

## **Great Transformations! Institutional Changes in European Political Economy**

The still ongoing financial crisis and in particular the related Euro-crisis indicates that existing institutional setups aimed at stabilising and guiding political and economic processes are being severely challenged in these years. But this is not a new phenomenon. From the Great Depression in the 1930s to the economic crises of the 1970s and till today's crisis the central institutional fabric of European societies have been consecutively challenged and transformed. The multiannual research project 'Institutional Transformation in European Political Economy' (ITEPE) funded by the European Research Council takes a closer look at the recurrent return of crises by investigating why such crises occur.

### **The Central Role of Intermediary Institutions**

Societal crises are multifaceted phenomena and in order to grasp them, the ITEPE project is specifically oriented towards exploring the transformation of intermediary institutions in the European context. Intermediary institutions can generally be understood as frameworks carrying out two simultaneous processes: a process oriented towards an internal stabilisation of economic production, and a process establishing compatibility with non-economic reproduction processes in relation to, for example, education, science, religion and politics. Intermediary institutions thereby gain a strategic position in society enabling them to serve as interfaces between several societal spheres. A central hypothesis guiding the ITEPE project is that the failure of intermediary institutions to adequately stabilise relations between the economy and other spheres of society, does not only provide an indication of, but also, a central reason for a profound societal crises to emerge.

### **Evolutionary Turns**

From mid-19th century to mid-20th century, corporatist frameworks were the central type of intermediary institutions. With the wake of the crisis in the 1930s and the upheavals of the Second World War, the occurrence of a central turn was inevitable. The fading corporatism, which in Western Europe was replaced by a novel type of neo-corporatism, laid the ground for the immediate post-war period change. Neo-corporatist frameworks were essentially oriented towards stabilising the triangular relations between the state, employers and employees. This

ambition of substantial societal steering and coordination built in to the neo-corporatist frameworks however ran out of steam during the crises of the 1970s. This subsequently led to a 'turn to governance' which emerged in the 1980s and have since dominated the scene up to the present time.

### **The Breakdown of the Governance Paradigm**

With the 'turn to governance', a new paradigm emerged implying a development of new steering mechanisms. Here governance took new forms like Corporate Social Responsibility initiatives, New Public Management, Public/Private Partnerships and private based self-regulatory measures. The recent financial crises have however disclosed severe shortcomings in the guiding regulatory philosophy of the governance paradigm. The crises have essentially implied an implosion of the regulatory frameworks which has guided the relations between the economy and the rest of society over the past three decades. Because of this, Europe and the Western world are currently floating rudderless in the absence of a new guiding philosophy.

### **Spatial Expansions**

The ITEPE project has a focus on the notion of space as an explanatory factor when looking into the shifts between corporatism, neo-corporatism and governance. Early forms of corporatism were in most instances not national in character but essentially local structures aimed at stabilising social relations within a city or immediate area. It was generally in the post-war period with the development of neo-corporatism that national frameworks came into existence. The time period was characterised by intense concurrence between the setup of intermediary institutions and national political systems. This type of concurrence however came under constant pressure immediately after its emergence due to the increased Europeanization and globalisation. One of the consequences of this process was the emergence of new governance frameworks with an increasingly pan-European or global reach. Thus, the evolutionary turns between different types of intermediary institutions and the severe societal crises accompanying these turns seems to be closely linked to consecutive waves of spatial expansions.

### **Organisation, Networks and Social Roles**

Although sharing a common function through their processes of economic stabilisation and in creating compatibility with other societal spheres, the organisational setup of corporatist, neo-

corporatist and governance institutions are fundamentally different. Firstly, the three types of institutions combine formal organisations and network based communication mechanism in different ways. Secondly, different social roles derived from e.g. social class, professions or, as is the case within governance frameworks, expert knowledge, have dominated the three types of intermediary institutions. A central objective of the ITEPE project is to map these setups and to deduct general insights concerning the norms and values which are promoted through by different types of intermediary institutions. This will generate central insights into the consequences of these shifts for individuals and organisations as well as the society at large.

### **ITEPE Events**

Under the title ‘Institutional Transformations in European Political Economy: Corporatism, Neo-Corporatism and Governance Reconsidered’ the inaugural conference of ITEPE took place on the 30 – 31 January 2014. A large host of excellent scholars addressed the key questions of the ITEPE project and provided central input to the project.

ITEPE will organise 2 – 3 events a year. The next event is a conference on the sociology of competition scheduled for the 19- 20th June 2014. This conference will take a look at competition policy as well as competition as a broader instrument for organising social bonds in European societies and how the nature of competition has changed over time in the European context.

The third event scheduled for this year will be a conference on ‘European Crises in the 20th Century’, co-organised with the Center of Modern European Studies at the University of Copenhagen, taking place on the 11 – 12 December 2014. This conference will through a comparative approach study the causes and consequences of the three crises in the 1930s, the 1970s and today. All events are open to the public.

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