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1
Introduction

As Nicola Smith (2006: 519) argues, '[t]he trajectory of contemporary European political economies remains the subject of enormous academic and political controversy.' Nevertheless, while certainly true, one common theme in the discussions is the need for a consensus to exist across different actors in order for the economy to perform well. This is necessary in European political economies, because they are characterized by a compromise between capital and labour (underwritten by the state), in which labour accepts the market economy, and capital the need for the market economy to be embedded in institutions which cushion the population from the damaging impact of economic change. As a result, an essential prerequisite of the economy performing well is the presence of a consensus across the state, employers and trade unions – the tripartite actors – on economic and social policy. This is because institutions tend, over time, to become dysfunctional owing to the effects of economic, social and political change. Overcoming such dysfunction in European varieties of capitalism requires agreement on how to proceed. Thus institutional dysfunction, and economic underperformance, perpetuates in conditions of no consensus, and can potentially be overcome in conditions of consensus.

This book's primary concern is to provide a framework for analysing the role of consensus in European political economies that goes beyond the hitherto dominant varieties of capitalism literature, whose explanations centre on the institutional environment across different countries. While these contributions are frequently given different labels, '[f]rom the standpoint of comparing national capitalisms, the

extent of an institutionalist common ground within the social sciences is striking.' (Radice 2004: 188; see also Campbell 2004: 9). Thus research on European varieties of capitalism encompasses a considerably wider range of scholars than the term might suggest, particularly given its association with the narrower Varieties of Capitalism framework (as espoused by Peter Hall and Soskice 2001b).

Debate in the literature has revolved around differences between contrasting institutionalisms (see Campbell and Pedersen 2001 for an excellent overview). Regardless of the institutionalism adhered to by the scholar, the focus on institutions makes it necessary for consensus to be produced *internal* to the institutional environment. In consequence, institutions are separated from the society they are part of. My point of departure is that the role of consensus in the trajectories of European varieties of capitalism can be analysed adequately only with recourse to a discussion of culture. This entails an acknowledgement of the tightly connected relationship between state and society while remaining aware of their methodological distinctiveness. Institutions are intrinsically rooted in the society they are part of, giving them a social content which is nationally distinct. Although this is often discussed *in principle* in varieties of capitalism texts – especially in the discursive institutionalism corpus (see Schmidt 2000) – *in practice* there is a retreat to the institutions. As a result, the social content of any consensus that may form is neglected.

Perhaps the most lucid and persuasive commentaries in the varieties of capitalism literature have concerned the trajectories of the Dutch and German political economies. The Netherlands has often been portrayed as an example of how institutions can be mobilized effectively when responding to socioeconomic challenges such as high unemployment (Visser and Hemerijck 1997; Hemerijck *et al.* 2000). In contrast, Germany is more likely to be cited as an example of how institutions can fail to meet these challenges (Manow and Seils 2000; Kitschelt and Streeck 2003). Symbolizing the difference in economic performance are two milestones in the trajectories of the Dutch and German varieties of capitalism – the Wassenaar and Alliance for Jobs processes. Briefly, when facing considerable challenges such as high unemployment and economic recession, the Dutch were in the early 1980s able to forge a long-lasting consensus on reform which enabled institutional dysfunction to be overcome. In contrast, the Germans were in the late 1990s unable to do the

same, despite the years of mass unemployment and low economic growth that preceded Alliance for Jobs.

Through providing a more persuasive explanation of Wassenaar and Alliance for Jobs than has hitherto been the case, this book confronts the varieties of capitalism literature where it is at its strongest. In particular, I question the literature's ability to analyse the issue of consensus formation – which extends to consensus not being formed – in European varieties of capitalism. I argue that a persuasive analysis is possible only through the utilization of Antonio Gramsci's notion of "common sense", which captures both culture and consensus in one conceptual apparatus. This is possible through his focus on the role of the material basis for existence in shaping how humans view the world. Interview data, presented in Chapters 5 and 6, demonstrate the existence of shared perspectives on economic "reality" in the Netherlands – most notably the assumption of economic vulnerability – which stands in contrast to the distinctive outlooks articulated by the German interviewees. Because of this common denominator, it proved easier for tripartite actors in the Netherlands to form a consensus in the early 1980s than their equivalent in Germany in the late 1990s. In addition, Chapter 7 shows how the radicalized political environment of the early 2000s in both countries reinforces my position, despite the challenge to my case that this seems to pose.

The rest of this chapter, because of the above assertion that to analyse consensus we must consider culture, will focus on culture. The next section highlights the shortcomings of the varieties of capitalism literature on this issue, before discussing the value of Gramsci's writings on common sense and also the contributions of the neo-Gramscian literature more generally.

The varieties of capitalism literature and culture

"Culture" has become one of the most important reference points across the social sciences in recent years. Indeed, along with other closely-related "turns" (such as the constructivist, the linguistic and the ideational), the "cultural turn" signifies an increasing willingness to take seriously the role of culture in social science research (for example, see Chaney 1994; Hunt and Bonnell 1999; Crothers and Lockhart 2000; Slater and Tonkiss 2001; Lawson 2006). This has

enabled studies of culture to escape from their traditional home in anthropology, cultural studies and sociology and penetrate hitherto more resistant areas of social science such as International Political Economy (IPE). This shift took place, probably uncoincidentally, at the same time as a corresponding debate within IPE about the impact of "globalization" on the nation-state (for a review of the debate, see Bruff 2005). Those arguing against the notion that globalization is destroying national autonomy frequently invoked the specificities of national varieties of capitalism, and did so on an ostensibly institutionalist basis: that is, each country's institutional environment generates a path-dependence to the trajectories of national political economies that resists global pressures (see Weiss 1998; Garrett 1998; Hirst and Thompson 1999).

Out of such contributions emerged the varieties of capitalism literature, which provides a sophisticated theoretical basis for analysing the 'differences in economic and political institutions that occur across countries.' (Peter Hall and Soskice 2001b: 1). This extends to institutional adaptation as well as stability, since the former takes place in a path-dependent manner (see also Peter Hall and Soskice 2001a; Swank 2002; Weiss 2003). Such institutionalist explanations have been particularly effective in analysing the evolution of European varieties of capitalism, which assume a privileged position in the literature by way of continental Europe's status as the symbol of a more humane, egalitarian and consensual capitalism (frequently in contrast to the US version) (see Albert 1993; Scharpf and Schmidt 2000a, 2000b; Hemerijck 2002; Campbell *et al*. 2006).

Nevertheless, the literature's inadequate conceptualization of the role of culture in European varieties of capitalism renders it unable to incorporate the analytical potential generated by the "cultural turn". This is most apparent when the literature considers the role of consensus in European varieties of capitalism, for the fortunes of the varieties have been linked by many to the presence or absence of consensus across policymakers – principally the state, the employers' associations and the trade unions – on how to adjust to economic change (Hemerijck *et al*. 2000; Campbell and Pedersen 2007). However, the presence or absence of consensus across policymakers is often connected to societal factors. The attempt by the varieties of capitalism literature to incorporate the linkages between state and society is laudable, and terms such as culture, identity and norms

are often used. Despite such attempts, one of the main consequences is for culture to be conflated with institutional norms and conventions.

To give an example from the literature, Peter Hall and Soskice (2001b: 13) argue that 'the institutions of a nation's political economy are inextricably bound up with its history in two respects... [one] formal institutions and their operation procedures...[two] repeated historical experience [that] builds up a set of common expectations'. Regarding the latter, 'the shared understandings that accumulate from this experience constitute something like a common culture.' (*ibid*.: 13). Thus consensus – the shared understandings – is in effect *the same* as culture, a key consequence of the conflation of culture with institutional norms of appropriateness (cf. March and Olsen 1989, who are cited by Hall and Soskice despite their different brand of institutionalism). However, elsewhere Hall concedes that '[s]ome attitudes have a more exogenous character in the sense that they derive from fundamental beliefs about politics or economics whose origins are not to be found in any immediate institutional situation' (Peter Hall 1986: 278), and that the state is exposed to societal influences in the way it relates to institutional networks which have deep roots in society (*ibid*.: 17).

At a stroke the genie escapes from the lamp, for if culture and consensus are *not* conflated then it becomes impossible to account for culture's role in the political economy by way of the continued focus on institutions. However, varieties of capitalism scholars who acknowledge society more explicitly fare little better. For some, culture is now merely one variable among others, introduced by the author when other frameworks appear limited in their explanatory power. Characteristic is Schmidt's (2002a: 7–8) admission that she finds cultural explanations to be useful only when asking certain research questions. This fails to acknowledge the fact that *culture is embodied in all human social practice*.

I do not want to appear in favour of one-dimensional explanations, but such epistemological opportunism is surely something that we need to avoid. It should be stressed the Schmidt is far from alone in this respect, but she is one of the few to acknowledge openly this position (as do other discursive and constructivist institutionalists, who will be considered below). Instead there is usually a discussion of the need to incorporate a myriad of factors into a

framework which, in consequence, faces in many directions at the same time. Campbell and Pedersen (2001) argue that this is a strength of the "new institutionalism" underpinning the varieties of capitalism literature's approach (see Chapter 2 for more on this), but it also means that interminable discussions on when to use which variables, and in what sequence, have taken on the status of "defining debates" that ultimately generate much heat but little fire (a rare example to the contrary is Kenworthy 2006; compare with some of the symposia in the same journal which published this article).

Another approach taken by varieties of capitalism scholars who acknowledge society more explicitly is to relegate culture to the status of a vague umbrella term. A recent example is Streeck and Thelen's (2005b) attempt to formulate a theory of institutional change. In this important chapter they redefine an institution as a "social regime" consisting of rules made by rule makers with which rule takers are expected to comply. Yet they then make the somewhat bizarre move of, on the one hand, asserting that institutional regimes depend on societal legitimacy for its rules to be enforced, and on the other, claiming that '[i]n order not to make our Figure [summarizing institutions as regimes] too confusing, we have decided not to indicate the relations between both rule makers and rule takers with the surrounding society and the values the latter enforces on them.' (14). This closure of the opportunities afforded by their redefinition of institutions is breathtaking, and is inadequately addressed in the following paragraphs which attempt to shore up their position.

A seemingly more appropriate version of institutionalism has come to prominence in recent years, going beyond the rational choice and historical institutionalisms of Hall and Soskice and Streeck and Thelen, is discursive or constructivist institutionalism (see Schmidt 2002b; Hay 2006; Kjær and Pedersen 2001; Robert Henry Cox 2001; Blyth 2002).[1] Its point of departure is the belief that other institutionalisms are better at explaining institutional stability than institutional change. Secondly, in order to explain institutional change we need to consider the role of ideas and discourse in articulating the need for, and winning support for, change. Discourse thus matters when we come to consider substantial policy change (or lack of), because 'its ability to convince of the necessity

and appropriateness of a policy program' (Schmidt 2001: 250; emphasis added) is crucial to any story of successful or stillborn reform processes.

The emphasis on dynamism and the role of discourse in framing how people think and act is laudable, as are the discussions of the extent to which ideas and discourses resonate with society. Nevertheless, although superficially in accord with the neo-Gramscian approach I outline below, the belief still is – to quote an eminent scholar who highlights the role of ideas – that '[i]nstitutions are the foundation of social life.' (Campbell 2004: 1). In other words, these authors are just as committed to institutions, at the expense of the society they are part of, as the institutional perspectives that they seek to go beyond. In consequence, the ideas and discourses are formulated *from within the confines of the institutional environment* – hence the epistemological opportunism discussed above. Yet again, there is an inability to conceptualize the relationship between state and society.

To summarize, it is clear that varieties of capitalism scholars believe the link between state and society to be important. However, in practice the literature retreats to institutions as the basis for their explanation. To give an illustration of the problems this causes, Fritz Scharpf (2000: 120), when accounting for the willingness of the Dutch government of the early 1990s to press ahead with disability benefit reforms, remarks that it was such a controversial step that there could only have been an 'extremely strong cognitive orientation' towards reform. However, he fails to elaborate, and it is clear that he is unable to provide an explanation beyond an inadequate "they must have really believed in the reform" statement. As I will now outline, such abstention from formulating a plausible explanation allows him, along with the rest of the literature, to avoid discussing the elephant in the room: *capitalism*.

Conceptualizing culture in capitalist society

The core of the book's argument is that Antonio's Gramsci's notion of "common sense" provides us with the conceptual tools necessary for understanding and explaining the role of consensus in European varieties of capitalism. This is because Gramsci theorized culture as a political issue (Anderson 1976: 78), and thus a means by which state

and society could be considered as intimately linked without losing sight of their distinct analytical importance (cf. Gramsci 1971: 159–60). Two elements of Gramsci's writings are of great significance for this book: one, all humans are philosophers because everyone holds conceptions about the world, or common sense, no matter how fragmentary and uncritical; two, these conceptions of the world are embodied in all human social practice (*ibid.*: 323, 344, 357).

This enables us to define culture in a particular way, which is a precondition of conceptualizing the role of consensus in the trajectories of European varieties of capitalism. 'Culture is one of the two or three most complicated words in the English language' (Williams 1983: 87), and thus open to contestation. In my view, culture must be viewed as an irreducible and universal aspect of human existence if it is to be called culture at all, which immediately rules out one of the traditional conceptualizations of culture – culture as "the arts".[2] It is true that Gramsci tended to focus on "the arts" in his writings on culture, with a particular emphasis on literature and education (Forgacs and Nowell-Smith 1985: 13). Nevertheless, the editors of his *Cultural Writings* (Gramsci 1985) volume note:

> In all cases his interest is not so much in the object itself as in the place it occupies within a range of social practices. The writings on philosophy, for example, rarely enter in detail into philosophical arguments as such; their concern is with the place of philosophical thinking and of particular philosophies within social life. In other words, with the "culture" of philosophy…The fundamental concepts in play in Gramsci's observations on cultural themes are those which inform his writings generally – state and civil society, intellectuals, hegemony and so forth. (Forgacs and Nowell-Smith 1985: 14).

Hence Gramsci's (1985: 25) declaration that culture is the 'exercise of thought, acquisition of general ideas, habit of connecting causes and effects. For me, everybody is already cultured because everybody thinks, everybody connects causes and effects.' Moreover, the conglomeration of each person's thoughts about the world is their own version of common sense. Thus there are many different versions of common sense within any one society, but these conceptions can only be recognized as part of a culture if they are

intersubjective rather than merely subjective, and thus embodied in persistent *collective* patterns of human activity and thought (cf. Robert W. Cox 1996d: 514). Furthermore, there may be several different versions of culture co-existing at any one point in time, but, crucially, each version is a version of culture in *capitalist society*. Hence Gramsci's (1996: 233) opinion that the rise of capitalism signalled 'a phase [in human history] that would completely transform all modes of existence and radically upset the past.'

Two decades ago, Robert W. Cox (1987: 1, 13) defined production as the material basis for all human existence, for we need to produce in order to satisfy our needs for food, shelter, clothing and so on. Moreover, this need to produce must be organized in one way or another in order to produce anything at all. As Cox puts it, 'the ways in which human efforts are combined in productive processes affect all other aspects of social life' (Robert W. Cox 1987: 1). Therefore, if culture is an irreducible and universal aspect of human existence, our conceptions of the world will surely be saturated by references to the need to produce and its organization, or, to take the two together in one term, to the mode of production. Given that European varieties of capitalism, as the phrase suggests, are part of a capitalist mode of production – characterized by the predominantly private ownership of productive activity in a market-based system of exchange and distribution – then culture in these societies can be conceptualized as intersubjective *capitalist* conceptions of the world. As Coates (2000: 142) argues, '[c]apitalism comes in certain "models"…but all of the models are recognizably capitalist.'

Thus while the state, as the juridically sovereign set of institutions in European varieties of capitalism, should be the focal point of analysis, the varieties of capitalism literature neglects the fact that it is a *capitalist state*. As a result, culture cannot be conflated with institutional norms, bracketed off as a variable or viewed as a vague umbrella term: it traverses all parts of the social world – including state and society. This last point leads the discussion towards the next part of the chapter: the state itself. Having established the means by which we can conceptualize the role of culture in European political economies without committing the errors made by the varieties of capitalism literature, it is now necessary to explain why the state will be, as just asserted, the focal point of the analysis.

Chapter 3 argues that the way in which a version of common sense can come to predominate is through its connection to social groups who promote such a version. What Gramsci terms a "fundamental social group" – one of the major social classes – will be at the head of any alliance of social groups seeking societal hegemony, owing to the fact that human existence is rooted in production and its organization. Key to the success of these groups in securing societal support for their agenda is the ability to transcend their core economic interests and construct a worldview – or hegemonic project – which takes 'into account the popular and democratic aspirations and struggles of the people which do not have a necessary class character.' (Simon 1991: 43).

If these groups are able to gain the support and consent of enough of society in order to achieve societal leadership (or hegemony), then their version of common sense, as expressed through the articulation of their hegemonic project, has the opportunity to become the dominant worldview in that society at that point in time. This is because the reshaping of the legal framework institutionalizes and entrenches this version of common sense – or culture – in the framework, and the coercive legal status of state policies and institutions insulates this version from challenges by way of their "natural" appearance (cf. Robert W. Cox 1996d: 517–19). This is not to say that there will be no modification to state policies and institutions in the future; more that they acquire a durability which can be difficult to overcome.

The state's sovereign status makes it necessary for competing social groups to seek societal leadership on its administrative terrain, meaning that state and society are, while analytically distinct – in Gramsci's terminology they are "political society" and "civil society", together forming the "integral state" – they are tightly interlinked (Bieler and Morton 2003: 492, n.9). However, this means that any version of common sense that has come to predominate at a particular point in time will come into contact with earlier versions of common sense which had led that society. Therefore, any social groups seeking to attain societal hegemony must engage with the sediments of thought which have built up over time in that society, in order to gain support *vis-à-vis* other groups.

Furthermore, any social groups seeking to entrench their version of common sense in the legal framework – that is, to attain political

hegemony – must engage with the sediments of thought ingrained in existing policies and institutional arrangements on the state's administrative terrain. In consequence, while the present and future evolution of common sense within any country is an open empirical question, 'the contemporary world [is] a synthesis of the past…which projects itself into the future' (Gramsci 1971: 34–5). Therefore, different societies, and their state policies and institutions, exhibit path-dependent trajectories which can be observed and analysed over time.[3] Hence it is possible to conceive theoretically and observe empirically both the changes taking place in the given society and the path-dependent elements which distinguish one society from the next.

Methodological issues

From a research design perspective, the role of culture in the trajectory of the national variety of capitalism can be most clearly observed and analysed at the state level, because elites are a rarefied embodiment of their society's culture. As Chapter 3 explains, each version of common sense has the chance of leading the society the more successfully it moves from fragmentary, contradictory, uncritical everyday conceptions of the world in society to the opinions expressed and promoted by elite actors at the level of the state. This process is driven by organic intellectuals – such as political parties, trade unions and employers' associations – who represent and stem from each social group. Organic intellectuals clarify, renovate and shape the everyday conceptions into a synthesis of ideas which seek to mobilize and rally society around their vision. As a result, given this book's focus, organic intellectuals are conceptualized as 'institutional frameworks within and through which different class fractions [or components] of capital and labour attempt to establish their particular interests and ideas as the generally accepted, or "common sense", view.' (Bieler 2000: 13).

As a result, the closer common sense moves to the state level the more coherent, consistent and lucid it becomes. This does not mean that it is an internally consistent body of thinking when expressed in state policies, because synthesizing different ideas together in order to gain support from different social groups often entails a certain organizational coherence at the expense of ideological clarity.

However, because the elite have more time to think about issues such as the economy, and receive policy and intellectual advice from many sources, these different ideas will be most clearly expressed at the state level. Gramsci (1971: 331) described the art of politics as the intermediary between everyday life and philosophy, which enables elite common sense to be relatively coherent and sophisticated without being abstract or disconnected from the "real world". Therefore, while elite common sense is analytically distinct from everyday common sense, they are two ends of the same continuum rather than separate categories. For the purposes of this book, elite common sense will be focused on because it is articulated at a level – the state – whereby its expression through policies and institutions could have real and lasting significance for that society. Secondly, elite common sense is more empirically accessible in both organizational and observational terms: certain actors (in this book's case the tripartite actors) can be identified for the purposes of research, and their versions of common sense will be more amenable to analysis than everyday versions.

This is not to say that non-elite common sense is unimportant (see Motta 2006 for an important corrective to notions of statism), but that the state, as a juridically sovereign set of institutions, provides the terrain upon which predominant versions of common sense can become the basis for a hegemonic order in that society. Regarding the second point, everyday common sense is not too difficult an object of study, but it is more fragmented in both organizational and observational terms. My approach is thus infused with a certain pragmatism, and this is because one must keep in mind at all times the research agenda. This book's point of departure is from discussions of consensus in European political economies by the varieties of capitalism literature. Key to my position is the belief that we can study the same aspects of the political economy as this literature – national-level tripartite actors and institutions (Gramsci's "integral state") – and arrive at a considerably more persuasive analysis through the utilization of a neo-Gramscian framework. In particular, I will demonstrate that the potential for synthesis between different cultures, or versions of common sense, shapes whether consensus is present or absent across the tripartite actors. In other words, *the source of consensus is not the institutional environment; it is culture*.

In addition, the study is comparative, and my conceptualization of culture in capitalist society enables us, again, to confront the varieties of capitalist literature on its own terrain, for many of its most famous outputs are comparative studies. Indeed, the utilization of comparisons is central to its explanatory power, because it exposes less rigorous analyses to forensic and damning examination (such as Ohmae 1990; Barnet and Cavanagh 1994; Friedman 2005), forcing scholars to be more cautious and sensitive when undertaking their research. Thus there is little point in talking past the literature you are departing from: far better is to demonstrate that *in and of itself* it is inadequate.

As Sassoon (2000: 10) says, comparison is useful not just because it widens one's horizons, which is important for any researcher, but also due to the critical approach to the world that it encourages: '[comparative perspectives] are a prerequisite for acquiring an appreciation of the specificities of any single society and for denaturalising what appears unproblematically "normal" or "natural".' Thus this study will, unlike the varieties of capitalism literature, utilize comparisons and contrasts in order to enquire into the basis for the opinions and actions of Dutch and German actors. In so doing capitalism is brought back into focus, thus correcting the uncritical studies of capitalist institutions prevalent in the varieties of capitalism literature.

In terms of research methods, this study utilized semi-structured qualitative interviews with a range of elite actors – some of whom were politically involved at the time of the Wassenaar and Alliance for Jobs processes, and some of whom gave comments from a more personally detached perspective (thus providing for a balance between those on the inside of the negotiations and those who were not).[4] Qualitative methods, of which interviews are the primary example, 'are most appropriately employed where the goal of research is to explore people's subjective experiences and the meanings they attach to those experiences…[They] are good at capturing meaning, process and context' (Devine 2002: 199). In terms of the interviews themselves, '[t]he very strength of the interview is its privileged access to the common understanding of subjects, the understanding that provides their worldview' (Kvale 1996: 291). Therefore, qualitative interviews are appropriate for a study of this kind, for they seek to bring to light the assumptions underlying the interviewees'

opinions. This way 'it becomes possible to uncover the social, structural and cultural bases of choices and actions that might appear natural or predetermined.' (Gerson and Horowitz 2002: 206).

In consequence, the data was analysed via an inspection of the language the interviewees used. Language is important, for it reveals assumptions which tell us something about how people view the world in which they live – it is an 'expression of a conception of the world.' (Gramsci 1996: 384). As stated above, because the common sense opinions were expressed relatively coherently and clearly by the elite actors, it was possible to analyse what this meant for the role of consensus in the Dutch and German varieties of capitalism – both in and of themselves and also in comparison to each other. In so doing a close connection between theory and practice is achieved: theoretically it has been posited that the source of consensus is culture because every human is cultured by way of holding thoughts about the world, and empirically the interviews sought to gain access 'neither to a subjective relativity of interpretations, nor to an absolute objective knowledge, but to knowledge produced and tested intersubjectively through conversations.' (Kvale 1996: 297).

Gramsci removed from his context?

Before we go any further it is necessary to consider two challenges to the book's application of Gramsci's work on common sense. The first one relates to the utilization of any of Gramsci's concepts; the second to how Gramsci himself viewed common sense. Regarding the first issue, it has been argued that there is a need for reflection on the extent to which contemporary scholars should employ concepts – such as common sense – for analyses of societies very different from the one in which Gramsci lived. Space precludes anything more than a brief overview, but there is concern that the Italian context – taken in both the national–territorial and the historical senses of context – is too specific for scholars not of the place or era to apply his concepts elsewhere in space and time (Bellamy 1990; Bellamy and Schecter 1993). There is also the argument that Gramsci's concepts, because of the appalling prison conditions in which he was writing, are so open to radically different interpretations that their application is fraught with difficulty (Germain and Kenny 1998).

In a manner similar to Stuart Hall (1988: 161–73; 1997) and Adam David Morton (2003a, 2007a), this book occupies a middle ground between rejecting the notion that Gramsci's ideas are applicable to contemporary societies and utilizing them uncritically. For example, Hall (1997) admits that he finds some of Gramsci's writings relatively uninteresting, and the aspects most relevant for his own work are Gramsci's discussions of ideology. Similarly, Morton (2003a, 2007a) argues that Gramsci's ideas can be situated in and beyond their context through a critical appreciation of what might be limited as well as relevant in his work when applying it to different social conditions (see also Sassoon 2000; Femia 1981). The book's utilization of common sense is an example of this, and will be considered below when discussing Andrew Robinson's position.

Before that I wish to add to Morton's (2003a) excellent riposte to what he terms the "austere historicism" of scholars such as Bellamy and others. Gramsci's notes are full of fertile theoretical and conceptual possibilities: it is precisely the incompleteness of the *Prison Notebooks* that provides us with the multiple horizons that are still being explored. The benefits of an unfinished theoretical framework in and of itself *have* been noted by other scholars, albeit reluctantly (presumably for fear of being derided for not being rigorous enough). For example, Stuart Hall (1996b: 146) "confessed" to 'an alarming tendency in myself to prefer people's less complete works to their later, mature and complete ones…where they have gotten over their adolescent idealism but their thought has not yet hardened into a system'. Elsewhere, Hall (1980: 68) praised the 'theoretical unevenness' of Poulantzas' (1978) final work for providing 'the stimulus of the book, its generative openness'. Similarly to how I read Gramsci, I read some of Poulantzas' work – particularly in the headlong rush that is *State, Power, Socialism* – as suggestive rather than definitive, as will be demonstrated in Chapter 3 in particular (see also Bruff 2007).

Therefore, there is much to be said for acknowledging the potential of Gramsci's writings rather than their limitations (Morton 2003a: 129). And, equally significantly, Gramsci's incompleteness leaves room for empirical research to fill in the gaps. No theoretical schema can adequately explain the social world in all of its complexity, dynamism and spatio-temporal variability, and it is through rigorous attention to the research question that a persuasive argument can most effectively

be made. Indeed, one of the great advantages of Stuart Hall's (1996a: 45) formulation of the 'economic in the *first* instance' is that, through positing the constraints on and not the contents of our conceptions of the world, he leaves space for empirical research to establish the content of the thoughts, and also the biases within the content. The potential of the conceptual apparatus provided by "common sense" to connect theory and practice will be demonstrated in Chapters 5–7, which consider the interview data generated by this study.

It is now time to deal with the powerful argument made by Andrew Robinson (2006) regarding common sense. Robinson criticizes the relative absence of reflection in the secondary literature on Gramsci on:

> his critique of common sense. This is crucial, because this critique was a central part of his conception of revolutionary change. It is clear from the *Prison Notebooks* that Gramsci was opposed both to everyday "common sense", the philosophy of the masses, and to the manipulative and passivity-inducing effects of elite-dominated politics. He was therefore an advocate of a revolution in everyday life…he has in mind a thoroughgoing transformation and development of people's ways of thinking and acting in everyday life (75, 76; original emphasis).

Robinson cites many examples, several of which revolve around Gramsci's desire for organic intellectuals to enable the masses to raise their intellectual level in order for them to become an active historical force. A collective will can then be articulated, enabling the dominated sections of society to break free of the conceptions of the world which imprison them in their subordination. It is a compelling argument, and one which needs to be taken seriously. In response, I believe it is of great significance to acknowledge that Gramsci was not the only writer to argue for the need for intellectual enlightenment. This may seem an obvious point, but if we consider the following quote then we can see that, depending on the writer's perspective, an emphasis on intellectual enlightenment of the masses could lead to very different conclusions than Gramsci's, or indeed those of any other historical materialist:

> The despotism of custom is everywhere the standing hindrance to human advancement, being in unceasing antagonism to that

> disposition to aim at something better than customary, which is called, according to the circumstances, the spirit of liberty, or that of progress or improvement…The progressive principle…in either shape…is antagonistic to the sway of Custom, involving at least emancipation from that yoke; and the contest between the two constitutes the chief interest of the history of mankind. (Mill 1991: 78).

John Stuart Mill's polemic in *On Liberty* against the dangers of the "tyranny of the majority" is hardly complementary to Gramsci's commitment to a future communist society, yet their radically differing agendas stem from the same source, at least with regard to intellectual emancipation from custom, or common sense. Therefore, depending on the author the masses could be enlightened, and thus free themselves from intellectual enslavement, in a range of ways. Thus historical materialist analysis must incorporate the fact that various social groups struggling for societal leadership may well, *in their own terms*, be pushing for intellectual enlightenment of the masses. This may be an uncomfortable proposition for historical materialists, but the point is this: Mill believed in human progress as much as Gramsci, and so may different social groups seeking to achieve societal hegemony.

The emphasis here is on the contingent – different social groups *may* believe in human progress – but this theoretical shift would accomplish two things. One, it would enable historical materialism to engage more constructively with other critical theories, such as those which study the gendered, racialized and heteronormative nature of contemporary societies, when seeking to achieve human progress on a collective basis (see Rupert (2005) for an account of how his historical materialist outlook has engaged with other critical theories). Two, which is of central importance for this book, it would enable historical materialists to view common sense opinions *in and of themselves* as important (see also Crehan 2002). Common sense is of supreme political significance by the time it has made its journey from uncritical, amorphous philosophies in everyday life to relatively coherent, clear conceptions of the world articulated by elite actors. The study of common sense is an essential part of political economy analysis *per se*, not least because it enables the study of European varieties of capitalism to acquire a critical edge. This, rather than emancipatory concerns, is at the heart of the book.

Outline of the book

In keeping with the above discussion of the need to consider culture in order to arrive at an adequate analysis of the role of consensus in the trajectories of European varieties of capitalism, Chapter 2 reviews a range of literatures for their conceptualization of culture. The first part of the chapter provides an in-depth critique, via a discussion of the relationship between state and society, of the varieties of capitalism literature's inability to incorporate culture into its framework. The second part reviews five broad perspectives on culture: political culture; webs of meaning in the local context; cultural embeddedness and cultural constitution; culture industries in and the culturalization of "late capitalism"; and power. I contend that none of these positions captures adequately the role of culture in national varieties of capitalism, because they say little about the material basis for human existence, and thus the connection between capitalism and the contents of our thoughts about the world.

Chapter 3 outlines an alternative, neo-Gramscian framework, utilizing the conceptual apparatus provided by Antonio Gramsci's discussions of "common sense". It is argued that in all aspects of life common sense shapes how humans make sense of the situation they find themselves in. The aim is to chart theoretically the journey made by common sense from the conceptions of the world in everyday life to its embodiment in national institutions in European varieties of capitalism. I do this through considering the material structure of common sense, the role of organic intellectuals, the versions of common sense promoted by different social groups, the different versions of common sense inscribed into the state apparatus, and the necessary international element of any version of common sense.

Chapter 4 provides an overview of the historical trajectories of the Dutch and German political economies. The 1980s and 1990s in the two countries, and the analysis provided by the varieties of capitalism literature – especially its utilization of the concepts of social learning and path-dependence – are concentrated on. I outline how the Wassenaar and Alliance for Jobs processes are excellent illustrations of, respectively, social learning and path-dependence. Nevertheless, I argue that although the literature is thorough and comprehensive in its *description* of the trajectories of the Dutch and German political economies, an alternative framework is necessary for *analysing* the

trajectories. Only when armed with a neo-Gramscian approach can the role of consensus in the Dutch and German varieties of capitalism be adequately explained.

Chapter 5 utilizes interview data, allied with the theoretical framework outlined in Chapter 3, to argue that Dutch actors share the assumption of economic vulnerability, providing an anchor for the different versions of common sense that exist in the Netherlands. As a result, there is considerable overlap between the different versions, and thus considerable potential for a synthesis of these versions in a consensus on how to overcome economic difficulties. I concur with the varieties of capitalism literature that Wassenaar is an excellent example of consensus formation, but go further by arguing that Wassenaar also witnessed the asymmetric exchange of concessions between capital and labour. In short, Wassenaar was capital's moment of power in the Netherlands, with the trade unions forced to acquiesce reluctantly to wage moderation and, subsequently, to reforms such as the flexibilization of the labour market.

Chapter 6 also utilizes interview data, allied with the theoretical framework outlined in Chapter 3, to argue that in contrast to the Netherlands there was less potential for synthesis between the different versions of common sense in Germany. Moreover, this inability to forge a consensus on how to overcome economic difficulties was driven by the different views on economic "reality". Again, I concur with the varieties of capitalism literature that the Alliance for Jobs process is an excellent example of consensus not being formed, but go further by showing how German trade unions were more able to demand the symmetric exchange of concessions than their counterparts in the Netherlands. Nevertheless, the growing transnationalization of German capital in the 1990s made it increasingly possible that its new (modified) version of common sense would prevail post-Alliance for Jobs.

Chapter 7 discusses the post-2001 period, which appears to pose a significant challenge to the case established in the previous chapters. The Dutch seemed to abandon consensus in the face of economic crisis, and the German institutional machinery was mobilized in an unexpected way in order to implement a programme of substantial reform. I argue that both countries actually exhibited greater continuity than has been perceived. In the Netherlands there was a swift return to consensus by acquiescence in 2003–4, and the apparent

consensus which facilitated the Agenda 2010 reforms in Germany quickly unravelled. I conclude that while it is possible for common sense opinions to fragment in the Netherlands and cohere in Germany, over time the reverse is more likely to be the case.

Chapter 8 summarizes the book's argument before discussing its relevance for the IPE literature as a whole. In particular, I take issue with how the literature has received and applied Robert W. Cox's work, appropriating his writings on modes of thinking while simultaneously rejecting his work on production, class and social forces. In consequence, "critical" scholarship has come to be defined as, and defines itself as, an enquiry into the role of ideas in constituting interests, identities and institutions. This separation of ideas from the conditions out of which they emerged ignores the material basis for existence, enabling such scholars to regard historical materialism as useful only when subsumed into other frameworks or, more brazenly, as dogma. I contend, in contrast, that historical materialism is central to the study of capitalist societies and must be taken seriously in its own right.

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