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and relies on a victim-based nationalism as its main legitimizing principle, both books will provide the best insights into the mindset of China's leaders regarding the country's place in the world.

When Small States Make Big Leaps: Institutional Innovation and High-Tech Competition in Western Europe. By Darius Ornston. Ithaca, NY: Cornell University Press, 2012. 240p. \$39.95.
doi:10.1017/S1537592714001522

— Jeffrey A. Hart, *Indiana University*

In this book, Darius Ornston takes on the problem of explaining how it was possible for countries with neocorporatist systems to make the transition from a conservative form of corporatism to a competitive or creative one. He considers in detail the cases of Finland, Denmark, and Ireland. In Finland and Denmark, the transition is to a creative corporatism in which “new enterprises, occupation, and industries” (p. 3) are targeted. In creative corporatism, says Ornston, policymakers use “policy concertation to convert hitherto conservative patterns of coordination in production, adapting public-private, industry-labor, and interfirm collaboration to invest in disruptive inputs such as venture capital, human capital, and R&D” (p. 3). Ireland, in the author's view, is an example of competitive corporatism in which concertation is used to obtain agreements with unions on wage restraints so that the country can better compete in attracting foreign investment inward from high-tech firms. In creative corporatism, one gets both concertation and collaboration; in competitive corporatism, there is only concertation; and in liberalism (referred to here as “unilateral liberalization”), there is neither concertation nor collaboration (pp. 193–194).

According to Ornston, both competitive and creative corporatism resulted in higher rates of growth in the three countries after 1990 than in previous periods, and all three experienced upticks in their percentages of high-tech jobs and revenues. Part of the argument, therefore, is that these small countries did not adopt the usual liberal prescriptions for becoming more competitive in the global economy. They did not simply except their preexisting comparative advantages and liberalize markets. Distinctly illiberal policies were at the root of their success. Nevertheless, Ireland had problems sustaining its growth after the dot-com crash of 2000, Denmark was unable to invest as much as Finland in universities and research and development, and Finland was unable to invest as much as Denmark in worker training. As a result, all three countries did not fare as well as larger countries in the region with more diversified economies, such, as Germany after 2007.

This is a good book, and there is much to be learned from the author's account of what happened in the three countries. We learn, for example, that Finnish elites felt

strongly the necessity to deal with the consequences for Finland of the breakup of the Soviet Union after 1989 and did so by diversifying production away from traditional industries, such as forestry and paper products. They started with a system in which the state was relatively strong and labor unions relatively weak. Finnish capital markets were strongly dependent on large universal banks, created in the nineteenth century as an expression of economic nationalism. A big part of the Finnish success story, therefore, was the introduction of venture capital into a bank-led financial system after 1990, as well as the formation of a state agency, Tekes, the Finnish Funding Agency for Science and Technology, responsible for funding industrial R&D for new technologies via, for example, the formation of research and development consortia.

In Denmark, there was much less reliance on state agencies and initiatives and much more on industry-labor collaborations. Unlike Finland, where one large firm, Nokia, was a global technology leader, Denmark had no large national champions. Instead, new firms rose to prominence during this period in new industries, for example, Novo Nordisk and Neurosearch in pharmaceuticals and biotechnology. Ornston argues that the most important change in policies came in the form of a new deal with labor in which “trade unions accepted reductions in social-benefit rates, duration, and eligibility in exchange for a more active training policy” (p. 100). New state-subsidized training programs supplemented preexisting industry-funded training programs. In contrast with what occurred in Finland, efforts to create a state-controlled venture capital fund were largely unsuccessful.

In Ireland, the success of the government in negotiating wage restraint combined with low tax rates helped to induce a continued inward flow of direct foreign investment. The higher educational system turned out enough skilled engineers and workers to remove the supply of skilled labor as a constraint on growth. As in Finland, labor was weak and the government was relatively strong. Employers “embraced the turn toward tripartite concertation” (p. 135). What was missing in Ireland, in contrast with Finland, was an increase in R&D spending, and, in contrast with Denmark, a tradition of industry-labor collaboration.

When Small States Make Big Leaps represents an important contribution to the literatures on varieties of capitalism and the politics of international competitiveness. Its main weaknesses stem from a lack of precision in defining major concepts and a failure to put forward a clear set of criteria for measuring variation in national systems over time.

Let us start with corporatism. This literature on corporatism began with analyses of state-societal arrangements under authoritarian regimes. Civil society in fascist regimes was organized from the top down and not from the bottom up. The authoritarian state had to put its stamp of approval on all nonstate groups that had access to state institutions;

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8881 those that did not qualify were either deemed illegal or denied
8882 access to the state. Thus, there were no independent,
8883 autonomous social groups (including religious groups) under
8884 authoritarian rule.

8885 In the 1970s, Philippe Schmitter and others introduced
8886 the idea of neocorporatism to explain the persistence of
8887 corporatist-like institutions in postwar democracies.
8888 In neocorporatist systems, certain social groups were
8889 privileged over others and permitted to bargain directly
8890 with the state and other privileged groups. This privi-
8891 leged bargaining was called concertation. An example
8892 was the bargaining of the state, business interests, and
8893 organized labor over wages and the introduction of
8894 new technologies of production (among other things).
8895 The privileged groups in neocorporatism were indepen-
8896 dent and autonomous from the state. Neocorporatism
8897 was sometimes called societal corporatism to distinguish
8898 it from the state corporatism of authoritarian regimes.
8899 According to the scholars in this area, neocorporatism
8900 could coexist with democracy because elites and impor-
8901 tant parts of the general public recognized the legitimacy
8902 of both the state and the privileged groups and valued
8903 the social peace that concertation permitted.
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8905 Contrary to Ornston's argument in this book, neo-
8906 corporatism was not seen always as conservative by scholars
8907 of previous decades. The neocorporatist systems described
8908 in a variety of works could make use of the social peace that
8909 arose from concertation to bring about important changes
8910 in policies and in social arrangements that could be
8911 transformative. Also, it was clear from attempts to use
8912 the concept of neocorporatism that there was considerable
8913 variation across countries and over time in concertative
8914 practices. Even in liberal regimes, there are instances of
8915 concertation. For example, the financial bailouts of the city
8916 of New York and Chrysler Corporation in the 1970s
8917 were examples of successful tripartite (government-
8918 business-labor) concertation in the United States.
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8920 Similarly, the idea of coordination or collaboration put
8921 forward by Ornston is not precisely defined and under-
8922 specified. He wants it to stand for a variety of practices,
8923 but seems particularly interested in government-industry
8924 and interfirm cooperative arrangements. Again, these
8925 forms of coordination exist in liberal regimes as well as
8926 in corporatist regimes, and so it is not always clear where to
8927 draw the line in identifying the type of regime.
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8929 Some scholars who attempted to apply the concept of
8930 neocorporatism in the 1980s later ended up modifying or
8931 abandoning the theoretical framework outlined here because
8932 it was not sufficiently precise to handle the phenomena they
8933 were observing. In *Between Power and Plenty* (1978), Peter
8934 Katzenstein used the idea of "policy networks" rather than
8935 corporatism to talk about the differences in advanced
8936 industrial states; T. J. Pempel and Keiichi Tsunekawa
8937 argued that Japan was an example of corporatism without
8938 labor; and advocates of the "varieties of capitalism" ap-
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8941 proach, such as Peter Hall and David Soskice, returned to
8942 a simpler formulation by contrasting liberal market econ-
8943 omies (LMEs) with coordinated market economies
8944 (CMEs). There is some discussion of this in Ornston's
8945 book, but it would have benefited from a more thorough
8946 coverage of the literature.

8947 All three countries examined in detail are small and
8948 European. The final two chapters of the book expand the
8949 scope of discussion to compare the three countries with
8950 larger capitalist countries (like Germany), other Western
8951 European nations (like the Netherlands and Sweden),
8952 Southern and Eastern European countries (like Spain and
8953 Poland), and East Asian countries (like South Korea and
8954 Taiwan). These comparisons are fairly superficial and do
8955 not really help the author make his argument about the
8956 superiority of creative and competitive corporatism over
8957 conservative corporatism (which seems in retrospect to be
8958 a fairly empty prescription).
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8960 Despite these weaknesses, *When Small States Make Big*
8961 *Leaps* represents an important contribution to the com-
8962 parative analysis of capitalist systems and a serious effort to
8963 explain how small capitalist countries are adapting to
8964 globalization of the world economy. The kernel of truth
8965 that emerges is that knowledge creation and the diffusion
8966 of new technologies are crucial for successful adaptation to
8967 this new global environment.
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8969 **Trust in International Cooperation: International**
8970 **Security Institutions, Domestic Politics, and American**
8971 **Multilateralism.** By Brian C. Rathbun. New York: Cambridge
8972 University Press, 2012. \$99.00 cloth, \$33.99 paper.
8973 doi:10.1017/S1537592714001534
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8975 — Aaron M. Hoffman, *Purdue University*
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8977 This is an important book that, as its subtitle suggests,
8978 integrates the study of international security and domestic
8979 politics. For Brian Rathbun, trust is the belief that cooper-
8980 ation will be reciprocated and generalized trust is the belief
8981 that others are typically trustworthy. Generalized trusters,
8982 at least in the first instance, do not depend on specific
8983 information about the behavior, character, or motives of
8984 others. Instead, they trust others with the belief that people
8985 behave morally in their social interactions. "Strategic"
8986 trusters, by contrast, will not trust others without specific
8987 information that those individuals have interests that
8988 encapsulate their own. If the standard formula for
8989 strategic trust is A trusts B to do X, the formula for
8990 generalized trust is "A trusts or A is trusting" (p. 24).
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8992 Unsurprisingly, generalized trust also differs from
8993 generalized distrust, the view that people are generally
8994 untrustworthy partners, both in its assumptions about
8995 the willingness of others to reciprocate cooperation
8996 faithfully and in the identity of its adherents. In *Trust*
8997 *in International Cooperation*, Rathbun's thesis is that
8998 efforts to establish the League of Nations, the United
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