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Public and private: change and continuity in economy through two meta-fields in society

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Abstract *The current literature on comparative political economy does not seem to consider unifying under a single theoretical framework the analysis of continuity and change in different economic systems. On the one hand, major comparative works derive their theoretical propositions from dynamics in the Western world. On the other, studies that are focused on national trajectories of development are concentrated in cross-national comparisons involving countries with similar characteristics in what concerns strategies of development. In this paper, I argue that all fields in the world of social action are pervaded by two major fields, hereby dubbed ‘meta-fields’: public and private. Both are in a ‘double movement’ to shape each other’s boundaries through the definition of social and property rights that regulate access to human capabilities and capital. Public and private are meta-fields because they constrain human action and the organization of social configurations on state and non-state levels.*

Introduction

The current literature on comparative political economy (CPE) does not seem to consider unifying under a single theoretical framework the analysis of continuity and change in economic systems. Change here is broadly understood as shifts in the set of social structures. In playing a role in accumulation, those structures impact on both state and non-state actors and efficiency, whilst continuity means stability in the same sets and patterns of development. Economic systems correspond to different means of organization or production, embedded (Granovetter 1985; Polanyi [1944] 2001) in socio-political configurations.

On the one hand, major sociological works, such as Polanyi’s ([1944] 2001), political-institutional approaches, like ‘varieties of capitalism’ (VoC) (Hall and Soskice 2001), and economic-institutional ones, particularly North’s framework of structure and change (1981), derive their theoretical propositions mainly from processes within the Western world, that is, the United States (US) and Western Europe. On the other hand, studies that focus on national trajectories, particularly state-centred analysis (Shonfield 1965; Evans 1995; Kohli 2004), are often structured as cross-national comparisons between countries with similar

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characteristics in what concerns strategies of development. The best example is the study of state-led industrialization after World War II in newly industrialized countries (NICs), such as Brazil, Mexico and India. Furthermore, the few attempts to elaborate a comprehensive framework, such as Rostow's modernization approach ([1960] 1990), usually assume that there will be convergence of trajectories. Such an assumption denies the existence of unique national-based institutions and pathways to development. These pathways do not necessarily result in similar social structures even if outcomes are analogous. Also, recent works (Bernhagen 2003; Underhill 2003; Rodrik 2012) that conceptualize the dyad state–market as a condominium rather than a pair whose elements are opposed to each other face limitations, as they have as a main goal explaining global changes rather than domestic shifts—withstanding the fact that those shifts may be triggered by foreign factors.

In this paper, I argue that understanding national trajectories of development depends on a conceptual framework that is able to explain processes of change and continuity in social configurations regardless of specificities in economic systems, such as coordinated market economies (CMEs), liberal market economies (LMEs) and state capitalism, and in political regimes (for instance, democracy or authoritarianism, presidentialism or parliamentarianism). Nor should such kinds of studies depend on non-state analytical units that are clearly identifiable only in advanced capitalist economies, as in the case of civil society (Putnam 1994). As I will show, all societies integrated into the world system (Wallerstein 2007) can be conceived as being formed by two fields (Bourdieu 1977; 1991) in which all other structures related to accumulation are embedded: public and private. Both are, in fact, 'meta-fields' because they constrain the action and the organization of structures of all other fields, such as the state and the market (Fligstein 2001). In other words, they are spheres of power (Shonfield 1965).

Whilst the private meta-field provides to actors—both individuals and institutions, ranging from firms to non-governmental organizations (NGOs)—property rights, the public one enacts social rights. Each meta-field exists only in relation to the other: societies that find a balance in the emphasis given to the private field—with property rights assured to everyone regardless of origin—and the public one—where social rights reach every individual yet not to the point of constraining one's individuality—tend to move towards development through a steady route. Whenever such balance collapses, minor shifts in social structure and social order that seemed to be stable tend to face turbulence. In relying upon the concepts of public and private meta-fields, this paper attempts to unify existing conceptual frameworks and theories, arguing that a double movement between these fields—dependent upon the relationship between social and property rights—is responsible for the shifting boundaries between collective and self-interested action: an expansion of the scope of the private field enhances the public one and vice versa, whereas overemphasis in either of them may produce imbalances that eventually lead a society to economic downturn and even fragmentation.

Therefore, public and private are not in opposition. Rather, they are complementary. Both meta-fields manifest themselves through various institutional arrangements that are domestically based. Thus, private does not necessarily correspond to the mercantile sphere or non-state institutions, insofar as both can enact what in the literature is commonly defined as public goods. Such

is true of non-state owned research institutions, such as Ivy League universities in the US, and banks with diverse shareholders, which provide credit to foster economic growth. Nor does public mean state owned or controlled, since there are plenty of examples of companies whose major shareholder is a given government but whose benefits are very private, restricted to members of a specific class, as happens in many oil-producing nations, such as Libya (at least until the Arab Spring) and Venezuela (even under a self-defined socialist government).

Prior to the analysis, it is necessary to mention a methodological caveat: insofar as the aim of the paper is theory-building (George and Bennett 2005), I will not conduct a large-*N* study in the empirical section. Rather, I focus on empirical cases that exemplify each of the four possible ideal combinations between private and public meta-fields according to their strength: coordinated societies, with strong private and social rights; privatized societies, which have a wider private meta-field than a public one; intrusive societies, with a strong public meta-field yet a narrow private one; and fragmented societies, with weak meta-fields. These combinations describe societies rather than economies—as more conventional approaches in CPE do, such as in VoC (Hall and Soskice 2001)—or political regimes.¹

I begin the discussion with a literature review that details the gaps of some of the major works of the current literature on change and continuity. In doing so, I show how Evans (1995), Kohli (2004) and Shonfield (1965), in theorizing about state–society relations and their implications for economic transformation and growth, provide tools to understand how it is possible that public and private meta-fields complement each other to promote development. Then, based mainly on North (1981), Polanyi ([1944] 2001) and Rostow ([1960] 1990), I begin to elaborate the notions of property and social rights as enablers of change. Basically, I divide these mechanisms into sociological and rational-choice/institutional-economic ones. These two poles are principally represented by, respectively, Polanyi, with a double movement between markets and society, and North, with his focus on property rights. Afterwards I bring together all literature discussed to define a framework in which to understand change and continuity.

Literature review

Only two major works on CPE explicitly address the opposition between public and private fields, and both focus on the state: Shonfield (1965) and Kohli (2004). Whereas the latter focuses his work on Brazil, India, South Korea and Nigeria, the former is concerned with Western nations in the 1960s. Shonfield (1965) understands that the force that lies behind modern capitalism is the constant balance between public and private power—understood by him as the kind of power that emanates respectively from state- and firm-based entrepreneurship. He argues that there are five tools or mechanisms through which that balance is

¹ Indeed, since the 1990s, works such as Przeworski et al (2000) argue, there have been no clear regime effects in economic development, although democratic regimes have tended to thrive in richer economies. Recently, Kennedy (2010, 785) found that '[e]conomic development generally increases the stability of authoritarian regimes. But when major institutional changes occur at higher levels of economic development, they are more likely to result in democracy.'

possible: increasing influence of authorities of the public system over the private sphere, increasing concern with social welfare and the use of public funds, regulation of markets, society's expectation of continuous growth, and intellectual coherence between private and public management (Shonfield 1965, 66–67). Such mechanisms operate through different institutions in each country. In analysing processes of development outside the West, Kohli follows ideas similar to Shonfield's, but emphasizes historical legacies more explicitly. He argues that 'the way state power is organized and used has decisively influenced rates and patterns of industrialization in the global periphery' (Kohli 2004, 9). To understand state structures and the consequences resulting from them, Kohli works with the concepts of public and private arenas, and social basis. These arenas, however, lack precise definition, insofar as he considers that the public is restricted to the state, whereas the private is limited to market actors (2004, 9). Thus, in brief, Shonfield and Kohli present two major concerns about the relationship between public and private spheres: firstly, the extent in which the state plays a role in development—understood as economic change through industrialization or its advancement—and, secondly, once there is state intervention in the economy, how it is possible to constrain state capture by interest groups that direct collective efforts mainly to private benefits.

Evans's idea of embedded autonomy (1995), along with the addition of the concept of civil society to Shonfield's and Kohli's state-centred frameworks, could provide tools to address those two points. Like Kohli, Evans devotes his efforts to understanding economic transformation outside the West, focusing on a specific sector (informatics). He shapes his argument around ideal state types: developmental, which takes an active role in fostering industrial transformation, and predatory, characterized by the extraction of resources from the society at the expense of development (Evans 1995, 12). He groups Brazilian, Indian and South Korean states under the same developmental type, although he labels them differently according to the degree of embeddedness (connections with society) and autonomy (independence from interest groups). Evans's account thus complements Kohli's and Shonfield's frameworks in making explicit the tools through which state–society cooperation is facilitated.

Nonetheless, a puzzle remains unanswered: how the dyad embeddedness–autonomy lays the ground in which economic development flourishes. If historical legacies somehow influence outcomes, at first glance nobody can deny that agency matters: politics can shape social and property rights and, thus, the scope of both meta-fields. Evans (1995, 228) offers a possible answer for the persistence of continuous patterns in spite of the potential agency politics brings. He sees a mutual reinforcement between the state and an industrial class stimulated by state apparatus in countries in East Asia, such as South Korea—the archetype of the developmental state. Evans also envisions the possibility that state policies open room for unintended consequences, such as the emergence of groups that conflict with states' projects. An example is the labour militancy that arises among the most qualified workers even under authoritarian regimes (1995, 229), as well as the empowerment of subordinated groups as a result of external shocks, such as wars. In fact, Polanyi's double movement ([1944] 2001) between markets and society attributes, in processes of change, a major role to what can be labelled 'civil society'—a sphere independent of the state and the market. In brief, he argues that the self-regulating market that emerged due to deliberate state

intervention in the nineteenth century and collapsed with World War I, in 1914, had its expansion constrained by a countermovement from society. Those who suffered the effects of disruptions, such as workers and peasants, demanded from the state instruments of intervention in economic and social relations ([1944] 2001, 138). However, neither Evans's nor Polanyi's frameworks completely elucidate the puzzle of change and continuity. To begin with, Polanyi contradicts himself when he analyses the effects of capitalism over social life in nineteenth-century Europe: had the market been as powerful as he depicts, non-economic societal ties would have totally collapsed, excluding any possibility of reaction against the economic excesses of the *belle époque*. Furthermore, like Evans, Polanyi does not discuss in depth the plausible hypothesis that not all countries have the pre-conditions for the emergence of coalitions committed to redistribution.

A possible answer for the conditions of change is found in Rostow's work ([1960] 1990), notwithstanding the fact that his idea of stages of economic growth proved to be empirically imprecise. His framework helps us to understand how change may happen even in societies that lack an arena independent of the market and the state. Rostow argues that there are two cases in which the conditions conducive to economic growth and thus to enhancing change occur. The first one consists of changes 'in political and social structure and even in effective social values' in order to enhance industrialization, whereas in the second case economic take-off is delayed 'by the high (and even expanding) levels of welfare that could be achieved by exploiting land and natural resources' (Rostow [1960] 1990, 36). Both cases, however, demand state action to accumulate economic or social capital, bringing, for instance, changes in the degree of 'productivity of agriculture and the use of other natural resources whose quick achievement may also constitute a precondition for take-off' ([1960] 1990, 30). Thus, taking Rostow's framework into account, one can understand industrialization as the driving force that fosters both the market and civil society, thus creating conditions for the emergence of coalitions that challenge eventual incumbents that do not promote a social order that grants meaningful citizenship to all (Kennedy 2010, 786). If such a coalition succeeds, both social and property rights are widened and eventually redefine the boundaries between the public and private meta-fields. Rostow, however, does not theorize the state as Evans (1995) and Kohli (2004) do, although all three attribute a crucial role to the state in development. Nor does Rostow discuss in detail the structure of societies that are ready for change. He only touches on this topic when he attributes to entrepreneur elites an important role in changing archaic orders (Rostow [1960] 1990, 51), a process that is not theorized in his work.

The conception of the state and the market as a condominium rather than a dyad in which they are opposed (Underhill 2003) could be helpful in examining change and continuity. Nonetheless, the fact that Underhill equates the public with the political/state sphere and the private with the economic one (2003, 670) limits the analytical reach of such a framework. Following Polanyi, he defends the idea that markets are created by deliberate political action by state actors: 'In creating a market, then, we take a political decision to *delegate* to private individuals the very public responsibility of organizing the creation and distribution of wealth' (2003, 674, emphasis in original). Thus, in such a model, 'the adjustment process and pattern of economic interaction are managed

simultaneously through the process of economic competition among firms on the one hand, and the policy and regulatory processes of the state on the other' (2003, 682). If the market, in some manner, organizes the economic field, other potential forms of organizing the economy may be developed. Individuals, however, exist regardless of the mode of economic organization. Therefore, private interests cannot be equated to market ones, nor do public needs manifest themselves only through political institutions. Hypothetically, the political field can be captured by individuals for private purposes—both economic and non-economic—whilst the public may manifest itself through individual action that is not necessarily profit maximizing. These possibilities are also underdeveloped in Bernhagen (2003), who, in turn, argues that politics and economics are actually separated in spite of the condominium they form. The state, however, seems to prevail because it guarantees property rights that are essential for the operation of the market (2003, 266). Like Underhill, Bernhagen ignores society and, thus, actions that do not immediately address economic purposes. Such a shortcoming is found in Rodrik (2012) as well, although he recognizes that nation-states contain elements beyond economic and political relations, including factors such as language and religion, which limits the convergence of trajectories of development (2012, 22).

The lack of a deeper theory of state–society dynamics that also includes non-mercantile relationships can be complemented by the contemporaneous institutional literature in both economics and sociology. Fligstein (2001, 16) conceives state-building as 'the historical process by which groups outside of the state are able to get domains organized by the state to make rules for some set of societal fields. These rules reflect the interests of the most powerful groups in various fields.' Fligstein also mentions three possible sources of instability within markets: internal conditions, exogenous conditions, and relations between state and firms (2001, 90). However, he does not go into detail about these sources or attempt to build a general mechanism of change. Nor does he theorize about civil society in his work either, focusing instead his analytical efforts on relationships involving firms. Campbell at least provides a framework for change and continuity in general (2004). Similarly to Rostow's elites ([1960] 1990), Campbell's entrepreneurs—who can be found not only in economic-related activities—trigger change, although they are dependent on social mechanisms and ideas. Furthermore, to have chance to be revolutionary rather than evolutionary, entrepreneurs have to be located 'at the interstices of several social networks, organizations, and institutions, especially if their location exposes them to new ideas' (2004, 177). Like Campbell, North (1981, 57) provides a multi-causal explanation for change, based on incentives, such as technology, property rights and government control over resources. Nonetheless, unlike Campbell, he does not discuss social agency. North focuses on a structural factor derived from a self-interested, purely rational conception of human beings: property rights. Under such logic, the delimitation of the private meta-field is always inefficient, not attending to the demands of individuals and, by extension, of society as a whole, insofar as such rights and self-interest would drive change, thus expanding production. Notwithstanding the primacy of these factors, North recognizes that institutions and ideology do play a role in structuring societies (Fligstein 2001). Those factors provide a framework in which people interact cooperatively and competitively and legitimize such a framework (North 1981, 182, 201). Yet even

the institutional literature does not elucidate how a balance between cooperation and competition is possible.

Public and private meta-fields

To understand that balance, I propose a framework based on two meta-fields: the private, through which social actors have access to property rights (even without market mechanisms), and the public, where social rights are fulfilled not necessarily through state action. The public and the private should be strong and in balance vis-à-vis each other to enact economic development. Shifts in the boundaries between collective and self-interested action constitute a double movement. In relying upon those two meta-fields, I aim to overcome aforementioned shortcomings in existing frameworks and theories.

Both collective and self-interested action matter because, as Rostow says, '[m]an is a pluralistic being—a complex household, not a maximizing unit' ([1960] 1990, 167). This implies that, if one is condemned to choose, one's choices will derive from how one is taught to choose, a process dependent on institutions and ideologies. Both, in turn, play a role in shaping fields, such as the state, the market and civil society. In shaping those fields, they also impact on power coalitions. Once in power, a given coalition shapes social and property rights to structure accumulation and redistribution. It does so in defining the limits between the public and private meta-fields. Such limits, translated into institutions and legitimized through ideologies, affect the patterns of change and continuity. Ultimately, societies and individuals shaped by those institutions have different frames in which the distribution of capital and human capabilities operates. Those capabilities shape possibilities of choice (Drèze and Sen 2002), defined as the agency of either individuals or collective actors in both collective and self-interested action.

As shown in the literature review, the dyads state–market, state–society and market–state do not suffice to understand change and continuity, as they are all horizontally affected by both types of action. The state appropriates part of the accumulated capital in private property to sustain the non-productive sector, including bureaucrats. The non-productive sector is essential to build capabilities that, in turn, create conditions for further accumulation and can be offered as social rights. Among those capabilities, education and health are the most important. Property rights assure mainly access to capital, whereas social rights provide access mainly to human capabilities. Social rights provide opportunities through human capability-building (Drèze and Sen 2002), which in turn creates conditions for individuals to pursue capital accumulation. If North (1981) states that historical developments focused on the individual and private property led to more efficiency in the West and its prominence in the world system, there is enough evidence to argue that property rights would have remained inefficient without social rights. Ideology that legitimizes such a process provides a common identity among individual and institutions embedded in the system as well as a sense of individuality, that is, a private dimension in which self-interest dominates. Therefore, whilst I agree with North that efficiency concerning property rights partially explains change, I side with Evans's (1995, 33) criticism of North for focusing too much on property rights even in his later work (1990).

Change, however, will depend not only on efficiency, but also on political arrangements (Underhill 2003). Rather than promoting change, a coalition may constrain further change in order to promote stability. Such stability aims to preserve a coalition's power in spite of the existence of alternatives that are more efficient and, therefore, able to enhance further accumulation and welfare. The problem is that such alternatives may depend on further redistribution, which would, in the long term, empower people outside the ruling coalition (Kennedy 2010). The rulers, in turn, would have their position undermined or at least threatened by challengers. Another factor that possibly increases the likelihood of instability in the long-term is population growth. However, as North (1981, 207) points out, population growth also leads to the expansion of capital stock. Such growth also happens because of changes in human capabilities. Nonetheless, if capital is directed mainly to production for export and/or attached to foreign constituencies, economic expansion does not foster civil society (Cardoso and Faletto 1979). That said, the lack of social connections independent of the state does not suffice to prevent the formation of coalitions to challenge rulers and their social basis. Stability also requires a hegemonic ideology to legitimize the social order. Such legitimation freezes access to and the scope of both property and social rights. Therefore, in this stage, the status quo tends to limit change in both the public and private meta-fields. In this case, only rulers and the constituencies of their coalition have access to public goods and to property rights. Legitimization depends on some degree of redistribution that is enough to contain eventual social turmoil, such as concessions through charity from rulers to the mass poor who are not citizens *de facto*, but subjects (Mamdani 1996). These mechanisms of redistribution, however, are not social rights, insofar as they constrain the autonomy, that is, the private life of the individuals who compose the masses. Therefore, in such a context, without shifts in ideological ground, the masses tend not to demand further redistribution and the necessary expansion of social rights to reach such goal. The challengers, thus, have to overcome their subject status in order to be participants in the public meta-field and, thus, to have the right to participate *de facto* in the private meta-field, that is, to achieve full citizenship in practice.

Challengers who enact change are generally new elites and entrepreneurs (not only in business). According to Rostow's ([1960] 1990), Evans's (1995) and Campbell's (2004) framework, their ideologies play a role in fostering new identities and, thus, in shaping change. Those authors all agree, although to different degrees, that an incumbent coalition has to lose internal cohesion to become vulnerable to challengers. Challenging entrepreneurs/leaders, however, will not succeed without a broad social basis. The strength of the social basis depends on two assets to achieve power: capital and human capabilities. Both assets have to be accumulated in primitive degrees to enhance an identity tied to notions of individuality and a material basis to win power. Capital accumulation, however, cannot take place without property rights and strengthening the private meta-field, as it organizes a space for the individuals to pursue their own interests. Nonetheless, they still depend on the public field to have access, through redistribution, to the private benefits of accumulation. Therefore, both public and private meta-fields expand in a process of mutual reinforcement and through a double movement: an expansion of the process of accumulation tends to generate demand for further redistribution and vice versa.

The chances of success of the double movement in strengthening both meta-fields increase if more people are incorporated into it along with redistributive measures. Even partial incorporation, through the concession of some rights to subjects, reduces the degree of bifurcation between them and citizens. Also, stability lasts if strategies of social control constrain the access of potential challengers to the accumulation of primitive knowledge and capital, which are essential to challenge the current order. Furthermore, for rulers, it is extremely important to constrain the formation of alliances between unsatisfied citizens/members of the social-political ruling coalition (potential defectors) and subjects who want to challenge the prevailing order through the contestation of the established scope of both social and property rights. Social rights, thus, might be as effective as property rights for preserving and advancing a given order.

Social rights provide redistribution and, therefore, stability for further accumulation that will benefit more and more of the social basis (the citizens) that supports the ruling coalition and the elites that appropriate most of the accumulation. In a given moment, the coalition may prefer stability rather than expansion of the scope of the public meta-field in order to impede the redistribution of capital and knowledge, an unavoidable process if a society wants to attain sustainable growth. The trade-off can be fatal for the status quo, insofar as the private meta-field becomes restricted as well: without redistribution, individuals have their chances of participating in the process of accumulation hindered, which, in turn, may lead to social discontent. With redistribution, emerging groups in civil society gain strength and may look for support from the masses to achieve power. The maintenance of the boundaries between both meta-fields requires, thus, hegemony (Gramsci 1971), composed of ideological legitimacy among social actors and effective state control of the means of physical repression. However, the preference of the incumbent coalition for freezing the scope of the public meta-field may prevail insofar as, in the long term, redistribution among citizens may foster internal cleavages and struggles for power. Thus, an imbalance between the meta-fields may take place, putting into risk the entire social configuration.

To summarize, the correlations between the strength of the public and private meta-fields may change if contestation from challengers is successful or if incumbents restrict any of the meta-fields to hinder opposition. As I will show in the empirical section, societies that find a balance in the emphasis given to the private field, with property rights assured to everyone, and the public one, where social rights reach all individuals and foster their human capabilities, tend to change and enact development through a steady route.

Empirical analysis

For analytical purposes, I define four ideal types of societies according to the strength of their public and private meta-fields (see Figure 1). Societies with strength in both meta-fields are coordinated ones (CDs), with strong private and social rights. CDs are not necessarily CMEs as long as welfare states are not the only mean of enhancing redistribution, as China's situation in the 1980s and the US experience as an LME between 1945 and 1970s show. Privatized societies (PRs) have a wider private meta-field than a public one. The post-1980s US and United Kingdom (UK) with neoliberal reforms are the best examples of this type. This does

		Strength of the Public	
		High	Low
Strength of the Private	High	Coordinated Societies (CDs)	Privatized Societies (PRs)
	Low	Intrusive Societies (INs)	Fragmented Societies (FGs)

Figure 1. Ideal types of societies according to the strength of meta-fields.
Source: Author’s elaboration.

not mean, however, that the state is small in all PRs. Bureaucratic-authoritarian (BA) states (O’Donnell 1973) in Latin America, such as Brazil between 1964 and 1985, fit into this category, as they fostered inequality amid the formation of a middle class and economic growth. Intrusive societies (INs) are those with a strong public meta-field, yet a narrow private one. Social rights are extensive, but become useless insofar as most individuals do not have full citizen status to apply them in their lives, as is the case in self-proclaimed communist regimes, such as Cuba, and fascist ones, such as 1930s Germany. Privatized societies and INs have strong potential to become fragmented societies (FGs), insofar as restrictions in the access and scope of either private or social rights tend to generate social orders in which there is a bifurcation between citizens and subjects, with state capture by patrimonial groups at the expense of the common good. Sub-Saharan countries in Africa after independence resemble such a situation.

Based mainly on secondary sources, I now bring empirical substance to the four ideal types of societies defined above. I refrain from using cross-national indicators in the example in a variable-oriented fashion: this kind of data is structured on the basis of concepts that reflect traditional units of analysis, such as state, market, and civil society. In classifying the cases in each category, I follow two general guidelines: the scope of property and social rights, and the maintenance of the scope of those rights over relatively long periods of time.

Coordinated societies

Having strength in both meta-fields, CDs open room for accumulation without sacrificing redistribution, as most individuals in these societies have access to both property and social rights. CMEs are the best, yet not the only possible, example of CDs. Post-1945, for instance, Germany and Japan are two CMEs that offer citizens a high degree of property and social rights through both market and state mechanisms. Large companies in Japan work closely with the state and provide intra-firm training that improves individuals’ capabilities (Hall and Soskice 2001), whereas in Germany training takes place in a partnership between the state and corporations. In the US, private universities have traditionally played a similar

role in training professionals for both market and government jobs. Access to affordable education was crucial for fostering a middle class after World War II. This is not to mention the system of state-sponsored education in the country and in Western nations in general.

Examples of coordination are found also in countries that have recently become representative democracies or that still have authoritarian political systems. In East Asia, China and South Korea figure amongst the nations with better improvements in human capabilities in the twentieth century.² In both cases, economic development took off with deep involvement of the state. In fact, considering Shonfield's (1965), Evans's (1995) and Kohli's (2004) analyses, there are in some societies strong connections between private/market actors—such as the Korean *chaebol* and the Japanese *kereitsu*—and the state. An analogous process happens in the US, where multinational corporations (MNCs) controlled by stakeholders from that country enjoy the support of the state, as decisions in foreign policy suggest (Gilpin 1976). These connections between both state and market actors do not foster patrimonialism, as some sort of embedded autonomy (Evans 1995) exists, thus enhancing accountability. Those cases lead to the conclusion that social control over the state through mechanisms that hold it accountable enforces redistribution of wealth generated with the direct support of the state.

Of all these cases, China appears to be the most vulnerable regarding its CD status.³ According to Huang (2008), capitalism with Chinese characteristics took off in the 1980s rooted mainly in small companies located in rural areas, known as township and village enterprises (TVEs). Many TVEs were collectively owned, although evidence suggests that in practice managers controlled the enterprises. TVEs, as Huang argues, comprised a substantial part of the engine of growth with redistribution in China in the transition from communism to capitalism. In the 1990s, however, the participation of TVEs in the economy was downplayed as large enterprises, many of which were state owned (SOEs), gained the lead in the growth process. Such a process was followed by a continuous rise in inequality in the country. Nonetheless, this does not mean that the rural population was totally left behind. As Lee (2007) shows, workers in the rising industrial areas of the south are mobile migrants who preserve their assets in rural regions. In a context of vulnerable employment, these assets became a kind of social insurance that backs workers' lives, whilst industrial jobs allow them to improve their economic situation. Recent developments in China, however, suggest that the benefits of accumulation are becoming more restricted to middle and upper classes located in urban areas.

Does this mean that China will necessarily become a PR or even an IN, given its single-party regime that allows no freedom other than the ability to consume for those who live in large urban areas? Eventual challengers are unlikely to be successful unless they espouse an ideology that competes with nationalism that current communist rulers defend. Furthermore, historical legacies play a role in coalescing society even without democracy. In China, communist rule was not built upon a *tabula rasa*, having inherited notions of meritocracy from the

² According to Kohli (1994), South Korea inherited improvements in education from the colonial period under Japan in the early twentieth century. In China, strength in human capital comes from both the eighteenth and nineteenth centuries (Baten et al 2010).

³ As Bueno de Mesquita and Downs (2005) argue, such a fact does not mean that China will become a democracy.

imperial period (Baten et al 2010). Change in society, thus, may be constrained by ideology and institutions, which, in turn, embody historical legacies.

Privatized societies

The US experience, however, exemplifies how legacies have no absolute power in defining the scope of both meta-fields. As a former British colony, the US inherited an English legacy that leans society towards the support of the private sphere over the public in order to secure personal liberty.⁴ Nonetheless, as explained above, the US was a CD, and remained so until the 1970s, since when the country has incorporated more and more PR traits. Arguing that the US—and the UK—were CDs may cause surprise insofar as the public sphere has historically been broader in continental Europe than in countries embedded in the Anglo-Saxon tradition (North 1981; Polanyi [1944] 2001; Hall and Soskice 2001). The relatively narrow public sphere in the Anglo-Saxon world, however, has not been a historical constant, in spite of the fact that neither the UK nor the US ever had welfare states like those of continental Europe.

Whilst the UK at least set up a state healthcare system, the US never did so. Yet the fact is that during the golden age of capitalism (1945 to the 1970s) market-based insurance—much of which was provided by large companies—along with state-sponsored programmes, such as Medicare and Medicaid, conferred a social right upon most Americans. Such a pattern, however, could not persist in a less regulated market, based mainly in services, many of which created low-paid jobs (Reich 2009) for recent immigrants and their American-born children. These minorities, in turn, tend to have fewer assets than families who have been in the country for generations (King and Smith 2011). Yet it is education that better exemplifies the US's move from a CD status towards a PR one as its society became more complex due to the immigration of non-Europeans and economic transformation after the end of the 1960s, when Germany and Japan reached levels of productivity similar to those in the US (Arrighi 2003).⁵ Since the 2008 financial crisis, many US students have faced high debts after graduating from college, not to mention successive hikes in tuition fees in state colleges, such as the University of California system. Many authors also report a fragmentation of civil society (Putnam 2000), which traditionally fulfilled public functions in the US (Toqueville 1835).

Not only countries with Anglo-Saxon heritage embody PRs. Corporatist systems may also lay the foundations for strength in property rights and weakness in social ones because the latter are de facto restricted to relatively few citizens. Taking Brazil's military dictatorship (1964–1985) as an example, it can be concluded that BAs may enhance PRs as well. In that period, the country became overwhelmingly urban and invested in heavy industrialization. Most

⁴ As Shonfield (1965, 120) argues, the state in the UK is considered a societal actor like any other, while in continental Europe it has enough legitimacy to discriminate and, thus, to favour different groups.

⁵ Both Germany and Japan are CDs. This and the fact that—even after the triumph of deregulation in the US and UK—continental European economies were able to present economic performance as high as Anglo-Saxon economies (Wilensky 2002, 637–674) suggest that PRs are not more efficient than CDs.

people, however, did not have access to free state education and health. Whilst both primary and secondary public schools were not expanded at a pace to meet the demands, tuition-free universities received massive investment, notwithstanding the fact that a poor student stood little chance of succeeding in the admission exams. Thus, the benefits of higher-education expansion were appropriated by the upper strata. Access to free healthcare depended on one's job, creating difficulties for low-paid, unregistered workers. Facing external crisis in the aftermath of the oil crises, in the 1970s, the Brazilian BA—based on a pact among military, bureaucrats and the middle class—collapsed. Social unrest did not happen, though: the dictatorship controlled the transition to democracy (Stepan 1988). During the period of authoritarian rule, people who were not reached by the 'corporatist social rights' scheme received such carrots as retirement pensions for rural workers and limited literacy projects (Rodrigues Vieira 2008).

Nonetheless, not all BAs and authoritarian regimes result in PRs. It depends on the views and abilities of entrepreneurs for general economic and political strategies to be deployed to enhance domestic cohesion through public consensus and the improvement of individuals' capabilities. As shown above, South Korea is a CD, notwithstanding the fact that it was a BA in the same period Brazil had these characteristics (Im 1987). The mixture of authoritarianism and corporatism, however, did not suffice to enhance sustainable growth in Brazil. The country, thus, ended up having, in society, closer similarities with LMEs than with CMEs.

Intrusive societies

Authoritarian regimes may remain stable for relatively long periods of time, enhancing INs. This is the case for communist and fascist regimes. They emphasize the expansion of the public meta-field at the expanse of a private sphere. This may look similar to the bureaucratic-authoritarian experience in Brazil. In fact, both communism and fascism, on the one hand, and BAs, on the other, do not respect individual liberties (civil rights in general) or in the use of SOEs as a means of promoting growth. However, in subordinating individuals to collectivist ideologies, communism and fascism go beyond BAs in intervening in people's lives and strangle or even eliminate property rights, constraining freedom even in economic affairs. In analysing transitional economies in Eastern Europe, Eyal et al (1998, 151) consider that '[t]he dispersion of property rights is a universal phenomenon, but in market capitalist economies with an established propertied bourgeoisie it faces strict limits which do not exist in post-communism'. So, given the absence of a private sphere in communist societies, it is no surprise that such a kind of regime may be succeeded by crony capitalism, as many analysts depict Russia (Bueno de Mesquita and Downs 2005), where individuals close to the state became large private entrepreneurs.

Nonetheless, if social structures prior to the communist period persist during the regime, they can act as a middle ground that provides a minimum level of cohesion in the transition process, as the Catholic Church did in Poland (Philpott 2004, 38). An analogous process took place in post-1945 Germany and Italy, as fascism had not erased all connections among individuals within civil society, allowing the reconstruction of the economy based on extensive property and

social rights in the following years.⁶ The same argument is applicable to pre-twentieth-century political experiments, such as the nationalist wave of the nineteenth century, particularly in Europe (Anderson [1983] 2006), notwithstanding the deep involvement of the state in production. This was the case in the reactive nationalism in Japan during the Meiji Restoration and in the aftermath of German unification, in which elite leadership directed efforts towards increasing production and industrialization (Rostow [1960] 1990, 26), focusing firstly on property rights. In Japan, for instance, even the peasantry could commercialize their production (Tsakok 2011, 33). As the country takes off, it goes into the maturity phase, and the working force changes, shifting from agriculture to industry, opening room for social-political concessions to the masses, such as welfare programmes and expansion of suffrage (Rostow [1960] 1990, 72). Furthermore, the lack of expansion of social rights in authoritarian regimes puts them in a vulnerable situation in the long run insofar as carrots may not be enough to constrain discontent—as happens in revolutions—or to avoid the collapse of the internal market. Therefore, INs may become CDs if social ties are strong.

Intrusive societies, however, have a high risk of becoming FGs once an established order exists. The most recent examples of discontentment leading to revolution as a means of challenge incumbents are the popular upheavals in Arab countries, such as Egypt (Masoud 2011). Until the Arab Spring, in many ways, the country resembled a PR more than an IN, insofar as Egyptians were far from living in an environment likely to foster human capabilities at a minimum level. Bolivarian Venezuela (1999 to the present) and Cuba since the 1959 revolution have not yet suffered similar levels of challenge, but shows signals of exhaustion because the social protection measures that emerged against capitalist exploitation⁷ may not fulfil people's individual aspirations. Those capabilities, however, fall short of helping individuals to improve their lives insofar as access to property rights are restricted in INs.

Fragmented societies

Fragmented societies are countries where the lack of a cohesive ideology constrains the formation of a common ground for structuring strong private and public meta-fields, as well as property and social rights. These states are equivalent to what Kohli (2004) defines as 'neopatrimonial' states, such as Nigeria. Fragmented societies have a hard time building strength in both the private and public meta-fields. Their civil society's organizations have weak ties among themselves, depending on the state to establish mutual connections. This does not mean, however, that the state is strong. Were it strong, it would have been able to foster an IN at least or a PR, with few citizens having access to property rights de facto. In FGs, as in PRs and INs, elites have more chances of thriving in comparison with others who in practice are no more than subjects. Nonetheless, elites are in an even more fragile position than their counterparts in INs and PRs,

⁶ East Germany, under Soviet influence, was an exception insofar as the ruling coalition retained the intrusive character of the previous regime although under a different authoritarian ideology.

⁷ For a discussion on Venezuela and other South American cases regarding populism read Roberts (2007).

who—at least for a short period—can enhance some economic development as both intrusive and privatized societies emphasize strength in at least one meta-field. Bifurcation between citizen and subjects, in which access to both social and property rights is restricted to an elite, pervades sub-Saharan African states (Mamdani 1996), some of which, such as Rwanda in the 1990s, could be classified as failed.

Privatized societies and INs may become FGs if bifurcation—that is, different opportunities for different strata—persists for a long time. Bifurcation happens in real communist/socialist experiments, as party members and other members of the circle of power, such as the military, are the ones who mostly benefit from the few mechanisms of redistribution and have access to property rights *de facto* because they control the means of production. The same is true even of advanced economies from the perspective of disadvantaged groups. For instance, for African-Americans until the 1960s, the US was an FG within which private and social rights were not fully available to them; many still face huge constraints in society (King and Smith 2011). Likewise, immigrants in European Union (EU) member-states face similar *de facto* barriers to integrating themselves in local societies. That said, the EU and US are by no means FGs in their overall configuration. Nor do they run the risk of becoming one in the short term: as shown in previous sections, the majority of their populations have a relatively high level of access to both private and social rights, these, however, being imbalanced in the US in favour of the former set.

Societies that pass through severe turmoil can potentially become FGs for a few years. For instance, Argentina faced a severe crisis at the end of the 1990s when the neoliberal model it had followed for years collapsed. After a period of political instability between 1999 and 2003, Peronism—a populist ideology that had pervaded most of Argentine political life in the twentieth century—reappeared as an ideology able to coalesce most of the population (Roberts 2007, 12), notwithstanding the country's continuous unstable economic performance. Likewise, former colonies are not condemned to be FGs although they are fragmented in early political stages. The fight against the British Raj in India started with competing views of society in the early twentieth century, but under the leadership of the Indian National Congress a hegemonic liberation discourse was built through a reactive identity (Chatterjee 1993) that fused local elements with an idea of economic development partially advanced upon the institutions the colonizer had left in the administrative sphere. These examples corroborate Kohli's (2004, 9–20) argument that models of development arise from the combination of colonization legacies with local structures. Therefore, historical legacies seem to impact on the opportunities of incumbents and challengers to build political coalitions, and, then, constrain the range in which the boundaries public and private meta-fields can be manipulated, constraining the chances of a given society changing its trajectory of development.

Conclusion

In this paper, based on major works on CPE, I built a structural general framework to analyse continuity and change in the economy based on the idea that there is a double movement between the public and the private meta-fields in society. The

public is not necessarily equal to the state. Nor does the private always correspond to the market. To summarize, social rights play a redistributive role and complement property rights, enhancing further accumulation in the long term through the improvement of human capabilities. The scope of the public and private meta-fields varies from one society to another, although they can be summarized in the four aforementioned ideal types. The framework—which implies a historical–sociological approach rather than a rational-choice/economic-institutional one—can be a step towards the challenge of unifying the analysis of development dynamics in different countries, identifying common characteristics among economies in the world system (Wallerstein 2007).

A framework that allows comparisons between different economic models fills a gap not only in theoretical terms, but also in policy analysis. The accomplishment of such a challenge does not mean denying national trajectories of growth (Zysman 1994). Although societies have differences among themselves, they present similar structures expressed in historically rooted institutions. Clearly, more precision in the operationalization of the concepts of public and private is required, yet the step of theory-building has been performed with the examples above. Being more comprehensive than the traditional opposition of states versus market or a complementary relationship between the two, the dyad public–private has the potential to solve relevant puzzles in development, such as the persistence of growth and stability under regimes with increasing economic inequality, as in India, and authoritarian trends, as in China (Bardhan 2010), and the absence or reduction of developmental pace in societies with representative democracy and equality of opportunities *de jure*, as in Western Europe.

A complete theory of change and continuity demands a more detailed definition of the mechanisms that play a role in the double movement between public and private meta-fields, and of the origins of their definition in different societies. These two tasks go far beyond the scope of a paper. One plausible hypothesis hinges on the time when national economies were built and/or integrated and on traditional mechanisms of social cohesion, mainly religion, impacting on state and civil society formation. As markets (Fligstein 2001), both state and society might be theorized as fields and as part of a general conception of society. In such a model, however, society would still be pervaded by the public and the private, which, as I have suggested, constrain the possibilities of change in institutional arrangements and economic development.

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