and relies on a victim-based nationalism as its main legitimizing principle, both books will provide the best insights into the mindset of China’s leaders regarding the country’s place in the world.


— Jeffrey A. Hart, Indiana University

In this book, Darius Ornston takes on the problem of explaining how it was possible for countries with neocorporatist systems to make the transition from a conservative form of corporatism to a competitive or creative one. He considers in detail the cases of Finland, Denmark, and Ireland. In Finland and Denmark, the transition is to a creative corporatism in which “new enterprises, occupation, and industries” (p. 3) are targeted. In creative corporatism, says Ornston, policymakers use “policy concertation to convert hitherto conservative patterns of coordination in production, adapting public-private, industry-labor, and interfirm collaboration to invest in disruptive inputs such as venture capital, human capital, and R&D” (p. 3). Ireland, in the author’s view, is an example of competitive corporatism in which concertation is used to obtain agreements with unions on wage restraints so that the country can better compete in attracting foreign investment inward from high-tech firms. In creative corporatism, one gets both concertation and collaboration; in competitive corporatism, there is only concertation; and in liberalism (referred to here as “unilateral liberalization”), there is neither concertation nor collaboration (pp. 193–194).

According to Ornston, both competitive and creative corporatism resulted in higher rates of growth in the three countries after 1990 than in previous periods, and all three experienced upticks in their percentages of high-tech jobs and revenues. Part of the argument, therefore, is that these small countries did not adopt the usual liberal prescriptions for becoming more competitive in the global economy. They did not simply except their preexisting comparative advantages and liberalize markets. Distinctly illiberal policies were at the root of their success. Nevertheless, Ireland had problems sustaining its growth after the dot-com crash of 2000, Denmark was unable to invest as much as Finland in universities and research and development, and Finland was unable to invest as much as Denmark in worker training. As a result, all three countries did not fare as well as larger countries in the region with more diversified economies, such as Germany after 2007.

This is a good book, and there is much to be learned from the author’s account of what happened in the three countries. We learn, for example, that Finnish elites felt strongly the necessity to deal with the consequences for Finland of the breakup of the Soviet Union after 1989 and did so by diversifying production away from traditional industries, such as forestry and paper products. They started with a system in which the state was relatively strong and labor unions relatively weak. Finnish capital markets were strongly dependent on large universal banks, created in the nineteenth century as an expression of economic nationalism. A big part of the Finnish success story, therefore, was the introduction of venture capital into a bank-led financial system after 1990, as well as the formation of a state agency, Tekes, the Finnish Funding Agency for Science and Technology, responsible for funding industrial R&D for new technologies via, for example, the formation of research and development consortia.

In Denmark, there was much less reliance on state agencies and initiatives and much more on industry–labor collaborations. Unlike Finland, where one large firm, Nokia, was a global technology leader, Denmark had no large national champions. Instead, new firms rose to prominence during this period in new industries, for example, Novo Nordisk and Neurosearch in pharmaceuticals and biotechnology. Ornston argues that the most important change in policies came in the form of a new deal with labor in which “trade unions accepted reductions in social-benefit rates, duration, and eligibility in exchange for a more active training policy” (p. 100). New state-subsidized training programs supplemented preexisting industry-funded training programs. In contrast with what occurred in Finland, efforts to create a state-controlled venture capital fund were largely unsuccessful.

In Ireland, the success of the government in negotiating wage restraint combined with low tax rates helped to induce a continued inward flow of direct foreign investment. The higher educational system turned out enough skilled engineers and workers to remove the supply of skilled labor as a constraint on growth. As in Finland, labor was weak and the government was relatively strong. Employers “embraced the turn toward tripartite concertation” (p. 135). What was missing in Ireland, in contrast with Finland, was an increase in R&D spending, and, in contrast with Denmark, a tradition of industry–labor collaboration.

*When Small States Make Big Leaps* represents an important contribution to the literatures on varieties of capitalism and the politics of international competitiveness. Its main weaknesses stem from a lack of precision in defining major concepts and a failure to put forward a clear set of criteria for measuring variation in national systems over time.

Let us start with corporatism. This literature on corporatism began with analyses of state–societal arrangements under authoritarian regimes. Civil society in fascist regimes was organized from the top down and not from the bottom up. The authoritarian state had to put its stamp of approval on all nonstate groups that had access to state institutions;
those that did not qualify were either deemed illegal or denied access to the state. Thus, there were no independent, autonomous social groups (including religious groups) under authoritarian rule.

In the 1970s, Philippe Schmitter and others introduced the idea of neocorporatism to explain the persistence of corporatist-like institutions in postwar democracies. In neocorporatist systems, certain social groups were privileged over others and permitted to bargain directly with the state and other privileged groups. This privileged bargaining was called concertation. An example was the bargaining of the state, business interests, and organized labor over wages and the introduction of new technologies of production (among other things). The privileged groups in neocorporatism were independent and autonomous from the state. Neocorporatism was sometimes called societal corporatism to distinguish it from the state corporatism of authoritarian regimes. According to the scholars in this area, neocorporatism could coexist with democracy because elites and important parts of the general public recognized the legitimacy of both the state and the privileged groups and valued the social peace that concertation permitted.

Contrary to Ornston’s argument in this book, neocorporatism was not seen always as conservative by scholars of previous decades. The neocorporatist systems described in a variety of works could make use of the social peace that arose from concertation to bring about important changes in policies and in social arrangements that could be transformative. Also, it was clear from attempts to use the concept of neocorporatism that there was considerable variation across countries and over time in concertative practices. Even in liberal regimes, there are instances of concertation. For example, the financial bailouts of the city of New York and Chrysler Corporation in the 1970s were examples of successful tripartite (government–business–labor) concertation in the United States.

Similarly, the idea of coordination or collaboration put forward by Ornston is not precisely defined and underspecified. He wants it to stand for a variety of practices, but seems particularly interested in government–industry and interfirm cooperative arrangements. Again, these forms of coordination exist in liberal regimes as well as in corporatist regimes, and so it is not always clear where to draw the line in identifying the type of regime.

Some scholars who attempted to apply the concept of neocorporatism in the 1980s later ended up modifying or abandoning the theoretical framework outlined here because it was not sufficiently precise to handle the phenomena they were observing. In Between Power and Plenty (1978), Peter Katzenstein used the idea of “policy networks” rather than corporatism to talk about the differences in advanced industrial states; T. J. Pempel and Keiichi Tsunekawa argued that Japan was an example of corporatism without labor; and advocates of the “varieties of capitalism” approach, such as Peter Hall and David Soskice, returned to a simpler formulation by contrasting liberal market economies (LMEs) with coordinated market economies (CMEs). There is some discussion of this in Ornston’s book, but it would have benefited from a more thorough coverage of the literature.

All three countries examined in detail are small and European. The final two chapters of the book expand the scope of discussion to compare the three countries with larger capitalist countries (like Germany), other Western European nations (like the Netherlands and Sweden), Southern and Eastern European countries (like Spain and Poland), and East Asian countries (like South Korea and Taiwan). These comparisons are fairly superficial and do not really help the author make his argument about the superiority of creative and competitive corporatism over conservative corporatism (which seems in retrospect to be a fairly empty prescription).

Despite these weaknesses, When Small States Make Big Leaps represents an important contribution to the comparative analysis of capitalist systems and a serious effort to explain how small capitalist countries are adapting to globalization of the world economy. The kernel of truth that emerges is that knowledge creation and the diffusion of new technologies are crucial for successful adaptation to this new global environment.


— Aaron M. Hoffman, Purdue University

This is an important book that, as its subtitle suggests, integrates the study of international security and domestic politics. For Brian Rathbun, trust is the belief that cooperation will be reciprocated and generalized trust is the belief that others are typically trustworthy. Generalized trusters, at least in the first instance, do not depend on specific information about the behavior, character, or motives of others. Instead, they trust others with the belief that people behave morally in their social interactions. “Strategic” trusters, by contrast, will not trust others without specific information that those individuals have interests that encapsulate their own. If the standard formula for strategic trust is A trusts B to do X, the formula for generalized trust is “A trusts or A is trusting” (p. 24).

Unsurprisingly, generalized trust also differs from generalized distrust, the view that people are generally untrustworthy partners, both in its assumptions about the willingness of others to reciprocate cooperation faithfully and in the identity of its adherents. In Trust in International Cooperation, Rathbun’s thesis is that efforts to establish the League of Nations, the United Nations...