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ABSTRACTS

INSTITUTIONAL CHANGE IN CONTEMPORARY CAPITALISM
COORDINATED FINANCIAL SYSTEMS SINCE 1990
By PEPPER D. CULPEPPER

What happens when the unstoppable force of liberalization collides with the immovable object of national financial institutions in the advanced industrial democracies? To answer this question and evaluate alternative mechanisms to explain institutional change, this article examines the cases of the three large European economies with concentrated share ownership—France, Germany, and Italy. In the formal legal mechanism, interest coalitions adopt new laws, leading actors to deviate from formerly stable patterns of behavior in shareholding. In the joint belief shift mechanism, collective actors use a triggering event to jointly reevaluate their views of how the world works and thus how their interests can best be pursued. Using the metric of patient capital, this article shows that institutional change took place in France but not in Germany or Italy, despite the fact that Germany and Italy experienced significant regulatory change in the area of corporate governance while France did not. This evidence fits joint belief shift and is inconsistent with the formal legal mechanism. It is likely that the importance of the two mechanisms of institutional change depends on the degree of strategic interdependence among institutional actors: where it is high, the joint belief shift mechanism is likely to precipitate change; and where it is low, the formal legal mechanism is likely to precipitate change.

PATH DEPENDENCE AND VALUE-DRIVEN ISSUES
THE COMPARATIVE POLITICS OF STEM CELL RESEARCH
By THOMAS BANCHOFF

The politics of stem cell research poses a puzzle: the explanation of different national responses to the same scientific breakthroughs. Policy struggles across the major scientific powers have revolved around similar values—the protection of human life and solidarity with the sick—but generated very different regulatory outcomes. Bringing in historical and institutional legacies can shed light on those differences. The article develops an analytical framework around the path-dependent effects of state institutions on value-driven issues and applies it to the politics of stem cell research in the United Kingdom and Germany. Historical institutionalism, it argues, can be extended beyond the study of political economy and the welfare state to issues marked by sharp value conflict.

AUTHORITARIAN STATE BUILDING AND THE SOURCES OF REGIME COMPETITIVENESS IN THE FOURTH WAVE
THE CASES OF BELARUS, MOLDOVA, RUSSIA, AND UKRAINE
By LUCAN A. WAY

This article explores the sources of regime competitiveness in the post–cold war era through a structured comparison of regime trajectories in Belarus, Moldova, Russia, and Ukraine, for the period 1992–2004. An examination of these cases suggests the need for a fundamental rethinking of the commonly held view of the transition process—especially in countries that face relatively weak international democratizing pressures. Approaching these countries as unconsolidated autocracies rather than as simply emerging democracies draws attention to key sources of political competition that have largely been ignored in the literature on competitive regimes. Thus, competitive politics in Belarus, Moldova, Russia, and Ukraine were rooted less in robust civil societies, strong democratic institutions, or leadership than in the inability of incumbents to maintain power or concentrate political control by preserving elite unity, controlling elections, and/or using force against opponents. Such “pluralism by default” has been the outgrowth of the
strength of anti-incumbent national identity and incumbent weakness as defined by a lack of
know-how, ineffective incumbent organization, and/or the weakness of certain dimensions of
state power.

THEORIES OF POLICY DIFFUSION
LESSONS FROM LATIN AMERICAN PENSION REFORM
By KURT WEYLAND

What accounts for the waves of policy diffusion that increasingly sweep across regions of the
world? Why do many diverse countries adopt similar changes? Focusing on the spread of
Chilean-style pension privatization in Latin America, this article assesses the relative merit of
differential explanations that scholars of diffusion have proposed. As the principal mech-
anism driving innovations spread, these approaches emphasize external pressures, emanating es-
pecially from international financial institutions; the quest for symbolic or normative legitimacy;
rational learning and cost-benefit calculation; and cognitive heuristics, respectively. The article
assesses which one of these frameworks can best account for the three distinctive features of dif-
fusion, namely its wavelike temporal pattern; its geographical clustering; and the spread of sim-
ilarity amid diversity. While several approaches contribute to understanding policy diffusion, the
analysis suggests that the cognitive-psychological framework offers a particularly persuasive ac-
count of the spread of pension reform.

THE BUSINESS OF GOVERNING BUSINESS IN CHINA
INSTITUTIONS AND NORMS OF THE EMERGING REGULATORY STATE
By MARGARET M. PEARSON

China began to establish markets a quarter century ago, but only in the last decade has its
government made a concerted effort to design new institutions to govern them. Hence, a “regu-
latory state” is emerging. The prevailing literature focuses on a seeming convergence of China’s
institutions with the dominant global model of the “independent regulator,” including the es-

tablishment of new regulatory commissions. Yet research on China’s strategic industries—those
in the infrastructure and financial services sectors—suggests that assumptions of convergence
obscure key elements of a regulatory design characterized by continued state ownership (as op-

posed to privatization), maximization of the value of these assets, and active government struc-
turing of these industries. Moreover, regulators in the existing party-state bureaucracy have
relatively weak authority. This research cautions us to rethink dominant models of Chinese po-
litical economy so that we retain a place for the central state in directing market reform at the
“commanding heights” of the economy.