What do sociologists bring to international political economy?

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International political economy (IPE) is a field that has been dominated by political scientists and economists. But sociologists have also been interested in IPE. Some of their work has managed to percolate into the mainstream literature. Some of it has not. This chapter takes stock of all this. It shows where the work of sociologists is most obviously related to the study of IPE. But it also shows that there are other areas of sociology to which conventional IPE scholars might pay attention with considerable benefit. This is particularly true insofar as IPE scholars and political and economic sociologists have turned their attention to economic globalization, by which I mean the increase since the mid-1970s in transnational trade, capital flows, and economic activity in general.

However, as some IPE scholars have recognized (e.g. Finnemore 1996b), many sociologists approach these things differently than do conventional IPE scholars. Sociologists often emphasize that norms and ideas of various sorts—as opposed to the pursuit of material interests—shape the behavior of actors. Of course, some sociologists take intellectual positions that are quite close to the materialist (or realist) view, which is common in conventional IPE scholarship. But one of sociology’s most original contributions to the IPE literature is to offer normative and ideational rather than realist explanations. I begin by discussing areas where the normative approach of sociology is most obvious. This includes research on the international diffusion of norms and ideas and the rise of neoliberalism. I then move on to areas where sociologists are less inclined to favor normative explanations, but still have insights that diverge from mainstream IPE scholarship. There I discuss research on the international division of labor in the world system, socioeconomic performance as it is influenced by political-economic institutions and international networks, and welfare reform, particularly insofar as social class and family figure prominently in sociological accounts of reform. Two caveats are in order. First, IPE emerged from the traditional literature on international relations, which assumed that international relations was largely about states making war or peace (e.g. Hoffman 1965; Waltz 1959). That is, international relations was about states, security issues, and the politics that linked them (Holsti 2004: 3). IPE argued that international relations was to an increasing extent not just about states, diplomacy, security, and military power, but also about building national economies that could compete internationally—and thereby
provide an economic base for state power in the diplomatic, security, and military domains (e.g. Gilpin 1987; Keohane 1984). As this is a volume on IPE, not international relations in this sense, I will not deal with the sociological literature that is of obvious importance for traditional international relations. This would include, for example, the work of Charles Tilly (1990), Anthony Giddens (1985), Gianfranco Poggi (1978), and Michael Mann (1993) on the relationship between war-making and state-building. Proper treatment of this literature would require a separate chapter.

Second, there has been a disciplinary separation between the fields of IPE and comparative political economy (CPE). On the one hand, traditional IPE scholars emphasize how international pressures operate on states and other international actors to constrain or drive their behavior. They view the structure and functioning of national political economies as being very much embedded in international processes, particularly as state power in the international arena has come to depend increasingly on economic power (e.g. Gilpin 1987). On the other hand, CPE scholars emphasize the study of national institutional differences in political economies. They recognize that international pressures impinge on national political economies, but their focus has been more on the different national responses to these pressures than on the pressures per se (e.g. Gourievitch 1986; Katzenstein 1978). To a degree, then, IPE and CPE study flip sides of the same coin. But especially since the oil crises and stagflation of the 1970s, and then the rise of economic globalization and concerns about how it affects national political economies, these two fields have moved much closer together and blurred (Weber 2001: 7). Indeed, there are now a fair number of people who do work that overlaps CPE and IPE (e.g. Garrett 1998; Keohane and Milner 1996; Kitchelt et al. 1999). Hence, this chapter does not draw a sharp distinction between IPE and CPE.

International diffusion

Nowhere are norms more prominent in sociological approaches to IPE than in the research on international diffusion. The typical argument is that normative principles and practices diffuse across nation-states in ways that lead to isomorphic—that is, homogeneous—outcomes. This can be because nation-states mimic the countries that appear to be doing the best; because they learn from experts and advisors from around the world; or because they are coerced by powerful external forces, such as the International Monetary Fund or World Bank. This work is inspired by a more general literature in organizational sociology that seeks to explain why organizations operating in a common environment tend to adopt similar practices (DiMaggio and Powell 1983). The point here is that conventional IPE scholars assume that diffusion is driven by coercive pressures, often exercised by hegemonic states or their allies. Sociologists do not. Hence, sociology offers new insights into the mechanisms underlying the diffusion process.

Representative of this genre is the work of John Meyer and his colleagues (e.g. Strang and Meyer 1993; Thomas et al. 1987) who studied the diffusion of many elements of modern world culture among nation-states. For instance, they showed that the diffusion of a modern ideology of childhood as a distinct stage in the life cycle precipitated the gradual world-wide development of constitutional provisions for the education of children and the regulation of child labor (Boli and Meyer 1987). Based on this and other studies they concluded that the practices of nation-states are enactments of broad-based cultural prescriptions operating at the global level (Meyer et al. 1987: 32). In this view,
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the driving force behind diffusion is the quest by nation-states to obtain legitimacy from their fellow nation-states in the world political community.

All of this has influenced IPE insofar as scholars have criticized conventional realist approaches for neglecting the importance of norms, culture, and identities for world politics (Kahler 1998). Martha Finnemore (1996b), in particular, has called for an integration of the ideas of Meyer and other sociological diffusionists into conventional approaches to world politics. And some IPE and international relations scholars have taken this call seriously, arguing, for instance, that the formation of national norms and identities actually precedes the definition of national interests—even in national security issues (Jepperson et al. 1996; Katzenstein 1996b; Risse et al. 1999).

But Meyer and his colleagues' work has been criticized for not specifying carefully enough the mechanisms by which world culture actually impacts the institutional structure and practices of nation-states and other organizations, and for ignoring how conflict and struggle are often involved in the diffusion process (Finnemore 1996b; Keck and Sikkink 1998: 33–35; Risse and Sikkink 1999). That is, it is not clear in their empirical work whether mimetic, normative, coercive, or other mechanisms cause nation-states to enact the principles associated with modern world culture (Boli and Thomas 1999b: 2). In an effort to address their critics, world culture theorists have tried recently to specify the mechanisms whereby world culture diffuses to nation-states through the activities of international nongovernmental organizations (INGOs) and other transnational actors like the United Nations (Boli and Thomas 1999a; Katzenstein 1996b; Meyer et al. 1997).

In this regard, and of particular note for IPE scholars, sociologists have argued recently that the transnational political–economic environment is increasingly governed by so-called soft rules, such as professional standards, technocratic blueprints and guidelines, auditing criteria, and a variety of norms and values. And these soft rules are often propagated by transnational organizational networks made up of INGOs, law firms, multinational corporations, and others. The emergence and diffusion of the New Public Management model is a case in point. Guidelines and standards for corporate bookkeeping is another. The point is twofold. On the one hand, the transnational arena is increasingly becoming what sociologists call a field—that is, a network of organizations that creates certain normative and cognitive meaning systems that govern the behavior of individual actors within the field. On the other hand, and this is very important for IPE scholarship, the transnational arena is no longer dominated by nation-states and firms, but now also includes to an increasing extent a variety of public and private organizations—many of them non-profit organizations—as well as transnational social movements whose influence is growing in terms of their ability to regulate and change the transnational environment (Djelic and Sahlin-Andersson 2006; Kay 2005; Keck and Sikkink 1998).

Specifying mechanisms, such as these, is an important step forward, although one that is still subject to criticism (e.g. Finnemore 1996b; Keck and Sikkink 1998: 33–35, 214; Risse and Sikkink 1999: 4). First, despite the fact that several diffusion mechanisms have been identified in the literature, few researchers have tested them against each other head-to-head to see which ones are most important in empirical cases of international diffusion (Dobbin et al. 2007). One exception is Tim Bartley (2007) who showed that the diffusion of transnational labor and environmental soft-rule certification programs occurred as a result of both the competitive self-interest of corporations and the normative pressure brought to bear on them by INGOs and others. But the point remains that much work needs to be done by sociologists and others to sort out the relative effects of different diffusion mechanisms.

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Second, the discussion of diffusion generally ignores what happens when an institutional principle or practice arrives at an organization's doorstep and is prepared by that organization for adoption. Here the story often ends and it is assumed that the principle or practice is simply adopted uncritically and in toto. We are left, then, with a black box in which the mechanisms whereby new principles and practices are actually put into use and institutionalized on a case-by-case basis are left unspecified.

Let me provide another illustration. Meyer and colleagues (1997) argued that the development of a global scientific discourse, embracing the concept of a world ecosystem, caused many national governments to establish environmental ministries during the late twentieth century. To use the language from Meyer's earlier work, the new scientific discourse was enacted by national governments. The problem is that their argument omitted any discussion of the national-level political processes that were responsible for this enactment. Hence, they assumed apparently that these ministries were all basically the same. Similarly, Meyer's earlier work on the diffusion of constitutional provisions for childhood assumed that such provisions were enacted uniformly across countries.

Sociologists have examined through the use of fine-grained case studies how institutional diffusion occurs from the transnational to the national level (e.g. Duina 1999; Guillén 1994; Marjoribanks 2000). Case studies are more amenable to identifying precisely how diffusing principles are enacted—or translated into local practice—than most quantitative approaches, including Meyer's, that use large data sets with dozens or even hundreds of cases to track institutional change over time. By translation I mean the process by which exogenously given principles and practices, such as those diffusing from the transnational to the national level, are incorporated into endogenous or local ones. Case studies have shown that the concept of diffusion is under-theorized because diffusion studies fail typically to recognize that when institutional principles and practices travel from one site to another the recipients translate them in different ways, and to greater or lesser extent. Several things affect how they are translated into practice.

First is the local institutional context. Actors must blend new ideas into local practice. This tends to ensure that implementation of a new idea rarely constitutes a total break with past practice. For instance, Yasemin Soysal (1994) showed how the global diffusion of a new postnational model of citizenship was translated into practice in locally distinct ways in Europe during the late twentieth century. Postnational citizenship is the normative idea that all residents within a nation-state, regardless of their historical or cultural ties to that state, ought to be guaranteed certain basic rights, notably the right to participate in the authority structures and public life of the polity and the right to have access to basic services, such as welfare, health care, and education. How this was done varied according to local political institutions. In Sweden, a country favoring corporatist institutions, guest workers and other immigrants are treated by the state like other corporate groups. The state helps organize immigrants in associations that represent their interests at national level negotiations over policy, budgets, and the like, just as it helps organize associations that represent the interests of labor, business, and other groups. In France, a country where the central state ensures the protection of citizens, the state spends a lot of money supporting social and cultural activities, housing, education, job training, and so on specifically for immigrants. In Switzerland, a liberal country in the sense that the market is trusted to provide for its inhabitants, the federal government has little direct involvement in immigrant affairs per se, but provides significant resources for social workers, occupational training, and other services, primarily at the local level, to help everyone, including immigrants, obtain what they need in order to participate in the
labor market. Thus, the principle of postnational citizenship was translated into Swedish, French, and Swiss practice in very different ways in order to fit it with local institutions.

Sociologists have also shown that political mobilization affects the translation process. Elsewhere I have shown that a neoliberal model of fiscal reform diffused from the West to postcommunist Poland, Hungary, and the Czech Republic after 1989 but was translated into practice differently and in varying degree in each country depending on the institutional clout of labor unions and political parties (Campbell 2001; see also Bönker 2006). Similarly, Francesco Duina (1999) showed that European Union directives on the environment and women’s employment were translated into national practice in varying degree depending on the politics involved. In some countries, this went smoothly as directives were translated into national law quickly and then enforced rigorously. But in other cases, where political resistance was greater, directives were translated into law slowly and with much struggle, and then enforced in a much more lackadaisical fashion. And Marie-Laure Djelic (1998) showed how diffusion of the so-called American model of political-economic organization diffused to France, West Germany, and Italy after the Second World War in different ways and with different outcomes depending on the prevailing national political and institutional conditions. France and West Germany experienced relatively radical shifts toward the American model, but change in Italy was much more modest.

The rise of neoliberalism

An important object of international diffusion that has drawn the attention of IPE and CPE scholars are economic ideas, such as Keynesianism (e.g. Hall 1989). More recently, however, sociologists have become interested in the diffusion of neoliberalism. By neoliberalism I mean the belief that lower taxes, less government intrusion into the economy through expenditures and regulation, and balanced state budgets are the best medicine for what ails national political economies. Much IPE and CPE has been concerned with how nation-states have reacted to the world-wide rise of neoliberal ideology and policy recommendations since the 1970s. As stagflation gripped the advanced capitalist countries, and as developing countries struggled with rampant inflation, debt crises, fiscal deficits, and the like, neoliberalism gained prominence and diffused internationally. Although a number of comparative political economists have examined the rise of neoliberalism (e.g., Blyth 2002; Hall 1992, 1993), sociologists have also shed light on how this happened.

Much of the sociological work pays close attention to how neoliberal ideas diffused internationally and were adopted locally. Hence, it reflects the translation approach to diffusion discussed above. Notably, Sarah Babb (2001) showed that Mexico’s shift from leftist to neoliberal economic policy resulted from the movement of economists—often trained in the United States—into positions of influence in the government after 1970. The result was the emergence of a professional class of Mexican technocrats who essentially transported neoliberal theories and models from the United States back home and implemented them in ways that fit the political institutional conditions they found there. More recently, she and Marion Fourcade-Gourinchas (2002) expanded this analysis in comparative directions showing how the manner in which neoliberalism was adopted in particular countries varied considerably according to national state-society relations, political ideology, and the degree to which a country was susceptible to external economic pressures (see also Campbell and Pedersen 2001; Kjaer and Pedersen 2001; Prasad 2005). Once again, the sociological notion of translation comes to the fore.
Sociologists have made three additional insights regarding the rise of neoliberalism. First, as Babb’s analysis of Mexico illustrates, neoliberalism did not diffuse internationally simply as a result of the coercive pressures of international financial organizations, such as the International Monetary Fund, or the United States, as some have IPE scholars have intimates (e.g., Wade and Veneroso 1998). In addition, the internationalization of certain professions was integral to the process. In particular, private consultants, public technocrats, and scientific experts, many of whom were trained as professional economists, played important roles in spreading the word that neoliberalism was the appropriate approach to pursue. Indeed, central to all of this was the economics profession. This is because after the Second World War the economics profession in the United States rose to a place of international prominence. American economists as well as foreign economists who had been trained in the United States were often revered by political and business elites in other countries so their views carried considerable legitimacy and weight. And because their views were increasingly neoliberal after the early 1970s, this point of view gained considerable traction world-wide (Fourcade 2006). Indeed, the internationalization of professions has been central to the diffusion of a variety of norms and standards throughout the world during the late twentieth century (e.g., Halliday and Carruthers 2007). And the advent of conservative economists in the IMF was responsible for its neoliberal turn in the first place (Babb 2007).

Second, the rise of neoliberalism does not represent a sharp break with the past. Political scientists have been fond of invoking so-called punctuated equilibrium models to explain paradigmatic shifts in policymaking (Krasner 1984; Thelen 2003). In this view, exogenous shocks, such as deep recession or stagflation, undermine current policy models, disrupt the policy equilibrium, and trigger searches for new ones, which, when found, are institutionalized thereby creating a new policy equilibrium. But, pursuing a more evolutionary approach, sociologist Colin Hay (2001) argued that in Britain—the paramount neoliberal case—the Labour government began experimenting in marginal ways with some neoliberal ideas (i.e. monetarism) during the 1970s when they began to realize that conventional Keynesian policies were not adequate for resolving stagflation. When Margaret Thatcher and the Conservatives came to power they extended the neoliberal ideas with which the previous government had toyed. Thus, the rise of neoliberalism was a more continuous process than many scholars have recognized. A similar story can be told about postcommunist Europe (Campbell and Pedersen 1996). The broader point, however, is that sociologists, like political scientists, are now taking seriously the notion that policy and institutional change is often an evolutionary path-dependent process and that we need to learn more about the mechanisms whereby change occurs in an evolutionary rather than an abrupt, punctuated, or revolutionary fashion (e.g., Campbell 2004: ch. 3; Haydu 1998; Mahoney 2000).

The third insight is that the diffusion of neoliberalism is not a uniform process. As noted above, the degree to which welfare policy has shifted in neoliberal directions is quite variable across countries due to the politically contested and institutionally constrained nature of the process. The same is true for tax and regulatory policies (Campbell 2005, 2004: ch. 5; Ó Riain 2000). But there is also much variation within countries. For instance, since the breakdown of the Bretton Woods accord in 1971 there has been a tendency for governments to grant their central banks more autonomy to set interest rates and regulate the money supply in order to better control inflation and defend currencies in the face of increasingly mobile international capital and currency speculation—a trend that has removed monetary policy from national politics and made it more
austere (Polillo and Guillén 2005). However, this has been matched with important changes in bankruptcy law. Governments eventually recognized that stringent monetary policy increased the possibilities of recession, business failure and unemployment. So, out of concern for the political ramifications, many of them revised their bankruptcy laws in order to facilitate corporate reorganization rather than liquidation. In other words, neoliberal deregulation in monetary policy was counterbalanced with non-neoliberal re-regulation in bankruptcy policy (Carruthers et al. 2001). The important notion here, and one to which we will return later, is that nation-states and national political economies are institutionally complex, multidimensional entities—a fact that is occasionally neglected by IPE, if not CPE, which tends to treat them as uniform and coherent wholes.

The international division of labor

Of all the work done by sociologists, perhaps that which is most obviously relevant for IPE comes from dependency and world system theorists. Dependency theory suggests that national economies are interdependent such that developing countries depend on more advanced ones for economic opportunities, finance, technology, and access to markets. This is due to the fact that dependent countries are often former colonies of more developed ones, but also because multinational corporations, based in developing countries, exploit the resources and opportunities in developing countries in ways that create situations of dependency (Cardoso and Faletto 1979; Evans 1979). In other words, there is an international division of labor based on the economic relations among countries.

Somewhat in reaction to dependency theory, which emphasized the importance of economic relations among countries, Immanuel Wallerstein (1974; 1980) and other world system theorists argued that political relations are just as important. That is, the world economic system is organized fundamentally by political units, most recently nation-states. Here sociologists embrace a realist view of the world similar to that of conventional IPE scholars. Nation-states absorb the costs and manage the social problems that arise from the world economy. In this view the world system includes three types of states. Core states, such as the United States, Germany, and Japan, have strong governmental structures that are rich and dominating within the system. Their ability to maintain a position in the core depends on their ability to maintain capital accumulation on a world-wide scale and keep the demands of the working class at bay. Peripheral states, such as those in Africa, are poor and economically dependent on core states for loans, military support, technical aid, and the like. Semi-peripheral states, such as Singapore and the Philippines, have moderately strong governmental structures that are somewhat dependent on core states.

These approaches are treated elsewhere in this volume (Chapter 10 by Arrighi) and need not concern us here at length. However, three points are worth mentioning. To begin with, the field of IPE has been influenced by this work to a considerable extent insofar as IPE scholars studying economic development have either adopted some of the concepts and arguments from these literatures or have developed their own theories and research agendas in reaction to it. In particular, IPE scholars have argued that the problem with dependency and world system theories is that they have difficulty explaining cross-national variation in levels of dependency and development, not to mention political systems, among the developing countries (e.g. Haggard and Kaufman 1992).

Furthermore, proponents of the world system view have engaged recent debates on globalization that are of concern to IPE scholars. In particular, Christopher Chase-Dunn
and colleagues (2000) have argued that globalization is by no means a recent phenomenon. The density of international economic and political interactions has expanded and contracted repeatedly for centuries. And of special concern in this work has been the degree to which this pulsation is associated with the presence or absence of a world hegemonic power that can ensure peace, stability, and thus greater international interaction—something that ought to be of obvious interest to IPE scholars given their concern with hegemonic nation-states (e.g. Keohane 1984). Like traditional IPE scholarship, world system theorists like Chase-Dunn hold open the possibility that hegemonic actors facilitate international activity, such as trade, through the exercise of economic and military power. This includes the projection of international force, the implementation of free-trade treaties, and the encouragement of international capitalists from the hegemon and allied core powers to promote international investment. But Chase-Dunn acknowledges the very sociological possibility that hegemonic power may also operate by normative means—that the hegemon promotes international stability and activity by providing cultural and ideological leadership. To a degree, this argument resonates with the sociological research about how a world-wide normative culture influences the behavior of actors in it, including nation-states, and especially how certain nationally based professions (i.e. US economics) do the same.

Finally, many IPE, dependency, and world system scholars share a tendency to view the state as a unitary whole. They often fail to recognize that states are organizations consisting of diverse parts with elites that may have different interests and, therefore, be in conflict with one another. This is an insight that political sociologists have emphasized (e.g. Evans et al. 1985). It is important in this context because it raises the possibility that states may be more or less susceptible to dependency or other international influences depending on which branch of the state and which elites happen to be in charge. For instance, Babb (2001) showed how the degree to which Mexico was in a dependent relationship with other countries varied according to which elites were in charge of its economic policy. Thus, a more nuanced institutional account of the state, which sociologists tend to favor, is an important insight to which IPE scholars should be attentive.

**Comparative socioeconomic performance**

Another body of literature from sociology that overlaps with IPE comes from political and economic sociologists working closely to the CPE tradition. Several sociologists have examined factors affecting the socioeconomic performance of national political economies. This work is well illustrated by Alex Hicks and Lane Kenworthy (1997), who identified the institutional conditions most likely to affect economic growth during the globalization era. Using pooled time-series analysis of OECD data since 1960, they showed that various aspects of firm-level cooperation, such as cooperative purchaser-supplier relations, alliances among competing firms, and the presence of work teams and multi-divisional project teams within firms, tended to increase rates of national economic growth and investment. However, they also found that the presence of neocorporatist institutions, such as centralized business confederations, coordinated wage bargaining, and cohesive government-interest group interrelations, tended to increase the amount of government transfers, strengthen active labor market policies, and reduce unemployment rates. In other words, while some institutional arrangements affect economic performance, others affected the distribution and redistribution of economic resources within society.
Other sociologists have conducted comparative studies to identify, for example, the degree to which globalization has contributed in the OECD countries to deindustrialization (Alderson 1999), unemployment (Western 2001), and a convergence in national performance across a wide variety of economic and social indicators (Campbell 2003, 2005; Dore 2000; Kenworthy 1997). Sociologists have also examined the political, economic, and especially institutional conditions under which particular industries do better or worse in one country than another (e.g. Biggart and Guillén 1999; Campbell 1988).

Attention among sociologists is not just on the advanced capitalist countries. Some excellent comparative work has been done looking at the conditions under which developing countries tend to perform better or not and, therefore, compete successfully in international markets. Notably, Peter Evans (1995) showed that the character of institutional relations between key state agencies and firms was an important determinant of successful economic development and international competitiveness. At issue was the degree to which these agencies in Brazil, India, and South Korea enjoyed embedded autonomy—that is, a close enough relationship with firms to understand their problems and interests, but enough autonomy to nurture and regulate these firms without being captured by them. Too little autonomy, he argued, led to rent seeking by private actors and inefficient crony capitalism. Too much autonomy led to ineffective development policy due to the fact that policymakers were out of touch with the needs of business. More recently Evans has also shown that developing countries do better if they have states that resemble the classic Weberian type with, for instance, meritocratic recruitment and long career paths (Evans and Rauch 1999). Other sociologists have also investigated the institutional conditions affecting the performance of particular industries and national political economies in developing countries during the globalization era (e.g. de Soysa and Oneal 1999; Guillén 2001; Schrank 2005, 2004; Schrank and Kurtz 2005).

Much of this work on developed and developing countries cuts close to the turf of both IPE and CPE (e.g. Gilpin 2000; Haggard and Kaufman 1992; Kitschelt et al. 1999; Swank 2002). Yet four things stand out prominently in this sociological literature that ought to be of interest to IPE. First, in contrast to conventional IPE and CPE scholarship, sociologists are often at least as interested in the social effects of political-economic institutions as they are the economic effects. Hicks and Kenworthy, for instance, paid close attention to the distributive and redistributive effects of various institutional arrangements. And a variety of sociologists have studied inequality more generally within and across countries as it may or may not be affected by globalization and the increasingly integrated nature of the international political economy (e.g. Firebaugh 2006; Mann and Riley 2007; Nielsen 1994; Nielsen and Alderson 1995). For example, Kenworthy (2004) examined the alleged trade-off, stipulated by some economists, between policies that promote economic growth and those that promote relatively egalitarian income distributions. He found that such a trade-off is not inevitable if societies can maintain high levels of employment—even in an increasingly global economic environment. Similarly, otherwise conventional studies of unemployment and economic performance by sociologists tend to keep an eye on social aspects of the problem. Bruce Western and Katherine Beckett (1999), for instance, showed that during the 1990s although US unemployment rates were considerably lower than they were in Western Europe, much of the difference actually stemmed not from the American economy being more efficient or internationally competitive than the European ones, but from the United States incarcerating a much higher percentage of people who would otherwise likely be jobless (e.g. poor, uneducated, young, African-American, males).
The second thing that stands out in the sociological literature on performance is that a considerable amount of the work by sociologists focuses on interorganizational or interpersonal networks. Those interested in neocorporatism, like Hicks and Kenworthy, are an example insofar as neocorporatism is all about the formal ties linking trade unions, firms, state agencies, and sometimes others. This, however, is also ground well trodden by IPE and CPE scholars. But beyond that sociologists have made additional contributions. For instance, Evans' notion of embedded autonomy is essentially shorthand for a particular (non-corporatist) type of network relationship linking actors in the state and private sectors. Similar arguments about such networks have been made by sociologists focusing on advanced capitalist societies (e.g. Ó Riaín 2004). Moreover, sociologists who have studied the transformation of postcommunist European political economies have shown that previously existing interorganizational networks often constituted the basis for subsequent postcommunist corporate acquisitions and trading relationships (Stark and Bruszt 1998). And sociologists have shown that today's most internationally competitive firms are often embedded in networks of alliances and other interorganizational relationships that influence their behavior and performance. Indeed, a variety of network resources, such as access to material resources and perceptions of a firm's legitimacy in the eyes of other actors like investors and banks, stem from a firm's network position (Gulati 2007). Of course, many of these networks are increasingly international and take a variety of forms ranging from research collaborations (Powell et al. 1996), to parent–subsidiary relationships within multinational firms (Kristensen and Zeitlin 2005), to more traditional supply-chain arrangements (Geretti 2005; Schrank 2004).

In addition to interorganizational networks, sociologists have studied interpersonal networks. For example, some have examined transnational migration networks and the effect that these have on national and local economies, which in some cases can be extensive. Financial remittances from relocated family members to relatives in their country of origin may run as high as $400 billion annually world-wide. In some countries the sums exceed private and official capital inflows and are the primary source of foreign currency. As a result, some governments (i.e. Mexico, El Salvador, Guatemala) have implemented policies to encourage such remittances whereby the state agrees to match remittances to varying degree. Some countries also use the promise of future remittances to demonstrate creditworthiness and secure loans for economic development from private, bilateral, and non-profit sources (Levitt and Jaworsky 2007). And, as is well known, immigration networks often provide a source of labor for countries as either guest workers of various sorts or illegal aliens. Such networks may also facilitate the development of niche markets in local economies (Sassen 1999).

The third thing that stands out in sociological accounts of socioeconomic performance is that there are often important cultural determinants of success, such as national identity and cultural homogeneity. In this case, for example, sociologists have argued that, all else being equal, countries exhibiting a higher degree of cultural homogeneity on ethnic, linguistic, and other politically salient lines tend to have competitive advantages compared to more heterogeneous societies (Campbell and Hall 2006, 2007). This sort of argument was proposed perhaps most famously by Ernest Gellner (1983) and touched upon briefly by Peter Katzenstein (1985), who pointed to the importance of an ideology of social partnership in facilitating the sort of corporatist institution building required especially of small states trying to compete in international markets. But the sociological point is that countries that are culturally homogeneous tend to have greater capacity for cooperation, sacrifice, flexibility, and concerted state action—all of which can enhance national competitiveness in international markets.
Finally, the fourth thing that sets sociologists apart from much IPE scholarship on socioeconomic performance is the argument that institutional heterogeneity may facilitate rather than inhibit success. Much IPE and CPE scholarship now embraces the notion that there are two ideal types of national political economies. In liberal market economies (LME), like the United States, economic activity is coordinated largely by markets and corporations such that they compete successfully on the basis of low costs and major product and technological innovation. In coordinated market economies (CME), like Germany, economic activity is coordinated more through non-market mechanisms, such as informal networks or corporatism, such that they compete successfully on the basis of high-quality products and innovations in production processes. It is argued that both types can perform successfully, but for different reasons. However, it is also argued that the more closely a country resembles either type, the more institutionally coherent it is and, therefore, the better it will perform. Conversely, the more a country consists of a heterogeneous mixture of elements from both types, the less institutionally coherent it is and, the worse it will perform (Hall and Gingerich 2004; Hall and Soskice 2001b).

Sociologists often disagree, noting that all national political economies are to a considerable degree a hybrid mixture of liberal and coordinated elements (Crouch 2005; Zeitlin 2003). As noted earlier, they appreciate the institutional complexity of national political economies. The counterbalancing of monetary with bankruptcy policy, mentioned earlier, illustrates the point. Indeed, even apparently archetypical coordinated market economies, such as the United States, are actually much more hybrid than often recognized (Campbell et al. 1991). Moreover, when subjected to quantitative analysis, Kenworthy (2006) found that there is very little relationship between the degree to which a country fits either the pure LME or CME type and its socioeconomic performance. This may be because institutional heterogeneity provides a wide range of institutional options with which to adjust to changes in the international political-economic environment, and because certain CME elements may compensate for the deficiency of LME elements and vice versa (Crouch 2005). In Denmark, for example, low levels of employment protection, typically found in LMEs, are combined with high levels of unemployment protection and labor market policy, typically found in CMEs. The result is a very flexible labor market with low unemployment due to the fact that employers do not hesitate to fire workers when necessary, but retraining and job relocation is readily available and workers frequently shift jobs voluntarily as new opportunities arise (Campbell and Pedersen 2007). In sum, flexibility in labor markets and other aspects of the political economy are often viewed by sociologists as an important ingredient for socioeconomic success in today’s increasingly volatile and fast-paced global economy (Whitford 2005; Whitley 1999). Institutional heterogeneity may enhance rather than inhibit such flexibility.

Welfare state reform

Interest in the social effects of international political-economic forces points toward another sociological literature that should interest IPE. This concerns the development and transformation of welfare states. Sociologists have contributed some of the most influential research on the conditions under which different types of welfare states emerged in the advanced capitalist countries (e.g. Amenta et al. 2001; Hicks 1999; Skocpol 1995). Most famously, Gosta Esping-Andersen (1990) showed that there are
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three distinct types of welfare states—liberal, corporatist, and social democratic—each one associated with a different type of advanced capitalism.

Recently, however, sociologists have turned their attention to how welfare states are being affected by globalization. Much has been written about this, especially with respect to the degree to which welfare states have been cut back in various ways in response to rising budget deficits and unemployment, increased globalization, the decline of Keynesianism, and the rise of neoliberalism. And there has been much debate about whether all of this has led to convergence in welfare state structures and policies (e.g. Korpi 2003). The conventional IPE/CPE literature on welfare state retrenchment argues that retrenchment has been minimal and, therefore, differences among types of welfare states have endured. Why? Because welfare states, once established, develop powerful constituencies that mobilize to defend against cuts when policymakers propose them. Moreover, although globalization may create incentives that can lead to welfare state retrenchment, the more open economies are to international trade, the greater are the political incentives to protect their workers from the vicissitudes of the global economy (e.g. Cameron 1978; Garrett 1998; Ruggie 1982). Hence, despite pressures for retrenchment welfare states persist for the most part due to these and other path-dependent processes (e.g. Pierson 1994; Swank 2002).

Many sociologists have come to the same conclusions, although not always for the same reasons (e.g. Esping-Andersen 1999; Hicks 1999: ch. 7; Glazer and Rueschemeyer 2005; Stephens et al. 1999). In particular, while the conventional IPE/CPE view discounts the importance of traditional class-based movements in favor of other factors as inhibitors of retrenchment (e.g. Pierson 1994), sociologists often argue that class-based movements are still very important (e.g. Hicks 1999; Korpi 2003). Notably, Walter Korpi (2000) argued that economically well-endowed groups with relatively low risks are likely to favor locating distributive processes in markets. But groups with less economic resources and higher risks are likely to favor locating distributive process in welfare state programs. In other words, not only have the political manifestations of class conflict shaped welfare state policies in the past, they continue to do so in the late twentieth and early twenty-first centuries.

Some sociologists also focus on aspects of welfare state retrenchment that are virtually ignored by IPE and CPE researchers. For instance, Esping-Andersen (1999) argued that family structure, gender roles, and the household economy in general influence the sorts of pressures that today’s welfare states are facing. Of course, as is widely known, low fertility rates stress the contributory foundation of many welfare state programs like public pensions. Beyond that, however, the postwar welfare states were built on the assumption that most families were of the traditional nuclear variety. But today women are less inclined to work in the family performing unpaid labor, such as caring for children and aging parents. They are entering the paid labor force at increasing rates, divorce rates are rising, and alternative family forms are emerging. These changes are hitting some countries harder than others. In the Nordic countries, where welfare states have long provided care for children and the elderly, the effects of these family changes have not been as great. But in southern European countries, where traditional Catholic family values obtain, and, as a result, the state does not absorb much of these responsibilities, changes in family life have generated tremendous pressure on welfare states as the family-based system of supports has started to crumble. In short, according to Esping-Andersen, it is not globalization but changes in the world of families that is causing the most problems for welfare states.
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Sociologists have also shown that welfare retrenchment involves more than just social policy expenditures, although this is what receives almost all the attention in the IPE/CPE literature. Hence, Korpi, among others, argues, contrary to the conventional wisdom, that there has been much welfare state retrenchment in many countries since the mid-1970s. By retrenchment he means “policy changes involving or implying cuts in social rights in ways that are likely to increase inequality among citizens” (2003: 591). This is because many West European governments have abandoned full-employment policy—a cornerstone of the postwar European welfare state. As a result, they have experienced significantly rising unemployment rates during this period. The return of mass unemployment, he suggests, must be seen as a major retrenchment, even though this is not something that receives much attention in the conventional IPE/CPE literature. Mass unemployment has occurred for various reasons, including internationalization of the economy, changing relations between nation-states due to the end of the Cold War, and the political-economic integration of Europe. Specifically, international trade increased and, in turn, unemployment rates become more dependent on fluctuations in imports and exports. Small countries found it especially difficult to maintain full employment as cross-border capital controls were dismantled and economic integration advanced. Furthermore, the creation of the European Monetary Union precipitated institutional changes, such as minimum fiscal deficit requirements, that tended to depress overall demand and thus further exacerbated unemployment problems in member countries. In sum, for Korpi and others the abandonment of full-employment policy has been tantamount to a major reworking of the social contract established in Western Europe after the end of the Second World War.

According to some sociologists, the causal link between international political-economic affairs and the transformation of domestic social rights policies involves a normative explanation. For example, John Skrentny (1996, 1998) analyzed changing US civil rights policy—an episode in US history that involved not only the passage of the Civil Rights Act but also a burst of welfare-state building and expansion. According to Skrentny, during the late 1940s and early 1950s, international norms changed and increasingly favored democratic reform world-wide. This normative shift was led by the United States to help stop the international spread of communism after the Second World War. The change in international norms was a blessing for the US civil rights movement because it brought increasing international pressure on Washington for African-Americans to receive equal protection under the law. This made US policymakers more vulnerable on normative grounds to pressure from the civil rights movement and provided an important political opening that went a long way toward ensuring the movement’s success in changing national civil rights law. In turn, as others have shown, this empowered African-Americans politically in ways that helped bolster a slew of new welfare programs (Piven and Cloward 1971). Of course, this line of research resonates not only with the sociological emphasis on norms, but also with the more general trend among IPE scholars to take seriously the importance of normative causes in international affairs (e.g. Katzenstein 1996b).

Conclusion

I have argued that a variety of sociological literatures are relevant for IPE. Some of them have received notice in the IPE and CPE literatures, but more often than not they have
been relegated to the side lines. This is unfortunate because the insights of sociology improve our understanding of the international political economy. These insights include the identification of normative and ideational determinants of political-economic phenomena and diffusion in addition to the material determinants typically favored in IPE. The influence of professions in the rise of neoliberalism is a case in point. Sociologists have also recognized the importance of translation as an integral part of the diffusion process. Furthermore, they have provided insights about the social outcomes of international political-economic activity as well as the economic outcomes upon which IPE tends to concentrate. And sociologists have explored the importance of networks and institutional heterogeneity in all of this. Moreover, sociologists have contributed to the debates about welfare state reform by showing—contrary to much IPE and CPE scholarship—that in certain respects retrenchment has been substantial and that class (and family) forces remain an important determinant of welfare policy during the recent globalization era.

Much of the sociological literature discussed here is from sociologists in the United States. Because much of the IPE literature has also been produced by US scholars (Gill and Law 1988: 7–8), it is especially curious that much of the relevant sociology—which has emerged in their own backyard—has been side-lined by most of them. Why has this happened?

The most obvious reason is that at least in US social science the professional boundaries separating academic disciplines and sub-disciplines are formidable. This is clear, for instance, in economics where institutional economics has long since been marginalized professionally by formal theorists, modelers, and neoclassicists (Yonay 1998). Certainly within sociology there is much less conversation between sub-disciplines, such as political and economic sociologists, than one might expect. Indeed, when people inside the American Sociological Association mobilized in the mid-1990s to establish a professional section on economic sociology within the organization, there was considerable concern among some other sections in the organization that this would threaten their memberships and compromise their professional standing. So, if this is what happens within disciplines, it is not surprising that meaningful conversation across disciplines should be rare, and that the conversation within IPE/CPE would often exclude the work of sociologists.

But there may be another reason why sociology has been side-lined. The lines of broad paradigmatic debate in IPE and CPE have been rather sharp. In particular, realist or rational choice views have been pitted against institutionalist views (e.g. Thelen and Steinmo 1992). And more recently a third theoretical position has emerged, which emphasizes the importance of ideas, belief, systems, and discursive structures (e.g. Blyth 2002; Goldstein and Keohane 1993; Katzenstein 1996b). In sociology, these debates are not as pronounced. In particular, rational choice theory has not been as dominant an intellectual presence as it has in IPE and CPE. Hence, somewhat less attention has been spent by sociologists attacking it from various other perspectives. And sociologists have been more inclined to accept the importance of ideas (i.e. norms, values, cognitive frames) without a fight. In other words, the intellectual battle lines have been drawn differently in sociology. This makes it difficult for sociologists and IPE/CPE scholars to find much common theoretical ground upon which to build alliances and, in turn, recognize each other’s work. Perhaps with a growing common interest in globalization this will change.

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