

# Comparative Political Economy

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## **Comparative Political Economy**

**(i) Focus on nation states**

**(ii) Complementarities between 3 systems:**

**Variety of Capitalism (Hall & Soskice)**

**Political System (Lijphart)**

**Welfare State regime (Esping Andersen)**

**(iii) Advanced economies**

**(iv) Two main clusters: Liberal and Coordinated**

## **Types of Political Systems (Lijphart)**

### **Competitive:**

**First past post elections**

**Typically two major parties**

**Unilateral right to govern with majority in legislature**

**Leadership parties**

### **Consensus:**

**PR elections**

**Several parties**

**Consensus decision-making in many areas**

**Representative parties (often links to interest groups)**

## **Varieties of Capitalism**

### **Liberal market economies - Anglo-Saxon:**

**Diffused shareholding.**

**Strong general education system,  
weak vocational training.**

**Flexible labour markets, allowing  
unilateral management control.  
Weak unions, employer assoc.**

**\*\*\*\*\***

**Comparative advantage in rapidly  
moving, high risk, blockbuster  
product, markets; radical  
innovation**

### **Coordinated market economies – Continental Scandinavian**

**Block shareholding**

**Strong vocational training at all  
levels**

**Regulated labour markets;  
codetermination, coordinated wage  
bargaining, strong unions, employer  
associations**

**\*\*\*\*\***

**Comparative advantage where  
experienced skilled responsible  
workforces important; incremental  
innovation**

## Political System

Variety of Capitalism	Political System		
	<u>Consensus/PR</u>	<u>Competitive/ Majoritarian</u>	
	<u>Coordinated</u>		
	Sweden, Denmark, Norway, Finland, Germany, Austria, Netherlands, Belgium, Switzerland		
			United Kingdom, United States, Canada, Australia, Ireland, New Zealand
	<u>Liberal</u>	New Zealand (1996-)	

## Types of Welfare State

### Welfare state dimensions:

1. Insurance (against unemployment, illness); universal v earnings related; [financed either by contributions (typically employers, employees), or from general taxation]
2. Redistribution (holding chance events constant)
3. Public sector provision of child-care, elderly-care v home provision v market provision
4. [Public v private education and health]

### Esping-Andersen 3 worlds of welfare

I Liberal; Anglo-Saxon (safety net): low flat rate “universal”; low redistribution; market provision

II Continental: insurance, contribution-financed; ER; low redistribution; home provision

III Social Democratic: insurance, universal, general taxation; redistributive; public provision

Political System

PLUS WELFARE  
STATES

Consensus/PR

Competitive/  
Majoritarian

*Sweden, Denmark,  
Norway, Finland,*

(A) ***Bold Italics: Soc  
Dem***

Coordinated

Germany, Austria,  
Netherlands,  
Belgium, Switzerland

(B) **Bold Underline:  
Continental**

(C) **Plain: Liberal**

United Kingdom,  
United States, Canada,  
Australia, Ireland,  
New Zealand

Liberal

New Zealand (1996-)

Variety of  
Capitalism

# Electoral System and Number of Years with Left of Centre and Right of Centre Governments: 17 Advanced Countries (1945 – 1998)

## Partisan Spectrum

Electoral System

	Left of Centre	Right of Centre	% Right Governments
Proportional Representation	342	120	0.26
	(8)	(9)	
Majoritarian	86	256	0.75
	(0)	(8)	



**Some issue areas:**

**Inequality**

**Patterns of economic activity (Innovation, MNCs)**

**Crime and punishment**

**Education and training**

**Corporate governance**

**Industrial relations**

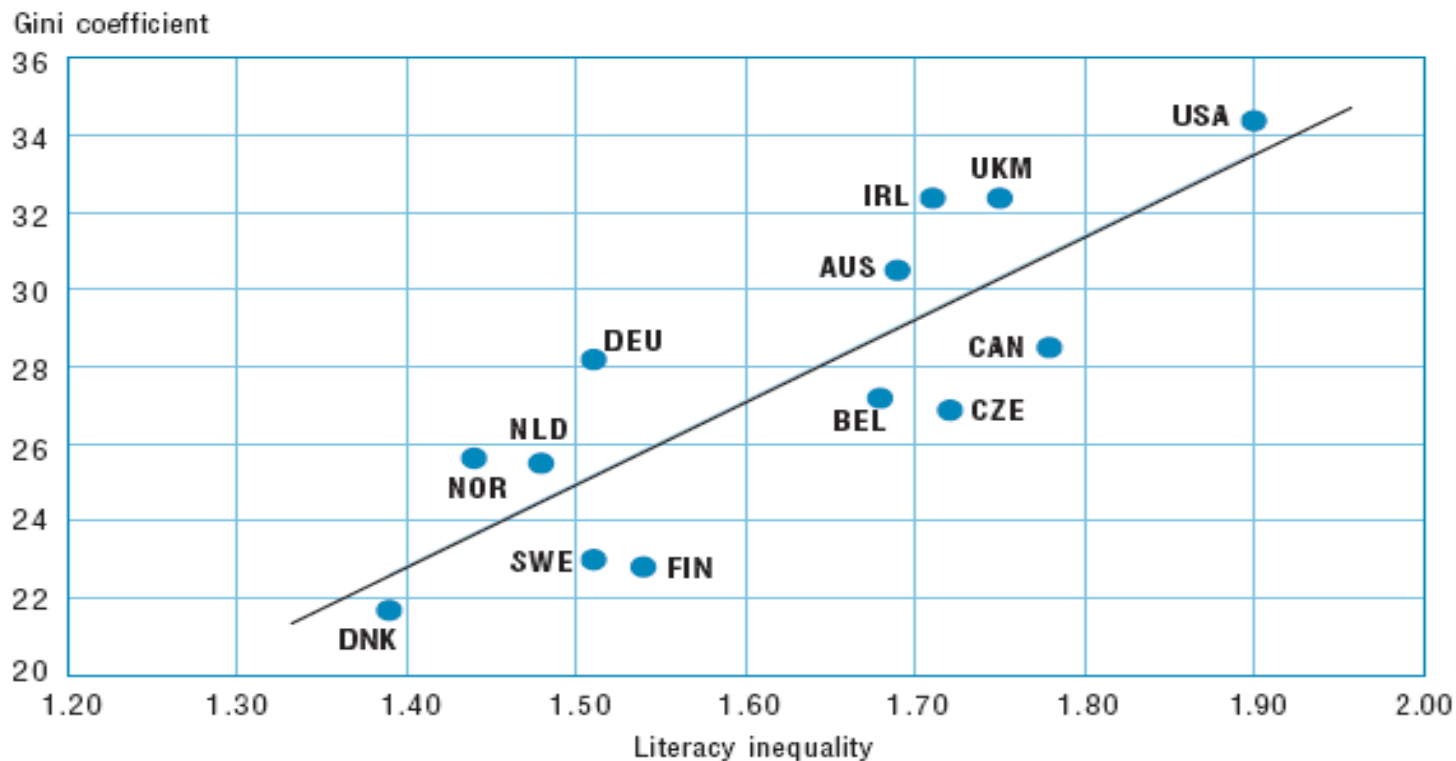
**Gender, work and family**

**Immigration**

# ECONOMIC AND LITERACY INEQUALITY

## ECONOMIC INEQUALITY AND LITERACY INEQUALITY

Relationship between economic inequality (Gini coefficient) and inequality in the distribution of literacy (9<sup>th</sup> decile/1<sup>st</sup> decile) within countries, prose scale, 1994-1998



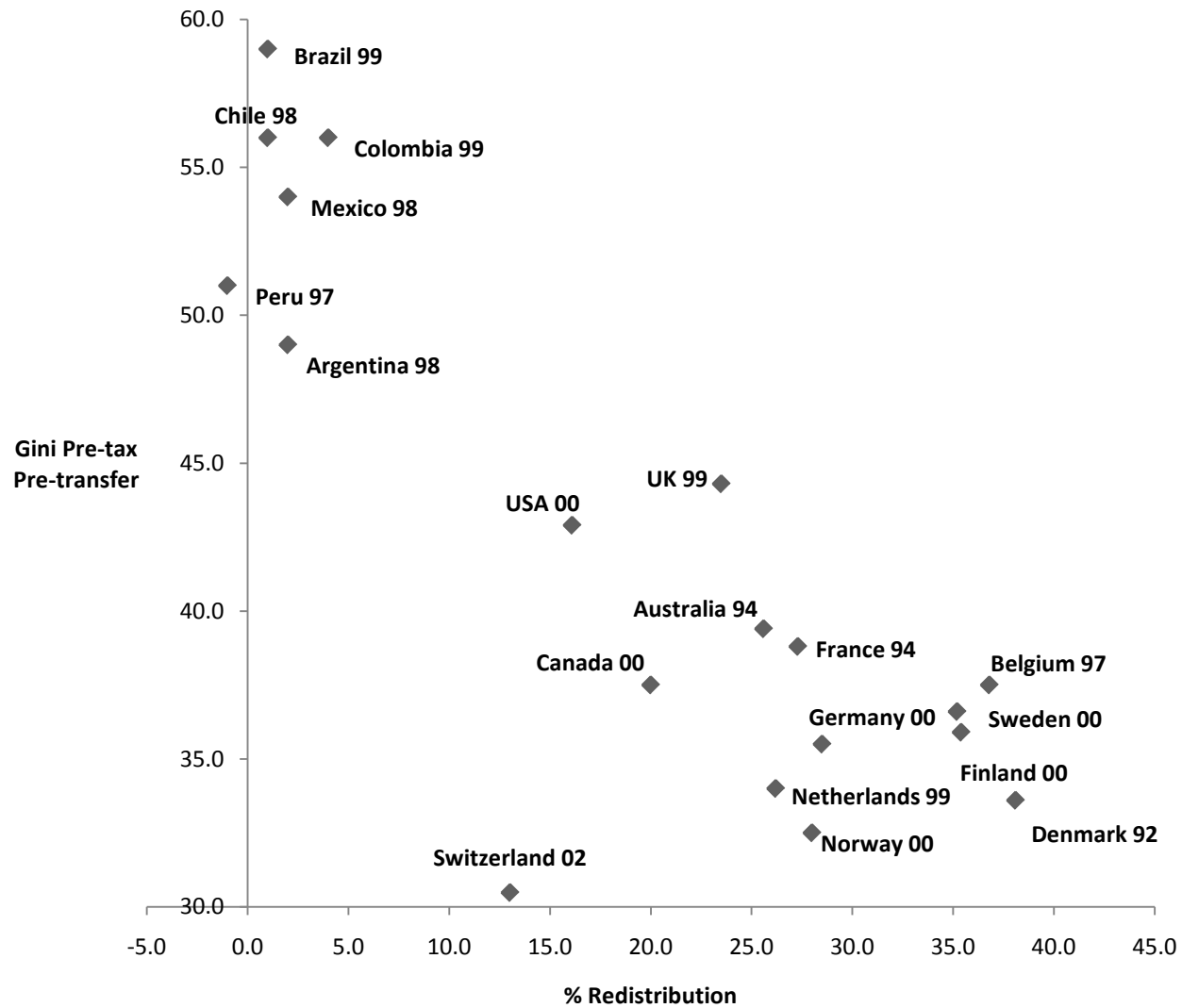
Sources: International Adult Literacy Survey, 1994-1998; OECD, *Trends in Income Distribution and Poverty in OECD Area 1999*.

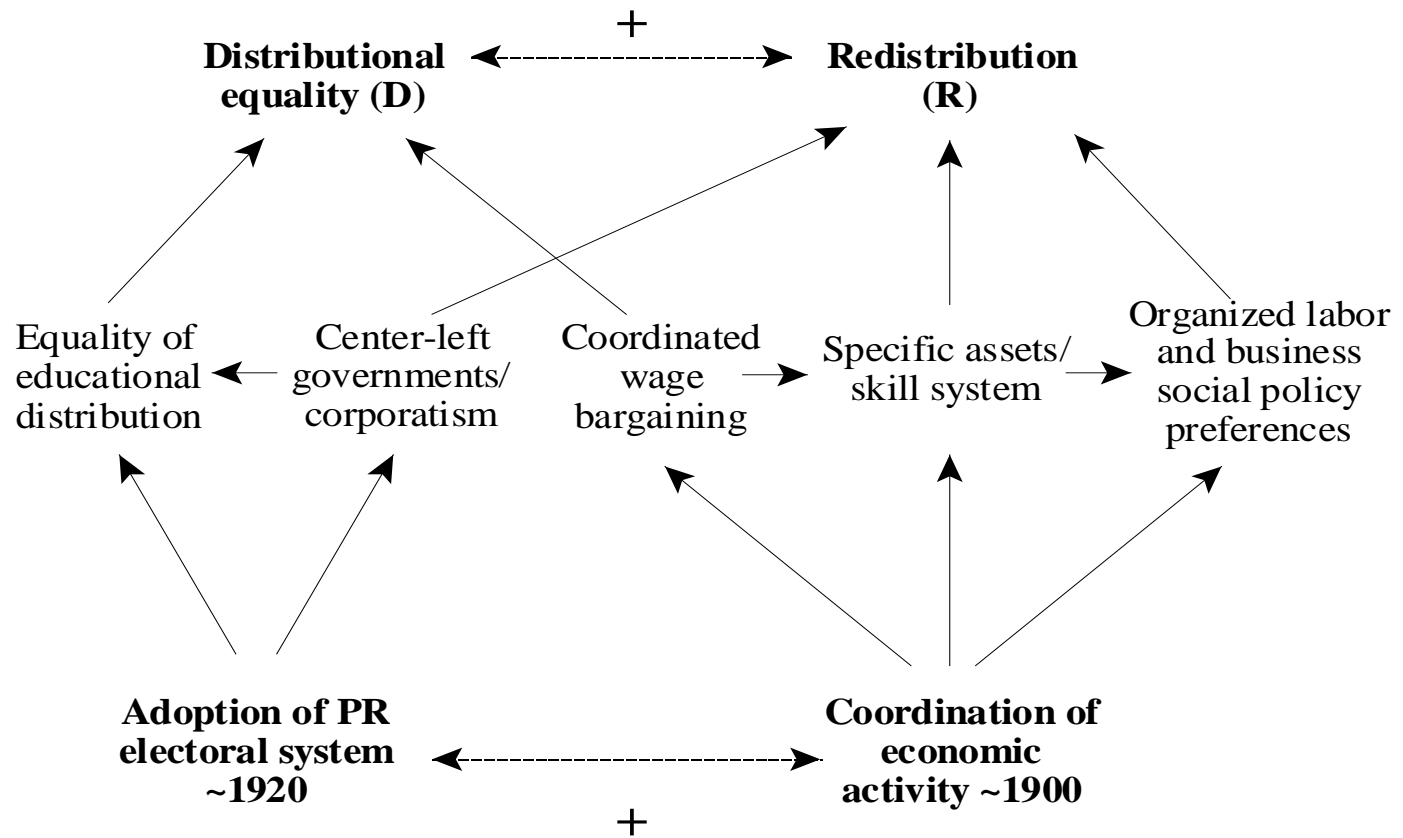
**COMPARATIVE LITERACY/ NUMERACY PERFORMANCE: 5<sup>th</sup>  
PERCENTILE**

	Prose	Document	Quantitative
<i>Sweden</i>	214.0	218.6	215.9
<i>Norway</i>	208.8	202.5	208.9
<i>Netherlands</i>	202.8	202.4	200.9
<i>Germany</i>	199.6	207.2	217.8
<i>Finland</i>	198.8	189.9	197.1
<i>New Zealand</i>	164.8	153.8	154.1
<i>Ireland</i>	159.6	146.7	146.2
<i>UK</i>	151.2	143.3	141.5
<i>Australia</i>	145.1	143.7	149.5
<i>Canada</i>	144.5	133.9	155.1
<i>US</i>	136.7	125.4	138.3

## CRIME AND PUNISHMENT

	Incarceration rate (per 100,000), 2006	Homicide rate (per 100,000), 2006
<b>Liberal economies</b>		
US	737	5.6
New Zealand	186	2.5
England and Wales	148	1.6
Australia	125	1.9
<b>Coordinated economies</b>		
Germany	94	1.2
Netherlands	128 (100 in 2002-3)	1.5
Sweden	82	1.1
Denmark	77	1.0
Finland	75	2.9
Norway	66	1.1
Japan	62	0.9
[France]	[85]	[1.7]





## **Major Issues/ Debates/ Problems**

**(i) Including more societies, and enlarging number of clusters. SE Asia, East Asia, Latin America, Transitional economies, Southern Europe. .... +??**

**(ii) Historical evolution: if there are two clusters among advanced countries, where did they come from?**

**(iii) Other key institutions:**

**Macroeconomic Demand Management (Monetary, Fiscal, Exchange Rate policy-making and institutions: Liberal cluster discretion-based, Coordinated rule-based. Fed & MPC versus ECB)**

**Legal systems (Common Law in Liberal cluster; Civil Code in Coordinated cluster)**

**Family and social systems**

**(iv) International relations and international institutions:**

**EU - missing foreign and defence policy**

**International financial coordination, and the crisis**

**(v) Regions, localities**

**(vi) Stability?**

**Globalisation of finance**

**Multinationals**

**Industry to services (vocational training)**