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THE CONTRIBUTORS

PEPPER D. CULPEPPER is an associate professor of public policy at the John F. Kennedy School of Government at Harvard University. He is the author of *Creating Cooperation: How States Develop Human Capital in Europe* (2003) and editor, with David Finegold, of *The German Skills Machine: Sustaining Comparative Advantage in a Global Economy* (1999). He is the coeditor with Peter a. Hall and Bruno Palier of a recently completed volume on the politics of social change in France (forthcoming in English and French editions). His current research focuses on mechanisms of institutional change in the political economies of the advanced capitalist countries.

THOMAS BANCHOFF is an associate professor in the Department of Government and the School of Foreign Service at Georgetown University. He is the author of *The German Problem Transformed: Institutions, Politics, and Foreign Policy, 1945–1995* (1999). His current projects center on the politics of the life sciences and on the intersection of religion and politics in Atlantic democracies.

LUCAN WAY is an assistant professor in the Department of Political Science at Temple University and was an Academy scholar at the Harvard Academy for International and Area Studies in 2004–5. He has published numerous articles and is currently working on a book on the obstacles to authoritarian consolidation in the former Soviet Union.

KURT WEYLAND is a professor of government at the University of Texas at Austin. He is the author of *Democracy without Equity: Failures of Reform in Brazil* (1996), *The Politics of Market Reform in Fragile Democracies: Argentina, Brazil, Peru, and Venezuela* (2002), and of numerous journal articles and book chapters on democratization, neoliberalism, populism, and social policy in Latin America; and he is the editor of *Learning from Foreign Models in Latin American Policy Reform* (2004). His current book project focuses on the cross-country diffusion of social policy innovations in Latin America.

MARGARET M. PEARSON is a professor of government and politics at the University of Maryland. She is the author of *Joint Ventures in the People's Republic of China* (1991) and *China's New Business Elite: The Political Results of Economic Reform* (1997). Her current research interests include, in addition to regulatory politics in China, the integration of China into the global economy.

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ABSTRACTS

INSTITUTIONAL CHANGE IN CONTEMPORARY CAPITALISM

COORDINATED FINANCIAL SYSTEMS SINCE 1990

By PEPPER D. CULPEPPER

What happens when the unstoppable force of liberalization collides with the immovable object of national financial institutions in the advanced industrial democracies? To answer this question and evaluate alternative mechanisms to explain institutional change, this article examines the cases of the three large European economies with concentrated share ownership—France, Germany, and Italy. In the formal legal mechanism, interest coalitions adopt new laws, leading actors to deviate from formerly stable patterns of behavior in shareholding. In the joint belief shift mechanism, collective actors use a triggering event to jointly reevaluate their views of how the world works and thus how their interests can best be pursued. Using the metric of patient capital, this article shows that institutional change took place in France but not in Germany or Italy, despite the fact that Germany and Italy experienced significant regulatory change in the area of corporate governance while France did not. This evidence fits joint belief shift and is inconsistent with the formal legal mechanism. It is likely that the importance of the two mechanisms of institutional change depends on the degree of strategic interdependence among institutional actors: where it is high, the joint belief shift mechanism is likely to precipitate change; and where it is low, the formal legal mechanism is likely to precipitate change.

PATH DEPENDENCE AND VALUE-DRIVEN ISSUES

THE COMPARATIVE POLITICS OF STEM CELL RESEARCH

By THOMAS BANCHOFF

The politics of stem cell research poses a puzzle: the explanation of different national responses to the same scientific breakthroughs. Policy struggles across the major scientific powers have revolved around similar values—the protection of human life and solidarity with the sick—but generated very different regulatory outcomes. Bringing in historical and institutional legacies can shed light on those differences. The article develops an analytical framework around the path-dependent effects of state institutions on value-driven issues and applies it to the politics of stem cell research in the United Kingdom and Germany. Historical institutionalism, it argues, can be extended beyond the study of political economy and the welfare state to issues marked by sharp value conflict.

AUTHORITARIAN STATE BUILDING AND THE SOURCES OF REGIME

COMPETITIVENESS IN THE FOURTH WAVE

THE CASES OF BELARUS, MOLDOVA, RUSSIA, AND UKRAINE

By LUCAN A. WAY

This article explores the sources of regime competitiveness in the post-cold war era through a structured comparison of regime trajectories in Belarus, Moldova, Russia, and Ukraine, for the period 1992–2004. An examination of these cases suggests the need for a fundamental rethinking of the commonly held view of the transition process—especially in countries that face relatively weak international democratizing pressures. Approaching these countries as unconsolidated autocracies rather than as simply emerging democracies draws attention to key sources of political competition that have largely been ignored in the literature on competitive regimes. Thus, competitive politics in Belarus, Moldova, Russia, and Ukraine were rooted less in robust civil societies, strong democratic institutions, or leadership than in the inability of incumbents to maintain power or concentrate political control by preserving elite unity, controlling elections, and/or using force against opponents. Such “pluralism by default” has been the outgrowth of the

strength of anti-incumbent national identity and incumbent weakness as defined by a lack of know-how, ineffective incumbent organization, and/or the weakness of certain dimensions of state power.

THEORIES OF POLICY DIFFUSION

LESSONS FROM LATIN AMERICAN PENSION REFORM

By KURT WEYLAND

What accounts for the waves of policy diffusion that increasingly sweep across regions of the world? Why do many diverse countries adopt similar changes? Focusing on the spread of Chilean-style pension privatization in Latin America, this article assesses the relative merit of four theoretical explanations that scholars of diffusion have proposed. As the principal mechanism driving innovations' spread, these approaches emphasize external pressures, emanating especially from international financial institutions; the quest for symbolic or normative legitimacy; rational learning and cost-benefit calculation; and cognitive heuristics, respectively. The article assesses which one of these frameworks can best account for the three distinctive features of diffusion, namely its wavelike temporal pattern; its geographical clustering; and the spread of similarity amid diversity. While several approaches contribute to understanding policy diffusion, the analysis suggests that the cognitive-psychological framework offers a particularly persuasive account of the spread of pension reform.

THE BUSINESS OF GOVERNING BUSINESS IN CHINA

INSTITUTIONS AND NORMS OF THE EMERGING REGULATORY STATE

By MARGARET M. PEARSON

China began to establish markets a quarter century ago, but only in the last decade has its government made a concerted effort to design new institutions to govern them. Hence, a "regulatory state" is emerging. The prevailing literature focuses on a seeming convergence of China's institutions with the dominant global model of the "independent regulator," including the establishment of new regulatory commissions. Yet research on China's strategic industries—those in the infrastructure and financial services sectors—suggests that assumptions of convergence obscure key elements of a regulatory design characterized by continued state ownership (as opposed to privatization), maximization of the value of these assets, and active government structuring of these industries. Moreover, regulators in the existing party-state bureaucracy have relatively weak authority. This research cautions us to rethink dominant models of Chinese political economy so that we retain a place for the central state in directing market reform at the "commanding heights" of the economy.