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**Boekbespreking van: Deregulating Imperfect Markets: On the Role of Institutions in Markets**  
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cultural heritage that should be passed on to future generations and safeguarded from outside threats. The ideology does not rule out the possibility that foreigners obtain the nationality, but requires them to assimilate the national culture. In this sense, the 'ethnic' element is part and parcel of the mono-cultural ideal of the nation that is characteristic of the extreme right in general.

From this perspective, whether or not the assimilation of foreigners is described as 'possible' or 'realistic' appears to be more a matter of strategically fine-tuning the discourse, taking into account the specific sensibilities in a country. It could be argued that any extreme right party will try to raise the discursive threshold for assimilation as high as possible without running the risk of being perceived as blatantly racist. That the Vlaams Blok can afford to take a more overtly exclusionist stance than the other extreme right parties might well be due to the tradition of Flemish nationalism, which has given rise to a widespread attitude of cultural protectionism in Flanders.

Because of that, it has sometimes been argued by Belgian scholars that the Vlaams Blok rhetoric and the mainstream discourse on the immigrant issue are basically very similar and can be traced back to a common ideological core, involving the fundamental premise that the autochthonous culture takes precedence over the foreign one and that foreigners therefore have a duty to assimilate. This kind of reasoning obviously casts some doubts on Mudde's contention that the core ideology is the best criterion to determine whether or not a party belongs to the extreme right family. I would certainly not be surprised if an in-depth analysis of the discourse of mainstream parties like the British Conservatives or the Bavarian CSU would point at the very same core values that, according to Mudde, are typical of the extreme-right: nationalism, xenophobia, law and order, and welfare chauvinism.

Owing to his exclusive focus on ideology, Mudde does give serious consideration to the alternative hypothesis that extreme right parties are characterized by a specific campaign style and a more intense and explicit emphasis on issues like law and order and immigration, rather than by their ideology. In this sense, Mudde's study does not provide a conclusive answer to the politically highly relevant question of where to draw the line between the extreme right and the conservative party families. Nevertheless, thanks to its broad scope, it constitutes a valuable and probably even unique source of information about the political programme and the ideological profile of extreme right parties.

Bart Maddens

Frans van Waarden and Jan Simonis (eds.), *Deregulating Imperfect Markets: On the Role of Institutions in Markets*. Amsterdam: Thela Thesis, 2000, ISBN 90-5170-480-1, 144 p. Dfl. 29.50, \$ 20, £ 9.95.

Rules constitute markets. Indeed, even if markets could exist without rules, no one would want to participate in them. Nevertheless, a central tenet of contemporary economic policy-making is that markets should be liberated from regulatory

constraint. This is the paradox at the centre of the analysis by Van Waarden, Simonis, and their contributors. The resulting combination of theory and case studies makes for stimulating reading. The work took shape at a 1997 academic conference and its ostensible purpose is to inform the Dutch Ministry of Social Affairs and Employment. Still its broader publication warrants attention, particularly from those not steeped in the new institutionalism of the social sciences.

Chapters 2 through 4 provide a useful survey of the role of economic institutions in modern society. In Chapter 2, Simonis emphasizes the constitutional and motivational idiosyncrasy of national economic institutions. Hence, even if institutional arrangements look the same from one country to the next, that should not be taken to mean that they were chartered for similar reasons or that their operation will yield similar results. Indeed, the same point applies to institutions within the same country but viewed across time. Institutions can best be studied from a comparative perspective and yet they are not always easily comparable.

Still, economic institutions do share a single underlying logic – the mitigation of uncertainty and the accommodation of risk. This is the argument made by Van Waarden in Chapter 3, and it is a useful reminder to those who view the process of deregulation as inherently cost-free. Regulations – and, more generally, belief in the rule of law – provide the basis for trust in modern societies. Therefore, not only does the elimination of rules threaten to increase uncertainty, but it may also result in behavioural changes that are detrimental to society as a whole.

Crucially, the process of deregulation is not predetermined, it is chosen. In chapter 4, Van Waarden demonstrates that there is no necessary correlation between deregulation and competition in goods or capital markets; neither is integration across nation states or through supranational organizations bound to lead to a race to the bottom. Where there is a threat, perhaps, it lies in the diffusion of ideas or the imitation of policies. Policy-makers may be too easily convinced by example in the merits of specific forms of deregulation without regard to their context of origin or to the problems their application might entail.

The remaining chapters, 5 through 7, provide case studies of deregulation as it relates to occupational safety, vocational training, and the special case of New Zealand. These are not explicitly organized around the principal themes set up in the theoretical chapters, but rather follow a more narrative structure. The concluding chapter, chapter 8, makes the connection between theory and case study through a reorganization and summary of main findings. The overall conclusion is that regulation remains important to market functioning and that deregulatory policies should be scrutinized for "unexpected – and largely undesirable – consequences" (p. 123).

The message that rules constitute markets and that politicians ignore this at their peril is salutary. That it should be directed at policy-makers in a government ministry responsible for a large corpus of market regulation is more promising still. Nevertheless, what is striking upon reading the book – and particularly the chapters by Van Waarden – is the strong echo of the 'conventional wisdom' established by the Great Depression. Arguments about the social embeddedness of market institutions,

about the idiosyncratic nature of regulation, and about the perils of free market ideology are strongly reminiscent of Karl Polanyi's *The Great Transformation*. Cautionary warnings against policy-makers' susceptibility to adopting ill-founded prescriptions in the name of practicality carry much the same tenor as Keynes's musing about the pernicious influence of economists who are long dead at the end of *The General Theory*. Hence the real paradox is not that deregulation works against the foundations of the market. Rather it is that history has repeated itself so obviously and in such a short period of time.

Academics looking to extend or complement the analysis provided by Van Waarden and Simonis could usefully examine the motives behind the present fashion for deregulation. An argument explaining why policy-makers choose to regard regulation as antithetical to (rather than constitutive of) the market would complement the book enormously – particularly given the strength of the consensus about the necessary integration of states and markets in the early years of the post-war era. That said, it is easy to anticipate that such an inquiry might be seen as superfluous to the authors' intended ministerial audience. Hence the editor's self-imposed restriction on the scope of analysis is worth noting (though, emphatically, not worthy of criticism).

Also worth noting are the rather low production values provided by the publisher. In this case criticism is warranted, but should not be directed at the authors or their contributors. Perhaps this is the price to pay for the dissemination of interesting work in a foreign language (English) to what is unfortunately likely to be only a restricted audience. Nevertheless, the repeated incidence of typographical errors, the irregular formatting of paragraphs (sometimes indented, sometimes not), and the generally poor standard of copyediting – including the repetition of an almost identical sentence on pages 67 and 105 – are an unnecessary distraction. The analysis in this book warrants attention. Indeed, the study of 'deregulating imperfect markets' is particularly important if we are not to forget the wisdom it imparts altogether and so collectively condemn ourselves to learn the lessons of the past once again the hard way.

Erik Jones

Bulmer, Simon, Charlie Jeffery and William Paterson, *Germany's European Diplomacy. Shaping the Regional Milieu*. Manchester: Manchester University Press, 2000, 160 p. ISBN 0 7190 5855 4, £ 10.99.

Three well-known British experts on German politics have made a combined effort to analyse Germany's European diplomacy since reunification, in particular since the arrival of the Schroeder government in the autumn of 1998. Their main questions of research are what has changed in comparison with diplomacy before the reunification and, more specifically, whether this diplomacy has paid more attention to (short-term) national self-interests. They present three case studies: the Amsterdam Inter-governmental Conference and subsequent Treaty, European Monetary Union

(EMU), and the enlargement of the European Union. The book begins with three theoretical and empirical chapters on the institutional base of Germany's European diplomacy and its relations with 'partners'. The case studies are dealt with in the three following chapters. The theoretical point made by the authors is that one has to analyse Germany's European diplomacy by looking not only at domestic policy formulation (by such actors as political parties, the *Länder*, public opinion, constitutional court or the *Bundesbank*) or bilateral partnerships, but also at so-called milieu goals.

The latter, in contrast to possession goals, aim at "shaping condition beyond ... national boundaries" (p.7). The object is to include other states into German designs, not to seek objectives to the exclusion of other states. German diplomacy in the European Union is not following short-term national interests. Rather, it is trying – and successfully so – to shape the broad structural characteristics of European integration, i.e., its regional milieu. Interestingly, it is the fragmented nature of German politics that enables Germany to play a key role in the fragmented arena of European integration politics. Because German policy-makers have to consult many domestic actors, the resulting paradox is one of tactical weakness and systematic empowerment. In the European Union

the day-to-day conduct of policy is undertaken within an institutional environment with which German policy-makers are fundamentally at ease. It is rare that Germany has a policy line fundamentally at odds with its partners. Hence, any attempt to appraise German power in the EU has to appreciate the cumulative effect of its integration diplomacy. By virtue of being one of the major *démandeurs* of supranational solutions to domestic policy problems, the EU has been shaped into a set of institutional rules, norms and policies which are supportive of German interests (p.9).

The mechanism at work is explained in chapter two, which gives a good overview of the increasing involvement of the *Länder*, *Bundesbank* and the Federal Constitutional Court in the federal European strategy. Although these institutions might be irksome domestically, they do equip the federal government with veto points in Brussels. German negotiators can take proposals off the European agenda by referring to *Länder* and *Bundesbank* opposition or a possible veto by the Federal Constitutional Court.

In the third chapter on strategic partnerships, the authors succeed quite well in portraying the still functioning Franco-German axis that has tended to favour German proposals since the 1980s, the at times difficult German-Dutch relations that have been revived since 1994, and the 'failure' of Germany and the United Kingdom to achieve a partnership. Although the empirical content of the overviews is entirely correct, it is not difficult to see that the authors are more at home in the English-German relations than in Franco-German or Dutch-German relations. The discussion of national identities, political systems and the media, and their subsequent influence on relations with Germany is much more convincing in the case of the English-German relations. Footnotes from Dutch or French publications are rare and in the authors' foreword there are no acknowledgements to French or Dutch academics. Moreover, the authors do not explain why they have chosen to look at these particular