or so in light of the analysis – to, for example, see to what extent our current post-2008 crisis vicissitudes can be analyzed as another post-1970s period; whether there will be a ‘new’ reconfiguration trumping the (by then) ‘old’ reconfiguration, which can thus be characterized by its own distinctive tension-filled functional state-crafting relationship.

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