Book review


Krzysztof Jasiecki’s monograph is focused on varieties of capitalism and analysis of the Polish variation of capitalism in this theoretical context. The main frame of reference the author employs is the Hall and Soskice model (2001). Nevertheless, Jasiecki also reaches to other notable conceptual frameworks in the field of debate on contemporary capitalism crafted by Amable, Nölke and Vliegenthart, as well as Bohle and Greskovits.

Jasiecki’s analyses are founded on a very solid methodological base. It is clearly proven not only by the thorough analysis of varieties of institutional forms, but also by the reasons given for his choice of the method. The author juxtaposes institutionalism related to the rational choice theory with historical institutionalism and sociological institutionalism. Omission of the other types of institutionalism (named after Guy Peters) is well justified.

Jasiecki has affinity for sociological institutionalism, which in his view is a synthesis of the other two types discussed in the book. While he objects the supremacy of rational choice theory and the homo oeconomicus model, he does not reject entirely the calculus approach but points out to its limitations, as well as providing account of flaws of the game theory and the approach to institutions as ‘rules of the game’, and stressing out risks resulting from inclinations to simplified deduction often shown by the rational choice devotees. He observes that they sometimes ‘create inductive
models based on selected cases. Next they use those cases to test models formulated a priori, which often are merely oversimplified representations of reality’ (p. 281).

While discussing historical approach to institutionalism, Jasiecki emphasizes that its value lies in i.a. genetic explanation, path dependency analysis, long-term examination of dysfunctional institutions and cultural context. Let me add that analysis of dysfunctional institutions and their abilities to reproduce in the long run had become a central subject of Jasiecki’s theoretical research on post-socialist hybrid capitalism in Poland even prior to release of this book. On the other hand, the Author is not look away from insufficient theoretical embeddedness of historical method in institutionalist research. Furthermore, Jasiecki is critical of preferential treatment that socio-cultural factors receive over institutions, which play only second fiddle in historic analysis. He argues that: ‘(historic) institutional analysis takes into account a wide variety of factors – ideological changes, economic, social and cultural development etc. As a result, quite eclectic models are produced, which evoke criticism due to relatively little attention they pay to impact institutions have on behaviour of social actors’ (p. 47). In a similar manner Jasiecki looks at residuals of the authoritarian state socialism: he distances himself from the dominant perspective according to which mental and cultural legacy of the past are key explanatory factors. While not dismissing the role they play entirely, he, nevertheless, maintains that it is a distorted institutional framework allowing for reproduction of pathological practices stemming from pre-1989 era which should be the main focus.

While discussing sociological institutionalism, for which he has a strong predilection, the Author writes that: ‘the definition of institution adopted (by sociological institutionalism) is wider than the one historic institutionalism follows, and encompasses a system of symbols, cognitive scripts and moral patterns. … Adherents of sociological institutionalism are certain that people behave rationally and purposefully. Yet, they also stress that in order to accomplish their aims people usually turn to established procedures or proven patterns of behavior. … Institutions convey cognitive schemas used for the sake of interpretation and action, as well as provide valuable information. They also have significant impact on identity, self-image and preferences of actors’ (p. 48).

Among the allegations addressed towards sociological institutionalism, Jasiecki mentions the risk of falling into a specific cultural determinism and difficulties with capturing dynamics of contradictory interests as well as interpretation of such processes. However, he adds, echoing Peters, that those claims are generally made against all variations of new institutionalism.
As he conducts his specific way of analysis, closely related to the traditions of sociological institutionalism, Jasiecki does not lose focus on the role of institutions, which he deems essential. To some degree he leans on institutional determinism but never becomes a full-fledged determinist. His position expressed throughout the book should be explained rather as a way of defending institutional perspective from recurrent interpretations of the specificities of Polish political economy in cultural terms, a long-seen tendency in Polish social science. That is why such issues as persistence of post-socialist cultural patterns or reproduction of values and attitudes enrooted in the distant past – which remain favourite subjects to numerous Polish social researchers – are not placed in the foreground of the discussion.

Before providing a synopsis of the book, I would like to highlight its particular merits. Jasiecki has written a book in which he meticulously discusses nearly all significant paradigms, debates, empirical generalizations and theories. Especially, I would like to stress out the depth of the analysis: as the Author presents dozens of major (but also minor) typologies of capitalism, in each case he provides account of the criteria used and characterizes methods employed. The analysis is not only deep, it is also wide: each key theme of the book is richly illustrated with background information on the phenomena under scrutiny but factual casing never eclipses the main thought. In a way, the monograph can be treated as a kind of encyclopaedia providing the account on the state of modern worldwide institutional research in the field of comparative political economy, not restricted only to capitalism and its varieties. Not surprisingly, this all is reflected in the size of the book, which (appendices included) counts 486 pages.

The book consist of three parts. The first Part deals with general and methodological issues. The part offer first a recapitulation of the vision of global convergence of capitalism and new theoretical concepts challenging the former, in particular conveyed in the writings on developed and emerging models of capitalism in European Union countries, East Asia, Russia and post-socialist states in the Central and Eastern Europe. The author provides a comprehensive description of the dualistic model devised by Hall and Soskice (liberal market economy and coordinated market economy), supplemented by characterization of other, alternative concepts of capitalist diversity, from Albert’s once influential dichotomy of Atlantic vs continental model, to Whitley’s model of national business systems (NBS). Even though Hall and Soskice’s dichotomy remains the major frame of reference for Jasiecki, he, nevertheless, by the end of Part 1 brings a summary the typology’s shortcomings.
In Part 1, one of the chapters is devoted to the issues of coordination and complementarity, and the Author makes references to Hall and Soskice in that section of the book. Jasiecki sheds light on the difference between market and non-market types of coordination, mentions the coordination index after Hall and Gingerich but does not offer any explicit definition of coordination, and only operates at contextual level, which is exemplified by the sentence: ‘The term “system of coordination” is usually defined by comparison of two variations of capitalism (LME and CME – J.G.)’. On the contrary, institutional complementarity has been clearly defined as benefits one institution gains thanks to another institution functioning, ‘institutional complementarity can be compared, using different vocabulary, to synergy effect or positive feedback’ (p. 63).

Part 2 of the book is very short and revolves around regional varieties of capitalism in the CEE. I can only agree with the Author that the leading analysis of the roots of capitalism emerging in the region after the fall of communism is the one formulated by King and Szelenyi. They came up with a typology of capitalism differentiated by the means of origin, and comprising three types: from below, from above and from without. Capitalism originating from without (i.a. the case of Poland) relatively soon shaped economies close to the liberal model, in which market institutions are fairly well developed and integrated with the world economy.

After King and Szelenyi, Jasiecki repeats the story of ‘capitalism without capitalists’ dominated by transnational companies and few domestic capitalists with the home-grown bourgeoisie existing in only embryonic form. As far as accumulation of capital is concerned, such an economy is dependent on imports of capital, economic development relies on exports, economy is moderately modern, while being fragile financially. Besides King and Szelenyi’s proposition, Jasiecki also takes into account other eminent concepts, with special emphasis on the ones by Bohle and Greskovits, who coined the term ‘embedded neoliberalism’ to describe capitalist model in the Visegrad countries, and by Nölke and Vliegenthart, who called the sub-regional variation of capitalism ‘dependent market economy’.

‘Dependent market economy’ is recalled several times in the Part 3 of the book, the longest of all entitled ‘Polish variation of capitalism’. On the one hand, Nölke and Vliegenthart’s model fits well into a wide stream of analyses concentrating on the impact of foreign capital and special role played by transnational corporations in economic functioning and development of Poland and other CEE countries. Jasiecki points out to the fact that foreign capital holds more important position in the CEE than in Latin America (one of the reasons being underdevelopment of domestic bourgeoisie in the CEE). Domination of foreign capital enhances the
effect of Poland and other CEE countries being stuck in the peripheries or semi-peripheries of Europe. The concept devised by Nölke and Vliegenthart pictures the role of foreign capital accurately in many aspects, but not in all. Poland is the largest New Member State in the CEE, and as such, with its industrial output and domestic consumption, is less dependent on influx of FDI or exports than other countries in the region. However, macroeconomic indicators, financial, in particular, and corporate governance patterns observable in the subsidiaries of MNCs validate the dependency claim. On the other hand, the ‘dependent market economy’ theory is not free of shortcomings. One of them stems from assumption on high-level of coordination in the national economic systems, another is the lack of diachronic perspective. In effect, while looking through the lens the model provides, we fail to notice a wide array of independent, inconsistent and hybrid phenomena. Jasiecki recalls analyses of organizational culture conducted by Czarzasty. This author empirically proves that in Poland on the firm-level (the one at which Hall and Soskice concentrate), a mixed market economy has emerged with very distinctive qualities, which hardly mirror the ones named by the VoC model. Furthermore, industrial relations typical for the foreign-owned corporations do not cover either majority of enterprises or majority of employees. Jasiecki often reminds the reader of such regional specifics, as he conducts his subtle institutional analyses, sensitive to local context and immune to simplistic logic of rational choice.

In case of Poland, the limitations of the ‘dependent market economy’ model become evident when one realizes that the position of foreign capital in Poland is weaker than in other CEE countries. Jasiecki employs statistical data to show that ‘the share of foreign-owned enterprises in the capacity and economic operations of all companies is stable at approximately 40 per cent, and they have some 29 per cent of all people in employment on the payroll. At the end of 2011 foreign financial institutions held total of 65 per cent of assets in banking sector and more than a half of 500 biggest companies operating in Poland. Enterprises controlled by foreign investors (mostly subsidiaries of MNCs) provided for two thirds of all Polish exports...’ (p. 390). However, the Author adds with no hesitation that economic power of foreign capital in Poland is stronger than bare statistics suggest, not only because of the synergy effect created by the grasp of the foreign-owned companies over the strategic and highly profitable sectors of Poland’s economy, but also due to the changing relationships between the world of politics and business, leading to an increasing capacity of the largest global corporations to exercise influence over the state administration.
So what does the picture of Polish capitalism look like according to the analyses described in the book? First of all, the method the Author has chosen opens the way for devising a multidimensional model. Yet, reducing the model to a relatively simple ideal type reflecting the actual socio-economic order (or ‘political economy’) as a whole, Jasiecki provides the following characterization: ‘liberal model with elements of post-socialist etatism and corporatism’. This is a more detailed term than the one proposed by Bohle and Greskovits, that is, ‘embedded neoliberalism’. A lot of attention is paid to the genetic aspect and endurance of institutions stemming from the authoritarian state socialism era, as well as to specific amalgamates of new and old institutions. In line with the methodological perspective adopted, emphasis is put on institutional mechanics, while cultural patterns and attitudes are not in the forefront of the analysis.

While drawing the detailed picture of Polish post-1989 variation of capitalism, the Author uses 11 analytical dimensions, which refer to 38 indicators. Of all 11 dimensions, I would like to focus on five. The ‘political institutions’ dimension comprises such characteristics as liberal democracy, low legitimacy, weak civic society, low-quality democracy, double-path mode of social development (modern Poland vs anachronistic Poland). The ‘key actors of systemic change’ dimension encompasses political elites, transnational corporations, specific strong sectors of economy and socio-occupational groups. In the ‘state’ dimension one will find such qualities as ‘soft’ state, weak coordination mechanisms, relatively business-unfriendly institutions. ‘Corporate governance’ dimension is characterized by immaturity (early stage of development), low-quality management in enterprises, autocratic and paternalistic management style, and prevailing market orientation. ‘Industrial relations’ dimension displays such qualities as hybrid combination of etatism, pluralism and corporatism, weak institutionalization of employment relations, eroding employee interest representation, weak position of employees in the labour market (‘employers’ labour market’), flexibilization and deregulation.

In the conclusion, Jasiecki writes that in Poland there is a blend of ‘liberal capitalism in metropolitan areas, post-communism taking form of “transformative improvisation” in the public services and “Third Worldliness” East European-style, which is demonstrated by a build-up of poverty and social exclusion’. Subsequently, model of capitalism which has emerged in Poland ‘combines liberal institutions with elements of post-socialist etatism and neo-corporatism. It is manifested by domination of private sector, stronger position of state than in Western Europe, hybrid market and non-market (key in some sectors and big state-controlled companies)
coordination, high degree of politicization of economy and public sphere, clientelism and fragmentation of interest representation system, significant role played by family and other informal institutions and considerably large farming sector. Taking all those characteristics (and a large share of microfirms in the private sector) into account, it is hard to deny that in a structural sense they all appear to be similar to those of “Mediterranean capitalism” (385–386).

This randomly chosen descriptive passage quite accurately captures the essence of how Poland’s capitalism looks like in the early 2010s. However, in 2015 the situation is volatile, and the outcome of parliamentary elections could be – bearing in mind all significant differences – compared to ‘countermovement’ (using Polanyian poetics) brought about by stagnation which Poland seems to have entered, according to Jasiecki. In my view, there is not much hope for Poland breaking away from the path dependency any soon, for escape from peripheries, for replacement of imitative modernization and dependence on foreign capital with a model of economic development driven by endogenous forces.

In the closing remarks, I would like to stress out that this is a very valuable book, which has enriched the institutionalism-oriented research and been an important follow up to the 2004 book by Michał Federowicz Różnorodność kapitalizmu. Instytucjonalizm i doświadczenie zmiany ustrojowej po komunizmie [Varieties of Capitalism. Institutionalism and Experience of the Systemic Change after Communism].

In my opinion, it would be highly recommendable to translate Jasiecki’s book into English. Being accessible to a wider circle of readers, it could become an important and original contribution to the Varieties of Capitalism debate, and, in particular, to the stream in that debate on capitalism in the CEE countries.

Juliusz Gardawski