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REVIEW ESSAY / NOTE CRITIQUE

Firms and Workers: History, Economy and Society – Institutional Approaches: New Directions and Syntheses

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Aoki, Masahiko, *Corporations in Evolving Diversity: Cognition, Governance and Institutions* (Oxford: Oxford University Press 2010)

Ebner, Alexander and Nikolaus Beck, eds., *The Institutions of the Market – Organizations, Social Systems and Governance* (Oxford: Oxford University Press 2008)

Thatcher, Mark, *Internationalisation and Economic Institutions – Comparing Economic Experiences* (Oxford: Oxford University Press 2007)

There has been a resurgence of interest in the relationship between institutional configurations and what firms do. The latter encompasses, of course, approaches to the operationalization of the employment relationship, which, in turn, affects the responses of workers. There are a number of distinct phases in this institutionalist revival, however, and again, considerable diversity within the institutionalist camp.

The first phase, in the 1990s, was prompted by a preoccupation with why different developed nations followed distinct trajectories, and more specifically, the reasons underlying the export successes of Germany and Japan, and the correspondingly poor performance of liberal markets in this regard. Even at the time, there were a number of distinct strands to institutional analysis. Firstly, there were those who built on the structural tradition in socio-economics, and who saw institutions as centres of webs of social relationships, that operated in such a way as to make economic growth possible. Writers such as Lincoln

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and Kalleberg[1]and Dore[2] focused specifically on the differences between shareholder-dominant models of capitalism and more cooperative stakeholder models; it was held that the latter were more conducive to incremental higher value-added production paradigms that underpinned manufacturing success, a viewpoint that still holds true for the manufacture of quality goods. Secondly, within the interpretive sociological tradition, Di Maggio and Powell[3] argued that institutions represented social constructions, through the choices of individuals and groups. Thirdly, within the mainstream economics tradition, writers such as North[4] highlighted the importance of institutional effects in terms of the relative protection of private property rights.

A second wave of literature emerged in the early 2000s. A landmark edited collection by Hall and Soskice[5] sought to further delineate the distinctions between liberal and more coordinated markets, and how the latter were coping with renewed challenges in the late 1990s. The resurgence of finance-led growth in liberal markets at this time led to renewed confidence in the camp of neo-liberal economists. In a particularly influential paper, La Porta and colleagues[6] argued that legal traditions, and the extent to which different legal families protected private property rights, had a profound effect on growth.

By the 2000s, a growing body of critical literature challenged some of the assumptions of both varieties of capitalism approaches, and neo-liberal rational hierarchical approaches. Both made assumptions as to path dependence, whilst both assumed that the primary site of differentiation was at the level of the nation-state. Dichotomous approaches to varieties of capitalism conflated differences among different forms of coordinated market (e.g. among Scandinavia, continental north-western Europe, and Japan). The 2008 economic crisis challenged neo-liberal assumptions as to the superiority of the liberal market model, and more broadly, that of path dependence. On the one hand, it was clear that lightly regulated liberal markets were prone to endemic speculative booms and crises. On the other hand, many national governments were forced to adopt already discredited neo-structural adjustment policies by

1. Jim Lincoln and Arne Kalleberg, *Culture, Control and Commitment: A Study of Work Organization in the United States and Japan* (Cambridge 1990).

2. Ronald Dore, *Stock Market Capitalism: Welfare Capitalism* (Cambridge 2000).

3. Paul DiMaggio and Walter Powell, "Institutional Isomorphism and Collective Rationality," in *The New Institutionalism in Organizational Analysis*, eds. Walter Powell and Paul DiMaggio (Chicago 1991).

4. Douglass North, *Institutions, Institutional Change and Economic Performance* (Cambridge 1990).

5. Peter Hall and David Soskice, "An Introduction to the Varieties of Capitalism," in *Varieties of Capitalism: The Institutional Basis of Competitive Advantage*, eds. Peter Hall and David Soskice (Oxford 2001).

6. Rafael La Porta, Florencio Lopez-de-Silanes, and Andrei Shleifer, "Corporate Ownership Around the World," *The Journal of Finance*, 54, 2 (1999), 471– 517.

the World Bank and the IMF, and through fear of unrestrained hedge funds. In short, whilst greater regulation and more interventionist states were necessary, that option was not made possible.

In response to these issues and challenges, a third wave of literature has emerged in the late first decade of the 2000s. Key concerns include the nature of internal diversity within specific types of capitalism,[7] the role of social action vis-à-vis structure,[8] and the nature of systemic evolution, crisis, and change. This review article focuses on three recent works within this broad body of literature, and highlights key issues and challenges, in terms of understanding continuity and change, whether in a neo-liberal or progressive direction.

Corporations in Evolving Diversity: Cognition, Governance, and Institutions

Concerned both with persistent difference and the limitations of a neo-liberal market model, but from a somewhat different starting point, Masahiko Aoki explores the nature of bounded diversity in what firms do. Based on the author's series of Clarendon lectures, this book focuses on corporate governance frameworks, and pressures to convergence despite the limitations of shareholder-value-oriented paradigms. The author assumes that, in reality, firms fall into a broad pattern of evolving diversity. The author focuses on the "associational-cognitive aspects of organizational architecture" that, to the author, act as the basis for choice and social action. As such, Aoki's approach diverges sharply from the mainstream literature on finance and corporate governance, and indeed the more structuralist strains of the literature on comparative capitalism; instead, it relies more on game theory and psychology.

Aoki notes that up until the financial crisis, the dominant literature in both economics and finance,[9] and within much of the media, held that the lightly regulated liberal market model was the most effective, and that all firms and countries would respectively adjust their governance and regulation accordingly.

The speculative boom of the late 1990s and early 2000s led neo-liberals to proclaim the inevitable end of alternatives to the US model. Responses to the crisis fell into two camps. The first maintained that neo-liberalism still represented the only viable model; problems could be traced to a few 'bad apples,' readily curable through modest regulatory reforms, rather than systemic crisis. The second camp argued that this speculation represented far deeper

7. Christel Lane and Geoffrey Wood, "Introducing Diversity in Capitalism and Capitalist Diversity," *Economy and Society*, 38, 3 (2009), 531– 551.

8. Arndt Sorge, *The Global and the Local: Understanding the Dialectics of Business Systems* (Oxford 2005).

9. Mark Roe, *Political Determinants of Corporate Governance* (Oxford 2003).

seated problems with the shareholder-dominant model, highlighting the need to understand the basis of viable alternatives.

Aoki argues that a key feature of the corporation is the possibility of continuity beyond the lifespan of an individual, both in the ownership of physical property, and in an ability to accumulate and bestow processes and ways of doing. This assumption represents a fundamental departure from neo-liberalism. While neo-liberals only consider the rational choices of individuals, Aoki argues that human cognition also takes place at a group level; this means that there is far more to human associational interactions within the firms and among firms than simply contractual relations and the employment contract. In other words, rather than relationships being marked purely by exchange, there is a distribution of information and knowledge among management and workers. This reflects the fact that market relationships entail greater transactional costs than relationships involving knowledge and authority. And firms have a legal personality, making for an "unique" and "self organizing identity."

So far, we have seen that Aoki suggests firms have a distinct identity and characteristics that go beyond rational choices of individuals. Comparing contexts, he has a somewhat different starting point to archetype-driven approaches. He focuses on an underlying three-way relationship among managers, workers, and investors.

Aoki argues that, when looking at business organizations, a key distinction is between those approaches that look at the financial aspects of the firm, and those that concentrate on its organizational aspects. Aoki takes a firm-centred, rather than a societal view here, and concentrates on a single key difference: between an approach that focuses on the capabilities of investors to raise capital and one that looks at the division of labour within the firm. In turn, these differences mean that a board is viewed in two very different ways: as a body concentrating on the maximization of returns, or as a mediator among the interests of owners, workers, and society. Aoki argues that a third view is possible, seeing boards as "organizational cognitive systems." Organizational models are not simply there to control opportunism by profit-maximizing individuals, but to reap the benefits that can accrue through cooperation.

Variety in what organizations do can be traced to four constitutive elements. Firstly, there are differences in "systems of associational cognition." Basically, management enjoys macro knowledge, and workers micro knowledge; the relationship between the two may be simply hierarchical, mutually assimilated, or indispensable on a reciprocal basis. Secondly, there are individual "cognitive assets" (the human capital an individual accumulates); individuals decide to invest in their human capital in a particular way according to how they understand the type of corporate architecture. Thirdly, there is access to non-human "cognitive tools" (i.e. information technology). Finally, there is "cognitive frame," that is the basic organizational architecture that all players are conversant with, and which is accepted by binding agreement.

Hence, in contrast to agency theory, that assumes individuals have preset beliefs, Aoki argues that individuals may act as team players in associational cognition. Firm and individual strategies shape a process of co-evolution; at a societal level, this process of organization leads to the emergence of an organizational field of similar firms that both "cluster and compete." Essentially, organizational architectures cannot exist independently of the compatible cognitive assets. But, why, if a combination of the two is likely to make for specific organizational orientation (in terms of focus and capabilities), do not a wide range of different organizational forms emerge in a national context, capable of plugging every particular market exactly, whilst reducing competition? Aoki here turns to a range of arguments rooted in psychological theory to suggest that cognitive and behaviourial orientations are moulded by social setting. At the level of the firm, the linkages are also dependent on specific organizational history, the relative strength of the different parties, rules, and technology. Individuals may have their own outlook, but in interacting, they agree to play by specific rules, and to try and reach compromises with the interests of others.

To survive, firms must be capable of generating and sustaining rules; at the same time, they are societally embedded. Aoki argues that contextual pressures are not simply about relative property rights: the relationship between corporate and political governance is one of correspondence. And, while firms are economic entities, they play a political and social role, even in areas where there is no legal obligation and where this appears unlikely to positively affect profits. This complexity of roles cannot be explained through a single disciplinary perspective on institutional effects. They are not simply providers of incentives or disincentives to rational actors (neo-classical economics), about power and authority (political studies), or norms, ascribed meanings, and values (sociology), but rather represent combinations of all three; Aoki attempts to reconcile these approaches through the usage of game theory. Economic approaches discount the extent to which rules may be changed as a result of social and political approaches. Political approaches by writers such as Roe[10] tend to assume that the effects of politics represent a one-way street, with occasional "backlashes," rather than a two-way conversation characterized by mutual dependence. The latter represents the foundation of complementarities. Aoki is critical of the interpretations of the latter that are overly functionalist; rather the shape of a firm "emerges out of mutually reinforcing behavioral equilibria." Institutional arrangements may result from the unintended consequences of strategic choices by individual players in specific historical circumstances, rather than conscious design. This accounts for the fact that durable institutional arrangements may not necessarily represent the most optimal outcome for players.

10. Ibid.

In line with Di Maggio and Powell, Aoki sees norms as endogenously created and sustained by social interactions; hence, in sociological terms Aoki is rather removed from the functionalist view that norms are exogenous, and inculcated via socialization. And, in social interactions, reciprocity is of great importance; individual gain cannot be assured through naked opportunism. Economic and social exchanges are interrelated, and norms may evolve from the two interacting. Aoki explores a number of examples of this process. Firstly, he revisits Burawoy's pioneering studies of workplace dynamics, and the manner in which workers manipulate output not just in the interests of economic returns, but also to impart meaning to work, and to secure social relationships. This may, for example, result in competitions to produce specific output targets within pre-agreed frameworks that set a clear ceiling (so as to demonstrate skill, without overtly undermining peers).

Secondly, and, on a rather different note, he explores why highly profitable firms often are those with well-developed CSR policies. A neo-liberal would assume that as CSR is a "waste" of shareholder's money, socially responsible firms would be shunned by investors, when the converse often seems the case. The latter may be due to the marketing advantages conferred by being socially responsible, but also simply because the firm has the necessary resources to be so, and hence, is freer to respond to social pressures and the need of employees to derive social satisfaction.

The penultimate chapter explores the basis under which equilibria arise in societal games that underpin the firm. The author recognizes that some contestation and flux take place, but more often than not, this is a gradual process, rather than one of rupture. He draws attention to the distinction between formal and informal rules made by Douglass North; the former are more readily alterable than the latter. Aoki moves on to look at the relationship among deontic constraints (that prescribe duties, rights, and obligations) that precede economic choices. He then revisits the debate on the relationship between social structure and action, arguing that different accounts may be more complementary than mutually exclusive.

The final chapter seeks to apply the conceptual framework to the real world. In the case of Japan, economic adjustments have led not only to the persistence of traditional corporations, but the emergence of two new types of hybrid firm, the first characterized by market-oriented finance but relational organizational architecture, and the second by banking finance and more market-oriented employment relations. Despite the limited nature of changes, it seems that hybrid firms perform better than "pure" ones. The author argues that this does not mean so much slow steps to a convergence with the liberal market model, but rather a new paradigm, still characterized by reciprocity in employment relations, and reliance on workers' cognitive assets.

The author concludes that organizational conventions are not as strong as they used to be, leading to hybridization. This process is not necessarily about the weakening of the position of workers per se; cognitive assets not only of managers, but also of core workers have become more important. Greater diversity means that rather than competing in the area, firms can complement each other. However, diversity can also lead to greater social inequality. Furthermore, while adopting aspects of the shareholder dominant model may, in some circumstances, hold benefits, the former has often been ruthlessly promoted by financial oligarchs for their own gains. Managers were placed under increasing pressure to collude with short-term financial players, letting longer-term corporate competencies reliant on workforce level corporate competencies wither away; for this reason, the oligarchs need to be curbed. It might be added that one of the ironies of the financial crisis is that the oligarchs appear to have emerged stronger – thanks to large infusions of taxpayers' money – and more brazen in seeking to inflict their favoured model on other areas of the world. Aoki argues that a first step to reining them in is to re-erect barriers between financial and consumer banking; however, the chances of global regulation appear remote. Nonetheless, there are some forces at firm level working in favour of alternative paradigms. These range from profitability issues (the most irresponsible players in the financial services industry either went under, or remain, at the time of writing, dependent on the goodwill of governments) to consumer pressures to be seen to be more socially responsible.

Internationalization and Economic Institutions – Comparing Economic Experiences

Mark Thatcher's book explores the impact of the internationalization of markets on the make-up of national institutions, looking at sectoral case studies within Britain, France, Germany, and Italy. The sectors encompassed include stock exchanges, airlines, telecommunications, electricity, and postal services. The volume brings together the Second Image Reversed Approach (SIR), associated with writers such as Gourevich, an approach which explores the effect of internationalization on domestic politics, with the literature on comparative capitalism. Internationalization is defined as pressures beyond their control on national policymakers towards opening up domestic markets. The author looks at three dominant forms of pressure. First, there are transnational technical and economic forces. Secondly, there are regulatory reforms in the US that reshape competition in the global markets, encourage liberalization elsewhere, and promote the expansion of US firms abroad. Thirdly, there are EU-wide regulations of markets, that both encourage competition, and also weaken public ownership and governmental regulatory powers. The author concludes that technological developments have not had significant effects on national institutions, but that both US and Europe-wide regulatory reforms have. But, there are pressures to both convergence and divergence. On the one hand, longstanding national monopolies have been abolished and state-owned utilities privatized. On the other hand, differences have persisted, owing to the impact of national vested interests. Both similar changes and specific continuities have occurred in countries with very different institutional traditions; this, Thatcher argues, reflects the limitations of both SIR and comparative capitalist approaches. In all four countries privatization took place; however, in some instances civil service control was replaced by state-owned (not private) companies, and the nature and extent of government regulation varies between countries and sectors. In the case of Britain, reforms were instituted domestically, drawing on lessons provided by the US experience. In the case of the other three countries under review, changes followed on EU regulation and competition from UK suppliers.

The opening chapter of the volume provides an overview of SIR approaches; these invert the traditional view of the state influencing international conflict, through focusing on how international trade, capital flows, and shocks impact on national institutions. The literature on comparative capitalism focuses on persistent national differences, and suggests that any external pressures are likely to have limited impact and to occur slowly. The second chapter looks at the internationalization of securities markets. Here, new technologies (most notably computerization) and products transformed markets. This was followed by reforms in the US; in Europe, EU-wide reform only took place in the 1990s. As markets grew in complexity, national self-governance by domestic policy communities and informal rules became increasingly difficult, while institutional investors had incentives to attack structures and rules that were not to their liking. Chapter 3 continues with the analysis of securities markets, looking at the cases of Germany, Italy, and France. Despite the above-mentioned technological advances, "institutional inertia" was strong in all these countries. The following chapter looks at the British experience. Again, there was strong resistance to established practices, up until the "Big Bang" of 1986, which led to statutory (rather than insider) regulation, the introduction of electronic trading, and the end of fixed commissions. The British case both demonstrates the resilience of external pressures, and the impact of governmental intervention in driving change. Interestingly, in the three continental European countries under review, coalitions of banks and governments with the aims of complying with EU regulation ended up losing international business, most notably to the UK. Thatcher has greatly contributed to our understanding of the institutional convergence between Britain and continental Europe.

The following section of the volume – chapters 6 to 9 – looks at a similar process of change in the telecommunications sector. Again, continental European institutions were very resistant to change until the 1990s. In contrast, in the UK, changes took place a decade earlier, with government driving reform for domestic political reasons, which included reducing government spending and borrowing, being seen to be attacking the unions, and ideology more generally. In continental Europe, radical reforms were deferred in the 1990s, and then were driven by coalitions of domestic players, both government and managerial, taking on unions and opposition political parties. However, the outcome was broadly similar in terms of sectoral institutions.

The rather brief chapter 10 seeks to introduce a similar analysis to the electricity sector. Here, transnational technological pressures were particularly weak. Again, it was EU regulation and the management of the various national utilities that drove reform in Germany, France, and Italy in the 1990s. Interestingly, in Germany, reforms were partially driven by a desire to build up large nationally generated electricity suppliers capable of competing internationally; previously, there were a multiplicity of suppliers owned by Länder and municipalities. The following chapter looks at airline reform, with competition from overseas and EU pressures driving deregulation. Again, earlier attempts at reform were unsuccessful despite external shocks such as the oil crisis of the early 1970s and the costs of investing in newer aircraft. Similar patterns are apparent in postal deregulation: limited impacts of technological change, the UK leading reform, to be followed by continental Europe, with the latter being partially driven by the process of Europeanization.

The author concludes that both the SIR and comparative capitalist approaches pay insufficient attention to domestic public actors including political parties, governments, and regulators. And, the policies imposed by other nations affect markets. However, the relationship between internationalization and domestic politics appears to vary significantly within different contexts. The role of the EU is an interesting one; this is an area where the author could have devoted a little more attention. On the one hand, as he correctly points out, European institutions are used by national governments as a tool for legitimating and driving reforms that would otherwise be resisted. On the other hand, the shifting national composition of the EU has led to changes in bodies such as the European Court of Justice, which increasingly has served as a pioneer of liberalization. This is a point that is rather under-investigated in this volume, but serves to highlight the rather indirect articulation that can exist between domestic choices and external pressures.

Why is this volume of interest to students of labour history? Firstly, it highlights the extent to which even the most resilient of national institutional frameworks and associated practices may be remade if there is political will, and/or there are sea changes in the global political-economic ecosystem. Workers and unions cannot assume that very long periods (in some instances, over a century) of continuity mean that radical change is unlikely. Secondly, national reforms remain uneven, and assume different characteristics in different places. Certainly, there are strong pressures to convergence with increasingly visibly dysfunctional neo-liberal ideal types, driven by political and business elites. But, by the same measure, this would suggest that progressive reforms are possible even in unfavourable institutional settings, and that national institutional mediation can still make for some important differences in outcomes.

The Institutions of the Market – Organizations, Social Systems, and Governance

This volume, edited by Ebner and Beck, seeks to explore the nature of persistent differences in markets, how actors interact, and the governance of markets. The opening chapter, by Alexander Ebner, usefully categorizes contemporary institutional analysis into three broad camps. First, rational choice approaches to institutions see the latter as the products of individual profit maximization strategies and, in turn, as providers of incentives to rational actors. Secondly, there are those approaches (e.g. DiMaggio and Powell[11]) that see institutions as culturally embedded and socially constructed. Thirdly, there is the historical institutionalist camp within which Ebner encompasses both historical institutionalist writers such as Streeck and Thelen, and others such as Hall and Soskice, and Amable. Perhaps it is something of an oversimplification to lump these writers into a single camp, and to place them in an intermediate position between cultural institutionalists and rational choice accounts? He is however correct in suggesting that historical institutionalism does represent a synthesis of a range of different positions, and that there is no consensus as to institutional substance. This book seeks to bring together different forms of institutional reasoning.

The first section looks at knowledge and learning in organizations, and the relationship between this and context. The opening chapter, by Geoffrey Hodgson, looks at institutions as repositories of knowledge, and the role of organizational learning processes, concepts that strongly echo the issues and concerns raised in the Aoki volume above. Sidney Winter looks at the dynamic capabilities of firms in coping with change, and learned competences; Winter notes that there is an important difference between changing the external environment through routinized and patterned activities (e.g. a company producing innovative products) and internal changes: practiced ways of changing may in fact preclude new solutions. In the following chapter, Alfred Kieser argues that genuine organizational learning is only possible when the organization makes sense of feedback from the external environment and when members actively seek to overcome learning barriers. Probably the most interesting chapter in this section is that by C.R. Hinings and Namrata Malhotra, who argue that organizational archetypes are embedded in institutional fields; collective beliefs are reinforced by state structures and other actors. Organizational change may emerge exogenously or endogenously, the latter through internal contradictions (conflicts between competing interests and differences in values) that gradually mature. Crucial to understanding such processes is the role of power.

The second section of this volume looks at market processes. The opening chapter by Neil Fligstein highlights the extent to which corporate

11. Paul DiMaggio and Walter Powell, "Institutional Isomorphism" (Chicago 1991).

governance reforms have generally yielded very mixed socio-economic outcomes, although there are clear winners among financial intermediaries. In contrast, even within deregulated contexts such as the US, successful sectors have often represented the product of direct or indirect government interventions, most notably in the realm of training and research support, significant examples being Silicon Valley and the biotech industry. Influenced by rational approaches to institutions, but also drawing on sociological approaches, Rudolf Richter argues that individuals have sunk capital in specific relationships. Peter Welgenbach and Renate Meyer argue that institutions provide stability, not action; they delineate what behaviour is acceptable, and what is not, and in this way either enable or constrain agency.

The third and final section of the volume looks at market governance. Richard Nelson critiques rational-choice-inspired views of institutions that assume that specific institutional frameworks – those that protect property markets and promote market efficiency – will produce optimal outcomes. As noted earlier, prominent industries within liberal markets have often been associated with specific state interventions and support. In the following chapter, Ebner explores the co-evolutionary process of states and markets. There is little doubt that an evolutionary perspective does impart important insights into systemic change, but, of course, there is the risk that such analysis can degenerate into social Darwinism.

The penultimate chapter by Bob Jessop explores Polanyi's conceptualization of commodities that were not created for sale, but assumed prices in the market economy, a process that has "destructive consequences." Jessop adds a fourth dimension, knowledge. Knowledge has been commodified by biopiracy (the enclosure/expropriation of the inherited intellectual commons), separation of knowledge from control over the production process (via smart machines), the expansion of copyright, persistent attempts at intellectual monopolies within particular product areas, the unwillingness of capital to pay for intellectual inputs despite wanting high prices for intellectual outputs, and owing to the increasing importance of knowledge-intensive industries. States play an important role in making the enclosure process possible, in managing the contradictions inherent in a fictitious commodity, in promoting the commoditization of knowledge, which has contradictory effects in that in undercuts the valorization of existing knowledge. And, these processes have been resisted at a range of levels: inter alia, by public sector workers fighting marketization; by resistance to the enclosure of traditional knowledge; through the rejection by consumers of efforts to impose monopoly prices on goods protected by copyright; the challenging of intellectual property rights by emerging market producers; and the inefficiencies created by intellectual property rights on the production process. Hence, there is evidence both of contestation and continued statism.

The final chapter, by Robert Boyer, reviews both regulation theory and Pierre Bourdieu's sociology; while both have been attacked as determinist, they actually seek to explain change. Both highlight the ever-present possibility of crisis. Bourdieu suggests that social identity has both cognitive and political origins. Meanwhile regulation theory stresses (although at times has underestimated) the impact of the crisis of the 1930s, and the traumas of fascism and war in driving the postwar consensus. While there are many differences between Bourdieu's work and regulation theory, Boyer concludes that both have become increasingly aware of the central role played by the political.

Conclusions

All these books have some limitations in that they largely focus on the relationship between institutional continuity and liberalization, some of the chapters in the Ebner and Beck volume being a significant exception. While this is by and large the case, this downplays the prospects of significant ruptures in the other direction, and, more specifically, the extent to which meaningful change may be forced through collective action. There is little doubt that neo-liberalism will not go quietly into the night. Though the rentier-driven excess and crisis of the 1920s did bring about meaningful social compromises, this was only after a painful period of mass recession, and in many countries, fascism and war. At the same time, the contradictions that come with rentier excess – mass impoverishment and, hence, a declining capacity for consumption, over-production, and the destruction of productive areas of economic activity in favour of the parasitic – make socio-economic change inevitable. Within institutional thinking, a very much better understanding of the possibilities and constraints on system-challenging collective action, rather than optimistic references to Polanyian double movements, is desirable. For all the meaningful insights the diverse literature on institutions provides, this remains a lacuna in much of this literature.