

tributable to informal party organisations, which have thus far been critically under-explored (p. 214).

The crucial implication of Mares and Young's book is that the heterogeneity of clientelistic strategies can only be interpreted as a sign of shortcomings scattered through the entire scaffolding of post-communist democracies. Because none of the typical culprits from existing studies – political control, programmatic appeals, distributional conflict, etc. – can explain the full breadth of electoral clientelism, the authors advocate for nuanced policy countermeasures. Specifically, drawing on the recent Romanian approach through high prosecutorial intensity, Mares and Young suggest that the only way forward is to embed macro-level initiatives within multifaceted strategies that impose harsh penalties for multiple manifestations of clientelism (pp. 216–217).

On the whole, Mares and Young's book impresses through analytical clarity and the research scope. The central argument – that clientelistic strategies intertwine programmatic and non-programmatic layers – represents a significant addition to conventional studies of post-communist transitions, because it opens up a flexible research agenda that blends in agency, structure, and contingency. The comparative angle gives the argument further potency as it juxtaposes developments from a 'transition laggard' like Romania, alongside those of a former 'poster-child' of success that has now turned into a topical case of backsliding, Hungary. The book's simultaneous dialogue with the literature on CEE transitions and with the scholarship on electoral clientelism sends out the strong message that many of the previous 'gold standards' in terms of methods and prescriptions require a deep reassessment.

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Torben Iversen and David Soskice:
Democracy and Prosperity: Reinventing Capitalism through a Turbulent Century
Princeton, NJ, 2019: Princeton University Press, 277 pp.

What is the relationship between democracy and capitalism? On the one hand, they seem to be in conflict. The democratic rule is 'one person, one vote', whereas in capitalism the rule seems to be 'one dollar, one vote'. On the other hand, democracy and capitalism have in most Western countries been in a convenient, albeit turbulent, marriage since the First World War, and the relationship has proved surprisingly resilient in the face of big economic and geopolitical disruptions throughout the century. This relationship is the topic of this bold book.

The book is bold because it goes against what can be described as the dominant contemporary view, in much of academia and the intellectual media, on the relationship between democracy and capitalism. That view goes like this: In contemporary capitalism, capital is global. Firms and banks can move investments around

the world to where they get the biggest profits and highest returns. This means that the nation states, and therefore the advanced democracies, have more and more difficulty setting the rules of the economic game. Contrary to what democratic majorities would like, national governments are forced to lower taxes and deregulate in order to attract capital, which is vital to the national economies. They are forced, simply because capital is global or 'footloose' in the sense that it can easily relocate for higher profits. This has several implications for modern democracies: it becomes increasingly difficult to finance the democratically supported welfare state, and inequality increases rapidly. In that situation, the economic elite calls all the shots, and the political room for action on the part of national democratically elected governments becomes increasingly small. This view has been gaining further traction since the financial crisis, and not least since the publication of Thomas Piketty's *Capital in the Twenty-First Century* in 2013. If that is the lay of the land, is that a democracy at all? In social critic Noam Chomsky's view it would be a plutocracy. Aristotle and Piketty would call it an oligarchy. German economic sociologist Wolfgang Streeck would call it 'post-democratic politainment'.

If this dominant view can be said to be both concerned about the current state of affairs and pessimistic about the future, *Democracy and Prosperity* takes a contrasting and thought-provoking view. First, the book argues that democracy and capitalism form a symbiotic relationship, and that globalisation is only making the relationship stronger. Furthermore, what has been dubbed neoliberal reforms have not come from pressure on national governments from economic elites, but, on the contrary, from democratic pressures from the electorate. Iversen and Soskice argue these bold claims on the basis of a framework of five symbiotic core elements:

(1) Contrary to common belief, the strong nation state has a central role to play in advanced democratic capitalism. Most importantly, the state has to make sure that markets are competitive. Rent seeking, shielded industries, and trade protectionism do not advance the overall economy, especially the high value-added sectors. Second, the state has to set the rules of the game with regard to industrial relations. If labour is too powerful, it may prefer to limit innovation and skill replacement, and this should be avoided. Lastly, it is the role of the strong nation state to invest in public goods, especially in the areas of education, training, and research, which are otherwise underprovided.

(2) Democratic capitalism is not, as is often claimed, a clash between the interests of labour and capital. Instead, modern democracies are characterised by the aligned interests of decisive voters with advanced capitalism. High-skilled voters are benefitting from the transition to the 'knowledge economy'. This transition is fuelled by rapidly developing information and communications technology (ICT revolution), which have led to economic development in new industries and companies. These industries are not confined to information and communications but have developed and operated in addition to biotechnology, life sciences, nanotechnology, laser and sensor technology and robotics, as well as computer security and, increasingly, artificial intelligence (p. 184). High-skilled workers are benefitting massively from this development due to what is known as skill-biased technological change. Workers in high-skill jobs are supported by technology and thereby become more productive, while semi-skilled workers are being replaced through automation, robotisation, and digitalisation. This leads to what economists call the polarisation of the job market, with many high-skill high-income jobs in the advanced sectors of the economy and low-income, low-skill jobs in the ser-

vice sector. According to Iversen and Soskice, the decisive voter, i.e. the middle class, will consist of these high-skilled workers, along with what the authors call aspirational voters, who expect to become high-skilled or expect their children to be. The decisive voter will therefore support policies and governments that advance the knowledge economy.

(3) Firms in the advanced sectors of the economy require a large and highly skilled workforce. These employees' skills are co-specific, meaning that they are working together to create the knowledge economy's high-value products and services. In addition, workers are to a large degree working physically together in what Iversen and Soskice call big-city agglomerations. These high-skilled employees have a rewarding social and professional social network in these skill clusters, where they are also likely to find partners through assortative mating, thus reinforcing the dynamic.

(4) The physical and geographical embeddedness of these workers is foundational to Iversen and Soskice's claim that capital is not footloose in advanced capitalism. Because employees cannot be uprooted just like that, the threat of exit made by companies in the advanced sectors (which would make them able to pressure national governments) becomes hollow. Furthermore, advanced capitalist companies need to operate in an international competitive environment, and this makes it difficult to overcome the collective-action problems involved in business action against governments, such as an investment strike. Advanced capitalist democracies are more than happy to cut back subsidies and remove barriers to competition from low-wage countries, while betting on new high value-added industries. Thus, many neoliberal policies have not been popular in large parts of the business sector, because they force businesses to innovate or languish.

(5) Democracy is not about redistribution or equality but the advancement of

middle-class interests. The decisive voters, who are in the middle class and who are typically the winners in the knowledge economy, may or may not want to compensate the losers. Instead, their interests are aligned with advanced capitalism, in the sense that they are interested in the wealth stream and in high-income jobs in the advanced sectors. Consequently, they also support investment in education, if not for themselves, then for their children, as well as research and development. The middle class is not interested in inequality per se, only in seeing its own fortunes rise with the economy as a whole. And Iversen and Soskice show empirically (contrary to common belief) that the middle class's share of the pie, measured by the median to mean ratio of disposable income, has remained surprisingly steady from 1985 to 2010 (p. 24). They call this the 'fundamental equality of democracy'.

From this broad but coherent theoretical framework, Iversen and Soskice take the reader through a thorough examination of two distinct roads to democracy in the advanced countries (chapter 2); the rise and fall of Fordism that characterised Western democracies in the post-war period (chapter 3); the knowledge economy and the political underpinnings that made it possible (chapter 4); the populist response from the losers of the knowledge economy (chapter 5); and a look into the future of increasingly advanced capitalism and democracy (chapter 6).

Democracy and Prosperity is an impressive tour de force that discusses many different but inter-connected aspects of the knowledge economy and its implications for work, education, social networks, inequality, geography, and politics. It is compelling, not least because of its rich empirical evidence. However, it is in the sections that contain the most original contributions (the skill clusters, big-city agglomerations, co-specificity, and co-location) that, unfortunately, the empirical evidence is most

scarce. Why high-skilled workers need to work physically together and develop fruitful professional relationships over time is not explained convincingly, especially considering that it is such a foundational part of their argumentation. Also, this foundational argument about physical embeddedness pertains only to the *employees* of multinational enterprises. Much of the political and academic concern and criticism of global capitalism has been about taxation of profits, and the ability of firms to move it around to where taxes are lowest. Apart from a table on implicit tax rates on capital, this issue is not discussed at length. Iversen and Soskice's general optimism is contagious, although it doesn't always follow through. For example, their description of how a local entrepreneurial businessman, Frank Panduro, reversed the fortunes of a town outside the big-city economic hubs in Denmark through investment in culture and entertainment seems rather silly compared to the scope of the structural, geographical, and technological upheavals they are examining.

Throughout their analysis of the relationship between democracy and capitalism, Iversen and Soskice seem to tilt the balance towards capitalism. A stronger focus on the question of democracy would have been beneficial. The explanations of the development of capitalism are often impressive – for example, the detailed descriptions of the financial crisis and the rise and fall of Fordism. However, little attention is given to the more fundamental questions of democracy, including deliberation, trust, representation, information, manipulation, influence, and corruption. Voter information especially, which seems to be fundamental to the authors' argument about democratic pressures for policies that advance the knowledge economy, should have been discussed in more detail. For example, the authors assume that low-skilled workers are capable of understanding supply and demand and relating this

to government spending on training. Low-skilled workers would, according to the authors, be opposed to reducing training intensity and spending because it would increase the relative supply of low-skilled workers and thereby reduce their pay. The book does not rest on this peripheral argument, but it shows that the authors ascribe an enormous amount of knowledge, rationality, and analytical skill to voters, even low-skilled ones. It seems reasonable, as Iversen and Soskice argue, that voters vote for parties that exhibit proficiency in managing the economy (and being 'responsible'), but it seems unlikely that voters have specifically asked for financialisation through more advanced and complex financial products and for more product market competition, as is argued here. With this much faith in the information levels of voters, it seems odd that Iversen and Soskice would speculate that a 'lack of information' could be the reason for Martin Gilen's findings that when preferences differ, those with high income and education get their way far more often than those with middle and low income. All in all, *Democracy and Prosperity* presents a compelling and thought-provoking argument in the ongoing debate about the current state of democracy and capitalism and where we are heading.

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Kate Raworth: *Doughnut Economics: Seven Ways to Think Like a 21st-Century Economist*

London 2018: Random House Business Books, 384 pp.

In this book Kate Raworth takes her own discipline to court. Her ruling: economics is severely flawed. Raworth presents evidence stretching from the time of the field's