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Review

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**Forging Industrial Policy: The United States, Britain, and France in the Railway Age.**

Frank Dobbin. Cambridge: Cambridge University Press, 1994. 262 pp. \$44.95, cloth.

**Comparing Policy Networks: Labor Politics in the U.S., Germany, and Japan.**

David Knoke, Franz Urban Pappi, Jeffrey Broadbent, and Yutaka Tsujinaka. Cambridge: Cambridge University Press, 1996. 288 pp. \$54.95, cloth; \$17.95, paper.

That we have come a long way in our understanding of why states behave as they do is powerfully demonstrated in these two books on industrial policy. Even more, they show how our understanding of the very nature and meaning of the state has improved. Liberal, pluralist, capitalist, corporatist, and statist models have contributed much, but they have generally failed to question sufficiently the concept of the state as such. Not so with these books. Dobbin shows that the state is also cultural, and its cultural dimension is neglected only to our peril. Knoke and collaborators show that the state is also organizational and that the boundaries and structure of the state vary depending on the particular political issues involved.

Though they share a concern with explaining differences in state policy formation in major developed countries, the books could not be more different from one another. Dobbin tackles the issue of railroad policy in the U.S., France, and Britain during the nineteenth century, as their railroad industries emerged and matured. Knoke and collaborators grapple with labor policy in the U.S., Germany, and Japan in the postindustrial 1980s. Dobbin explains the striking differences among his cases in cultural terms, building his analyses on a thorough study of secondary sources and treating individual and collective actors essentially as enactors of cultural scripts. Knoke et al. develop a network analysis of the major players in the labor policy domain of each country, relying primarily on interviews with an ambitiously extensive range of key individuals in many organizations and state agencies. For them, these organizations and agencies are actors exercising competitive agency, constrained primarily by the agency of other actors. Dobbin's central concern is showing that rational-actor and economic theories stumble badly when applied to industrial policy because largely similar industrial development was governed by such remarkably different policy structures. Knoke et al. mainly want to demonstrate the applicability of their complicated concept of the "organizational state" to the analysis of policy domains, without directly arguing against other theoretical approaches. If opposites do not always attract, in this case they certainly should. These works complement each other splendidly. I will describe each more fully before turning to the issue of the useful marriage that might be made of them.

Dobbin's neoinstitutional analysis makes the straightforward argument that, at least for economically and politically

184/ASQ, March 1997

## Book Reviews

prominent countries, the dominant cultural theory of the polity's structure and modus operandi (its "political culture") shapes its industrial policy. Successful countries interpret their prominence as due to their structure and modus operandi; their political cultures become explanations of their competitive prowess. No matter that other prominent countries succeed with different structures; each sees its own characteristics as *le clef secret* and attempts to reproduce them in new industries.

In the U.S., a Tocquevillian policy generated by and for autonomous local communities was the obvious formula for success. Central coordination and control was not only unnecessary but deleterious, for it interfered with the absolute rationality of the free market. In France, by contrast, the legitimated theory, which might be dubbed "Quatorzian," held that only central state management could produce rational and effective development. Unconstrained capitalists would build only profitable railroads serving particularist interests, yielding a non-system that would be inadequate to promote general national progress. Britain was closer to the American case, its conception of the legitimated pursuit of progress relying on strong elite individuals operating autonomously under a minimal state. In this Lockean commercialism, the primary duty of the state was to prevent competition from undermining the viability of firms, particularly small firms that British cultural theory depicted as the driving force of her early industrialization and world domination.

Policy conformed to these cultural theories. The Americans built railroads in response to local demand and heavily subsidized by local governments, with little federal action except a brief period (1862–1872) of land-grant subsidization, abandoned because the corruption it fostered put the free market in jeopardy, and antitrust measures that came only toward the end of the century. The French process was dominated by the state's *Corps des Ponts et Chaussées*, which planned a Paris-centered network and closely regulated private interests to eliminate competition and ensure rational development. As for the British, neither the central state nor local government initially had much to do with railroading. When the state finally began to "intervene" in the industry, most of its effort went toward supporting small firms by fixing prices and encouraging cartels that would allow weaker companies to survive through cooperative arrangements.

Dobbin thus finds striking differences in policies to manage railroad development that reflected differences in political culture. Though clearly immersed in the historical materials, he carries the reader securely along in his convincing theoretical interpretation, sustaining his critique of rational-actor economism throughout the book. In all, he deftly accomplishes his goal of showing that efficient and rational development is a social fiction whose meaning reflects neither efficiency nor rationality but the larger social fictions of different cultural systems.

Knocke and collaborators have set themselves a different task: identifying the organizations making up three complex

185/ASQ, March 1997

policy networks and analyzing their interrelations and legislative effectiveness. They produce lists of about 120 organizations in each country, including unions, business associations, professional societies, interest groups, parties, and government agencies, that were key players in the respective labor policy domains. They determine organizational interests in policy subfields, chart the spatial distributions of the subfields and issues, reveal the structure of the communication and support networks formed by interorganizational linkages, and analyze the outcomes of numerous legislative events as a function of the policy preferences of major organizational actors. The work is thorough, exhaustive, and technically proficient, replete with correlation matrix analyses, multidimensional scaling, exchange process models, digraphs, and other techniques applied with sure and skilled hands.

Given the depth and detail of the work reported, and the authors' steadfast concern for nuts-and-bolts issues, summarizing the book's findings is no easy task (a "review of results" appears on pp. 210–217), but here are some highlights: Japan's policy network had a single center of decidedly corporatist form, Germany's was multicentered and thus more pluralist, while that of the U.S. was marked by a class cleavage pitting Republican/business organizations against a Democratic/labor alliance. Peak associations of business and labor were major players in each country, but their composition and ability to influence legislation varied considerably. Different constellations of interests and constituencies shaped particular policy decisions: The stalemate of the dual-centered U.S. structure and coalition-based pluralism of Germany made significant legislative change impossible in those countries, while the greater concentration of power in the LDP-dominated Japanese state facilitated far-reaching changes designed to deal with problems in Japan's suddenly overstretched economy.

Unlike Dobbin's treatise, major theoretical implications are difficult to discern in Knoke et al.'s book. It is at this juncture that a marriage between these two approaches offers great promise. To penetrate the workings of the state—who mobilizes, where lines of influence run, how interests are defined and activated, what constitutes effective or ineffective power—we can benefit greatly from nitty-gritty network analyses. They reveal just what the state is at a given moment, with respect to a particular issue and particular interests, and the complicated process by which that state, taken in a larger sense to encompass both public and private organizations and formal and informal channels of communication and influence, reaches a decision or non-decision that is implemented more or less effectively.

To make sense of this plethora of information, though, we need more than the details. We also need cultural analyses that treat the assumptions and worldviews of mobilizing interests and legitimated authorities not as givens but as data. We need to know why organizations define their interests as they do, how they make sense of the networks in which they are embedded, how they theorize their capacity to influence friends and rivals, what they understand about the political processes they are themselves

## Book Reviews

instrumental in generating. We need to understand the constitution of authority, the conditions of its application, and the modes of its circumvention. All this directs us to the cultural canopies enveloping actors who are also enactors, organizations that are also myths, states that are also rationally ritualized passion plays.

In their respective subdisciplines, these are excellent contributions. Readers will find *Comparing Policy Networks* rather tough slogging because of its wealth of detail and complicated chain of empirical analyses. *Forging Industrial Policy* is much the easier read, a smoothly written and lively exposition of great coherence that won the 1996 Max Weber Prize from the Organizations, Occupations, and Work Section of the American Sociological Association. Both books are likely to become frequently cited representatives of the research traditions they advance.

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### Embedded Autonomy: States and Industrial Transformation.

Peter Evans. Princeton, NJ: Princeton University Press, 1995. 353 pp. \$17.95.

Peter Evans boldly advances a sociological theory on how economically underdeveloped states successfully industrialize. To clear the turf, he felt that it was first necessary to demolish neo-utilitarian market theory as an alternative approach. While he found it "wrong on all counts," its major defect is its assumption that state interference in the market impedes economic development. On the contrary, Evans asserts, all cases of successful development prove that the state plays a major role. In fact, the more that state agencies approximate Max Weber's ideal type bureaucracy (e.g., insulation from external interference, a merit-based system of recruiting experts, an ample security and reward system), the more they can successfully spur economic development. But, departing from Weber, Evans theorizes that bureaucratic autonomy from societal (business, education, military, church, class) interference by itself is insufficient. Bureaucracies must also become involved or embedded in concrete social ties that bind them to society. How bureaucracies provide institutional channels for continual negotiation of goals and policies with external groups is crucial for development. Put simply, Evans' theory claims that only when bureaucratic autonomy and societal embeddedness are properly joined can a state be called developmental. Such a state can bring about spectacular economic development even when market forces make such an achievement appear unlikely. Evans calls for his comparative institutional approach to replace neo-utilitarian theory.

Depending on the situation and industrial sector, Evans proposes that the state plays a combination of four major roles in economic development. As custodian, it provides protection, policing, and regulation of infant industries; as

187/ASQ, March 1997