

Book Review

Paulette Kurzer: *Business and Banking: Political Change and Economic Integration in Western Europe*. Ithaca: Cornell University Press, 1993, 280 pp. ISBN 0-8014-2798-3.

Paulette Kurzer's recent work on economic integration and tripartite arrangements between labour, business, and government in four small European democracies, addresses issues at the core of comparative political economy.

The starting-point of Kurzer's endeavour is a question that at first sight appears limited in scope: "Why did consensual labor-business exchanges end at least a decade earlier in Belgium and The Netherlands than in Austria and Sweden?" (p. vii). In her answer to this puzzle, however, Kurzer takes us far beyond the specifics of the cases, and addresses general issues concerning the consequences of international economic integration for domestic political structures, arrangements, and policy formulation.

Claiming that earlier models on class compromises and economic policy-making in small states cannot give a satisfactory answer to the puzzle in question, Kurzer turns to the position of each country in the international political economy for an explanation. Her main thesis is that the puzzle can be accounted for by variations in the mobility and structure of business, the internationalization of finance, and the level of integration with the world market. Owing to a higher degree of internationalization in all these respects, Belgium and The Netherlands were more vulnerable to external economic pressures, which in turn caused an earlier corrosion of tripartite arrangements there than in Austria and Sweden.

Kurzer's wide-ranging study must be given credit for its ambition, its breadth, and its impressive historical account. Not only does she provide a rich coverage of the political-economic development of her four countries, but she also manages to bridge theoretically diverse scientific traditions within comparative politics and economics.

In the end, the most significant contribution of Kurzer's work is its attempt to address the near theoretical void which still remains at the junction of comparative and international political economy. Despite a number of insightful and influential works in recent years (e.g., Gourevitch 1986; Katzenstein 1985; Rogowski 1989), the interaction of international markets and domestic political and economic structures remains an area where further elaboration is needed.

Unfortunately, however, Kurzer's argument is limited in its ability to contribute to a deeper theoretical understanding of these relationships. There are two main aspects of her work which urge us to approach her argument with a certain level of scepticism. The first is her selection of cases and the second is the absence of clear causal relationships.

First, there is a need to discuss Kurzer's selection of cases, since this is essential to her criticism of Katzenstein's (1985) "unrefined" small state argument, and indeed also to the potency of her own. According to Kurzer, the common denominator of her cases and the rationale behind selecting them are that they are small economies

Book Review

Paulette Kurzer: *Business and Banking: Political Change and Economic Integration in Western Europe*. Ithaca: Cornell University Press, 1993, 280 pp. ISBN 0-8014-2798-3.

Paulette Kurzer's recent work on economic integration and tripartite arrangements between labour, business, and government in four small European democracies, addresses issues at the core of comparative political economy.

The starting-point of Kurzer's endeavour is a question that at first sight appears limited in scope: "Why did consensual labor-business exchanges end at least a decade earlier in Belgium and The Netherlands than in Austria and Sweden?" (p. vii). In her answer to this puzzle, however, Kurzer takes us far beyond the specifics of the cases, and addresses general issues concerning the consequences of international economic integration for domestic political structures, arrangements, and policy formulation.

Claiming that earlier models on class compromises and economic policy-making in small states cannot give a satisfactory answer to the puzzle in question, Kurzer turns to the position of each country in the international political economy for an explanation. Her main thesis is that the puzzle can be accounted for by variations in the mobility and structure of business, the internationalization of finance, and the level of integration with the world market. Owing to a higher degree of internationalization in all these respects, Belgium and The Netherlands were more vulnerable to external economic pressures, which in turn caused an earlier corrosion of tripartite arrangements there than in Austria and Sweden.

Kurzer's wide-ranging study must be given credit for its ambition, its breadth, and its impressive historical account. Not only does she provide a rich coverage of the political-economic development of her four countries, but she also manages to bridge theoretically diverse scientific traditions within comparative politics and economics.

In the end, the most significant contribution of Kurzer's work is its attempt to address the near theoretical void which still remains at the junction of comparative and international political economy. Despite a number of insightful and influential works in recent years (e.g., Gourevitch 1986; Katzenstein 1985; Rogowski 1989), the interaction of international markets and domestic political and economic structures remains an area where further elaboration is needed.

Unfortunately, however, Kurzer's argument is limited in its ability to contribute to a deeper theoretical understanding of these relationships. There are two main aspects of her work which urge us to approach her argument with a certain level of scepticism. The first is her selection of cases and the second is the absence of clear causal relationships.

First, there is a need to discuss Kurzer's selection of cases, since this is essential to her criticism of Katzenstein's (1985) "unrefined" small state argument, and indeed also to the potency of her own. According to Kurzer, the common denominator of her cases and the rationale behind selecting them are that they are small economies

specialized in international trade which worked out tripartite arrangements in the post-world war period (p. 16).

As Kurzer admits, however, there were always crucial differences between the tripartite arrangements in Sweden and Austria on the one hand, and Belgium and The Netherlands on the other. In the latter, “the post-war arrangement did not succeed in welding business to social concertation” (p. 52). In light of these differences, it is questionable whether Belgium and The Netherlands ever had consensual tripartite arrangements in a strict sense. Furthermore, if the arrangements were essentially divergent from the very beginning, it is hardly surprising that the weak arrangements in Belgium and The Netherlands gave in to changes in the international economy earlier than their stronger counterparts in Austria and Sweden.

Finally, there is a need to address the absence of clear causal relationships in Kurzer’s study. Indeed, the wide scope which makes her argument highly interesting – social concertation, capital mobility, central banks, transnational companies, the EC integration, and so on – also undermines the theoretical power of her work. Not only is her explanatory variable, international orientation, multifaceted, Kurzer also operates with a large number of unspecified intervening variables. Further elaboration on the causal relationships hidden in her work would have added stringency and elevated the power of her argument. As of now, the end result is an ambitious and relevant study, rich in historical detail, but without a clear contribution in terms of a deeper theoretical understanding.

REFERENCES

- Gourevitch, P. A. 1986. *Politics in Hard Times: Comparative Responses to International Economic Crisis*. Ithaca: Cornell University Press.
- Katzenstein, P. J. 1985. *Small States in World Markets: Industrial Policy in Europe*. Ithaca: Cornell University Press.
- Rogowski, R. 1989. *Commerce and Coalitions: How Trade Affects Domestic Political Alignments*. Princeton, NJ: Princeton University Press.

Jonas Tallberg, Lund University