

The nation-state in transformation: economic globalisation, institutional mediation and political values, edited by Michael Boss, Aarhus, Aarhus University Press, 2010, 401 pp., €40.95 (paperback), ISBN 978 87 7934 492 1

Gerard Downes

This insightful, hugely diverse, and highly informative volume seeks to adopt a comparative approach principally to Denmark and Ireland, two small states that, prior to the onset of the 2008 global economic crisis, were portrayed as having successfully adapted to the processes of globalisation. The decision by the editor Michael Boss to adopt a comparative approach to the two states is a salutary one, as among the central premises of this volume is the contention that small states, and in particular small Northern European states such as Denmark and Ireland, have traditionally maintained their respective competitiveness by balancing open economies and flexible industrial policies within various forms of social partnership and welfare states. Superficially at least, the two states share strong similarities given how both are geographically peripheral nations in the north-west of Europe, of similar geographical size and relatively ethnically homogeneous populations, with strong rural traditions.

Additionally, both have been historically overshadowed by a more powerful, imperial neighbour.

However, as Rory O'Donnell highlights here in his chapter on negotiated governance and hybridity in small European states, Ireland and Denmark have each developed economic profiles, institutional configurations, and policy legacies so divergent from each other that the two countries are now categorised in different regime clusters. Furthermore, and as is illustrated at various junctures throughout this book, whereas Ireland has displayed the

characteristics of a liberal market economy that has long subordinated social goals to the needs of its economy, Denmark, as a ‘coordinated market economy’ has accommodated market policies within corporatist institutions and adopted its own variety of capitalism. This model is neither traditionally social democratic nor does it conform to Anglo-Saxon liberalism, but is characterised by processes of coordination and negotiation aimed at securing the continuous adjustment of the economy to international markets, involving the state, social partners, as well as other actors and institutions of civil society. Tellingly, and in contrast to Ireland, there has been little clamour within Denmark, not even amongst the diverse elements of the Conservative–Liberal coalition that has governed that country since 2001, to jeopardise social cohesion and the social security of its citizens in the reform process undertaken by that government – a factor which might help to explain why Ireland’s current rate of unemployment is almost twice that of Denmark’s, and also why Ireland’s public sector has, with virtual impunity, been financially pummelled in attempts to ameliorate the country’s private banking-sector catastrophe.

The genesis of this book emanated from the decision made in 2006 by Boss to organise a conference at Aarhus University with the purpose of exploring whether a comparative study of the economic development of Ireland and Denmark would offer general insights into the differentiated globalisation of nation-states and examine more thoroughly how national institutions mediate external economic pressures. The conference was held in November 2007, at a time when Ireland’s Celtic Tiger was still being eulogised by public policy think tanks such as the Hoover Institution, and proffered by politicians including Scotland’s First Minister Alex Salmond, and current UK Chancellor George Osborne, as a template for other political entities to emulate. Ireland’s subsequent economic degrading, in tandem with a noteworthy decline in Denmark’s rate of GDP growth throughout 2008 and 2009, meant that

the lacuna between the conference and this book's publication in 2010 allowed for significant re-writings of many of the papers contained within this volume. The accounts are therefore written post facto which, while depriving this book of a certain degree of intrigue, renders it more relevant and certainly more insightful than would otherwise have been the case.

Consequently, the chapters by eminent scholars such as Brian Girvin, Rory O'Donnell, Joseph Ruane, Peadar Kirby, Georg Sorensen, Chris McInerney and Sean O'Riain, highlight how Ireland's economic calamity was not merely triggered in response to the unravelling of international financial markets in 2008. Rather, as they underline, the origins of the crisis can also be found in Ireland's economic structures, policy decisions and institutional developments, coupled with a hubristic belief that the formula for infinite growth lay within a combination of quasi-corporatism and Anglo-American neo-liberalism that overlooked financial regulation and paid little attention to wealth distribution.

This book continues the tradition of studying small states, initiated by Peter Katzenstein's *Small States in World Markets* (1985), and broadly leans to a New Institutional approach which argues that globalisation has led to neither the retreat of the state, as predicted by several neo-liberal theorists and the great iconoclast Susan Strange in the 1990s, nor to the homogenisation of nation-states. Instead, national institutions mediate the degree to which global pressures affect decision making by states and private actors in a manner that moderates convergence. Boss argues that this 'competitive institutional advantage', and the dynamic approach to globalisation that it entails, helps to explain why over-weaning neo-liberalism has not been adopted in all its manifestations by small states.

The volume is segmented into four distinct parts: Histories and Institutions; Political and Economic Imaginaries; State, Market and Governance; and Democratic Values, Social Cohesion and Belonging. The presence of chapters on areas as diverse as the character and roots of Danish Europragmatism, Social Partnership in Ireland, the Knowledge Economy as a state project, Social Capital and the Welfare State, and the salience of the periphery model for analysis of Irish development, among others, renders the editor's job a particularly fraught one. While the book lacks coherence as a result, it must be acknowledged that Boss has performed an admirable task in knitting together the volume's disparate components into a less than amorphous whole, an undertaking made even more complicated by the inclusion of heavy-hitting public intellectuals such as Bob Jessop and Francis Fukuyama, both of whom thankfully negate the Denmark–Ireland comparative perspective in order to deliver two of the book's more intriguing chapters.

Jessop is particularly illuminating in his essay 'The Knowledge Economy as a State Project' in emphasising how, just as market forces are prone to failure, so too are state projects such as the promotion of the hegemonic economic imaginary that is the (ostensible) knowledge-based economy (KBE). Jessop elucidates that the commodification of knowledge and the treatment of such knowledge as a scarce resource in any KBE reflects a shift in master economic narratives in response to the crises of assorted post-war models of national economic growth. More pertinently, he argues that KBE projects have been unable to suspend the basic contradictions involved in subordinating the circulation of knowledge as a collective resource to the logic of capital accumulation. Ultimately, an alternative to the KBE imaginary needs to be found, beginning with reflections on the meaning of a wisdom-based society. In an Irish context, this is particularly salutary. The appeal of the KBE as an economic imaginary is particularly seductive and politically has a high degree of rhetorical

salience. In reality, however, Ireland's self-promotion as a KBE has proven to be relatively chimerical. Not only has the use of technology such as computerised systems in Irish prisons, elections, hospitals, police force, and social welfare apparatuses proven to be extremely problematic; the country has on the whole failed abjectly to create a culture in which science and technology are decidedly valued.

The volume is refreshing generally in that many of its contributors debunk several of the prevailing myths of globalisation theory such as those which contend that the nation-state is weakened because it has become increasingly difficult for the state to protect the social and democratic rights of its citizens, or that many highly educated and mobile individuals increasingly see themselves as part of a global rather than national civil society. For example, Lars Bo Kaspersen and Linda Thorsager assert in their chapter 'Responding to Globalization: Changing the State Structure from Infrastructural Power to Authoritarian Liberal Power' that, contrary to the state being in decline, it is repeatedly reinvigorating itself through its possession of autonomous power and its use of societal resources to maintain its sovereignty. In order to maintain such autonomy, it uses two particular forms of power strategies to achieve its goal, namely despotic power and infrastructural power. Reforms which have taken place within Denmark over the last decade have resulted in a gradual increase in more centralised and hierarchical state power, which the authors define as the oxymoronic 'authoritarian liberalism'. The response to globalisation, they argue, necessitates moving towards an 'investment state' or an 'enabling welfare state' in which the welfare state is adjusted and institutions fine-tuned in order to become more competitive. There is a thought-provoking argument, which is why it is a pity that their chapter doesn't outline what specific form such adjustments should take. However, their stated intention to pursue such arguments more empirically in the future is to be welcomed.

Overall, this volume is a worthy addition to the canon of work relating to small states that was initiated by the aforementioned Peter Katzenstein. Whether Katzenstein's quarter-of-a-century-old contention that majoritarian electoral systems result in many losers and a concomitant low level of confidence in democratic institutions, whereas proportional systems, such as Ireland's, produce a highly representative democratic system and high degrees of social trust, is one whose veracity will be severely tested over the next decade and beyond.

Gerard Downes

© 2011, Gerard Downes