

# Structural Alignment: Changing Orders in North and South

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*Christian May\**

## Abstract

Motivated by the debate about the rising power of Southern countries, most notably the BRICs (Brazil, Russia, India and China), we critically examine whether it inhibits the potential for the transformation of North-South relations within the global political economy. We argue that these new North-South-relations are much more characterized by similarity and complementarity rather than challenge. This paper analyzes both the regulation of money and production for Brazil, China and India, as well as the ideologies by which they legitimize their orders in international arenas such as the IMFC and the IMF Board of Governors. Such a combined examination of both material and ideational structures reveals that, beyond the rhetoric of contestation, these countries share much of the politico-economic common sense within the G7. In effect, these countries align to the Post-Washington Consensus on how to regulate order in the political economy. This "tolerant liberalism" is able to incorporate any substantial different order stemming from emerging powers. The "challenge" of Southern economies thus does not bring about any substantial change which would not have been on its way within the G7 anyway. Furthermore, it does not enhance the potential for developing countries to pursue independent development strategies.

## 1 Introduction

Does the rise of the global south entail the potential for substantive change in the global political economy? Will the OECD countries have to adopt economic agendas along different lines of fairness and reciprocity, etc...? These are fears and hopes associated with the rise of the BRICs countries. They resonate in a range of discussions in policymaking and academia. Within business circles, Brazil, China and India have been under surveillance as the next potential growth hotspots since the early 1990's. In 1997, Jeffrey Garten, former Undersecretary for international trade under Clinton, included them into his "Big Ten", a group of developing countries that investors should include in their portfolios (Garten, 1997). The next wave of developing country-enthusiasm started, when Goldman Sachs presented their famous BRICS-study in 2003 (Wilson and

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\*Correspondence: University of Bremen, BIGSSS, P.O. Box 330440, 28334 Bremen, Germany, [chmay@gsss.uni-bremen.de](mailto:chmay@gsss.uni-bremen.de). Thanks go to Rainer Baumann, Stefano Guzzini, Melita Lazell, Michael Strange, Joscha Wullweber and Bernhard Zangl for helpful comments on earlier drafts.

Purushothaman, 2003). In short, they identified a core group of Brazil, Russia, India, China and South Africa that is about to overtake the G7 by 2050. Originally thought as analytical support for the parallel launch of a BRIC-investment fund, it gained popularity way beyond business circles into wider realms of analysis and policy-making. Although it seems that most analysis focus on China and India, while South Africa was out of the game after a short time, we use the BRIC-frame but exclude Russia, because it is of lesser relevance for North-South relations. The rise of China is, of course, a third strand of discussion, which is currently filling meters of bookshelves. While many construct a threat to the United States of America and the Western world in general, some relate the growth of the Chinese economy to the fate of the developing world in general. From this view, the "China Effect" is said to open new possibilities for Southern countries to follow a development agenda that differs from the Washington Consensus (Fernandez Jilberto and Hogenboom, 2007). The establishment of the G-20 group within the WTO, which brought down the Cancun meeting in 2003, then should serve as first indicator of the formation of a southern counter-hegemonic bloc that could transform the economic order (see e.g. Amsden, 2001; Deckwirth, 2006; Harris, 2005; Subacchi, 2008; Taylor, 2007). Is BRIC then the new NIEO?

## 2 International Cultural Political Economy

This paper advances a structural approach in which actors are mostly at the receiving end of social forces. Within IR, such approaches were prominent in the 1980s (such as Neorealism and Neogramscianism), but came under stress with the rise of constructivism and the liberal underpinnings of world politics after the Cold War. Since a lot of constructivists did not refute any of these approaches immanently, but only through adding other variables of explanation (such as identity and culture), many of the insights are still valid. For this reason, we do not aim to refute these accounts but to add another structural layer by turning to (macro-) sociology. As a social science, political science and IR must be compatible with sociology, especially if one focuses on the mechanisms of ideology. Our theoretical perspective feeds firstly from a sociological account of economic order. Capitalism is not just a way of producing and distributing goods and services, but heavily determines how people run their (also non-economic) lives. This question was already pivotal for Marx and Weber, but also for Polanyi, Adorno and feminist scholars (such as Whitworth, 2006). Going beyond a reification of the state-versus-markets-approach (Watson, 2005, 19), it views capitalism as a societal structure. It follows that it cannot be analyzed by focusing on economic transactions only but needs to incorporate a wider variety of social dynamics. A second tier treats ideas as social institutions. It differs from most accounts of 'ideas' in politics because it neither conceives of ideas as mere blueprints or norms for action located in actor's minds (Goldstein and Keohane, 1993; Denzau and North, 1994) nor as explicit theoretical constructions, such as 'Keynesianism' or 'Neoliberalism'. Rather, we advance the Sociology of Knowledge and Cultural Sociology, which both address the nature and function of common sense knowledge within societies (Knoblauch, 2005; Neidhardt, 1986). Since common sense is normally assumed rather than articulated, its analysis has to trace the 'hidden' traces of meaning that come

with any discursive activity. We advocate the reinvigoration of the term 'ideology' for such unconscious structures of meaning, because it implies a societal dimension of knowledge as well as the fact that certain interpretations of the world do serve specific interests. Together, such a theory of capitalism as social structure in a wider sense, contributes to what is currently emerging as Cultural Political Economy (Jessop and Sum, 2001; Sum, 2004; Seabrooke, 2007).

### 3 The Function of Social Knowledge

Over the years, sociological theory departed from the distinction between truth and ideology, between 'real' and 'false consciousness, that was central to Marx, but also to Karl Mannheim (1956). Inspired by Husserl's phenomenology, Alfred Schütz developed a theory of the constitution of the life-world, which provided the microsociological grounds for Berger and Luckmann's theory of society, accidentally labeled as "social constructivism" (Schutz and Luckmann, 2003; Berger and Luckmann, 1991). Sociologically, knowledge consists of socially relevant, objectified and socially mediated meaning (Knoblauch, 2005, 155). In their account, the production and dissemination of ideational structures (as institutions) constitutes an integrative mechanism whose scope reaches from basic two-person-settings up to whole societies. It is through patterned interactions that actions and actors become typified; in turn, these types enter the social world as institutional, i.e. objective facts. The crucial aspect is the function of institutions as necessary elements of society-building. Developed societies display various institutional layers that all have basically the same function, i.e. to organize predictable human action by means of legitimization (literally 'sense-making'). These externalized and objectified institutions are then again 'looped' back to the individual through internalization. Society acquires 'depth' through different levels of institutions and the range of actions that become typified. Yet, institutions have to make sense on all these levels. In other words, the *meaning* of institutions is crucial for their existence. In danger of simplification, one could say that, on a scale of abstraction, legitimations are always one level above those institutionalized practices to which they refer: "Legitimation as a process is best described as a 'second-order' objectivation of meaning. Legitimation produces new meanings that serve to integrate the meanings already attached to disparate institutional processes. The function of legitimation is to make objectively available and subjectively plausible the 'first-order' objectivations that have been institutionalized" (Berger and Luckmann, 1991, 110). Legitimation produces coherence: the world out there should make sense as a whole. Insofar it "'explains' the institutional order by ascribing cognitive validity to its objectivated meanings. Legitimation justifies the institutional order by giving a normative dignity to its practical imperatives" (ibid., 111).

A "relative-natural world-view" (Schütz) is a specific historically reasoned perspective. It becomes hegemonic, because people take it as an objective perception of reality. Objectivity is the unintended consequence of daily interactions and how people make sense of them. Structures of meaning do only change in times of crisis, i.e. when established meanings do not organize actions effectively anymore. Thus, change is incremental: people attempt to fill the 'gap in meaning' in order to be able to interact again. They do not rethink their whole life-worlds in general just because it shows inconsistencies within one part of

their lives.

Debates about international economic regulation has the function to give a certain type of meaning to everyday economic practices. While actors argue about the right policies and instruments, they unintendedly construct meanings on a higher order. On the other hand, actors do not argue or negotiate over world-views themselves: a certain interpretation of the world literally makes sense if it is able to incorporate a wide array of practices. As a consequence, the range of policy options is always limited by the scope of the world-view that actors share. It is therefore helpful to examine changes of economical and societal imaginaries because they have implications for concrete political practices.

Ontologically, Schützian world-views are not very different from 'positive' accounts of ideology (e.g. Freedon, 1996) and those linguistically-oriented notions of discourse (Dijk, 2001; Jaeger, 2001b,a). As 'hidden' properties, they are to be traced via discourse analysis because it centres on what is (unintentionally) implied in texts - what is meant, but not actually said. Discourse Analysis, as understood here, goes beyond "naive interpersonalism" of many methods to measure 'ideas' as well as many contemporary notions of 'discourse' (Link, 2005). As partly unconscious properties, their analysis cannot rely on the 'face value' of texts alone. For example, by analyzing the ideology of a given organization (let's say the Mont Pélérin Society, see Walpen 2004), one can only grasp "willed" ideologies (Gramsci, 1991, Q7/§19) because one has to rely on the actual expressions of the 'ideologists' only. Equally underequipped are political science accounts in which discourse, as interpersonal knowledge, "consists of whatever policy actors say to one another and to the public in their efforts to generate and legitimize a policy programme" (Schmidt, 2002, 210). The problem here is the way how discourse is treated as *only* interpersonal, whereas our approach addresses the extraindividual character of discourse (see also Diaz-Bone, 2005). A 'sociological' notion of discourse (Foucault, 1981; Purvis and Hunt, 1993; Chalaby, 1996; Schwab-Trapp, 2001) stresses the relative independence of discourses as embodiments of socially produced and shared stocks of knowledge, rather than as units of language. Such discursive formations indicate, which propositions are in fact legitimately 'sayable' and which are not. In the end, discourses are social institutions which, in this form, none of the participants wanted them to be like (Jaeger, 2001b). A main function of discourses is to provide symbols and patterns of sense-making which represent legitimate interpretations of a situation. New discourses or dispositives (which are the ensembles of discursive and non-discursive practices) emerge in states of emergency (or gaps in meaning, as laid out above), in which an existing dispositive gets precarious and where ideological and material resources are mobilized to contain the crisis (Jaeger, 2001a; Keller, 2005, 6).

The discourse of the Washington Consensus (Williamson, 1990) is currently in such a crisis, although Williamson, who coined the term, himself repeatedly pointed out he did not mean it the way it is commonly interpreted (2005). But the ambiguity of the Washington Consensus stems exactly from the double character of discourse: were it only about the policies Williamson was writing about, it would have been a negotiated consensus indeed. Its popularized version reaches beyond the original narrow meaning because it has a meaning-generating function: it was not just able to integrate different policies, but different ideas and common senses, too. These 'objective economic realities' slowly eroded

and brought an end to the hegemony of the Washington Consensus (see e.g. Fine, 2001; Stiglitz, 1998). Now the gap has to be closed again by means of constructing new ideological frameworks, which is obviously easier on the policy level (Soederberg, 2004). Their sedimentation into economic common sense takes longer, but this process is underway, as we will see.

#### 4 Varieties of Capitalism: Institutional Characteristics

The issue of capitalist diversity gained popularity within the *Varieties of Capitalism*-approach (VoC) (Hall and Soskice, 2001; Crouch, 2005; Miller, 2005). Its merits are its empirical rigor, enabling the measurement of governance mechanisms along a set of reasonable criteria. Its deficits are, in turn, an excessive focus on institutions, thereby underestimating patterns of interaction processes, (see section 5). A second deficit is its inscribed pluralism. Types of capitalism stand next to each other without any functional relationship between them. Why capitalisms vary and why different variations display these specific characteristics, remains open (for a critique on the 'variety' claim, see Soederberg et al., 2005). Current research seems to be led by data availability, concentrating on OECD only and leaving out the more important questions on the nature of capitalism in developing countries. In combination with the tendency to concentrate on the role of firms (especially in Hall and Soskice 2001), it produces a somewhat biased research agenda. In sum, recent VOC approaches are largely descriptive and typological, varying only in the number of capitalisms at hand, although they help as a toolbox for the manifestation of capitalist variation.

The French *Régulation School* (Aglietta, 2000; Boyer and Saillard, 2002) has been much more advanced since it had a more macroeconomic focus, including the role of the state in economic governance. If we think of capitalism less as a mode of governance but rather as a regime of accumulation, the essential capitalist feature of profit into the picture (Fuelberth, 2006; Heilbroner, 1985). There is not enough room to give more than hints, but we make the proposition that different forms of capitalism 'favor' the accumulation of different sorts of profit. These modes of accumulation relate to different social figurations: while the generation of added value is linked to worker productivity and thereby on the level of education and vocational training, arbitrage profits require rather flexible arrangements for capital, including human capital. As for now, we can sketch two ideal type capitalisms: Finance-led and Production-led capitalism. Most economies will show a hybrid form, but will also show clear tendencies towards one or the other, especially in their blueprints that should legitimize a given economic structure. In a Finance-led regime, profit is mainly made through lending money (interest) or selling risk insurances (service fees), as well as taking advantage of price differences on different markets (arbitrage). In a Production-led regime, profit is made through systematic extraction of added value, extra profits through monopolies and extra profit through first-mover advantages (innovation profit). The debate on Postfordism raised the question whether a financial-based accumulation regime is the new dominant type of capitalism (Aglietta, 2000; Boyer, 2000). For Overbeek and Pijl, historical world orders alternate between these two ideal types and do not simply exist peacefully next to each other (Overbeek and Pijl, 1993). From this perspective, the dominant regime tends to expand and suppresses other modes of accumulation.

If now the current dominant form of capitalism is finance-driven, production-oriented accumulation regimes (like most Southern economies) should be forced to relate and adapt to it. In other words: while the structural benefits are comparatively low, Southern countries are urged to adopt postfordist modes of governance. These modes, however, have practical as well as discursive dimensions.

#### 4.1 Characteristics of Capitalism in Brazil, India and China

Here, we will briefly present some data on the 'actually existing' economic order for the three countries, before we turn to their legitimizing ideologies. Table 1 displays recent developments in GDP (USA and/or Germany are included as a reference category for G7 countries).

Tab. 1: Annual change of GDP (in %)

	2002	2003	2004	2005	2006
Brazil	2,7	1,2	5,7	2,9	3,7
India	3,7	8,4	8,3	9,2	9,4
China	9,1	10	10,1	10,4	11,1
USA	1,6	2,5	3,9	3,2	3,3

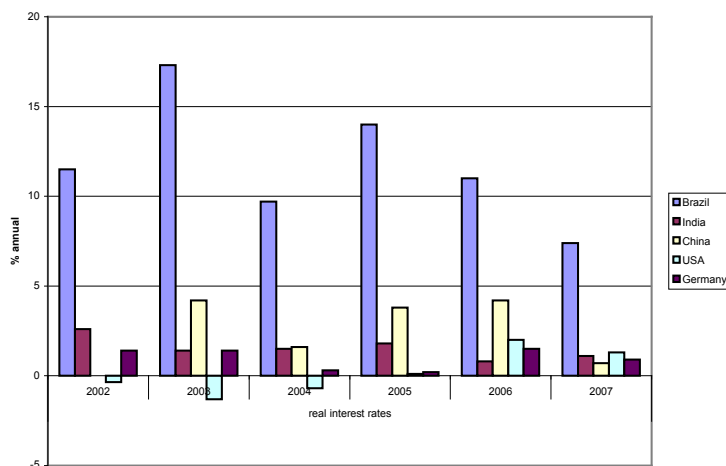
Source: EIU

##### 4.1.1 Brazil

Brazilian domestic savings sunk from about 28% of GDP in 1988 to 15% in 1998 (Pedersen, 2008, 65), creating pressures to borrow abroad. Brazil follows a classical monetarist path: High interest rates should attract foreign capital, which raises enormous profits by interest revenues. Although all developing countries know the pressure to pay higher interest rates due to higher deposit risks, Brazil has had by far the highest interest rates in the world. Interest payments amounted to 8% of GDP annually. While deposit rates reached some 40% during the 1990s, Brazil managed to get real interest rates down to a one-digit value (Fig. 1). Interest rate extremism did not seem appropriate after years of stable one-digit inflation, further did local entrepreneurs moan about the costs of capital which could not be ignored anymore, especially after government changed in 2003. The value of the Real itself used to be determined by global financial markets as well, which became visible, when Brazil had to release the Dollar-peg in 1999, leading to a massive devaluation. Today, Brazil managed to collect substantial currency reserves to protect the Real if necessary.

Unlike other Latin American countries, where the banking sector is highly internationalized, domestic banks dominate in Brazil. Furthermore, credit expands rapidly despite of stellar spreads (currently at around 26%). This rise is attributable to consumer credit since businesses do not rely on bank finance that much. Previous years' interest policy led to massive capital inflows, boosting Brazilian stock markets onto the top within Latin America. The most convincing indicator for Brazil's transformation into financial-market capitalism, however, is the rise of its derivative market: Brazil is the seventh biggest market for options and futures worldwide (EIU, 2007). As with huge spreads, it

Fig. 1: Real interest rates in %



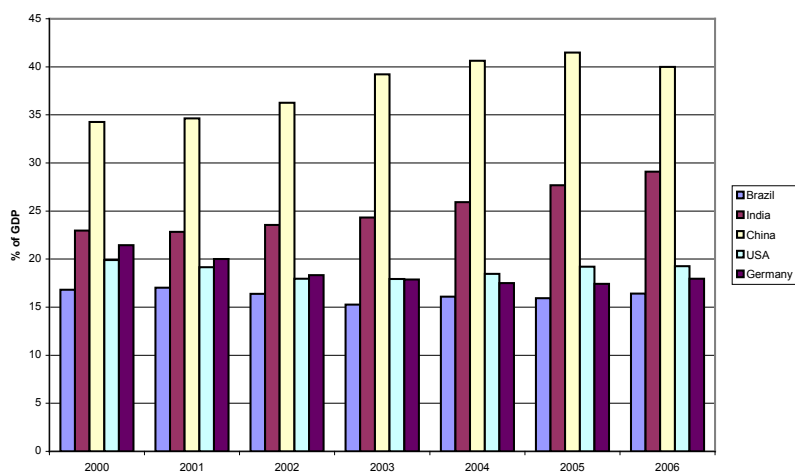
Source: National central banks

reflects the assumption of Brazil being a very risky investment location, since derivatives are in principle nothing more than risk insurances. Brazil established State-owned Enterprises (SOEs) in the 1970s but privatized them with the Plano Real again. The Plano Real included a significant free trade agenda, relieving import barriers and tariff reductions, indicating a departure from any protection of domestic industries that characterized the pre-Cardoso periods. As it seems, the Lula government did not change too much of the regulation pattern inherited from Cardoso. It continued to switch from a developmentalist strategy centered on capacity building for industrial growth towards large-scale exploitation of primary products, such as soy, biofuel, minerals, and, more recently, oil and uranium. The comparatively low rate of investment (Fig. 2) confirms that capital owners rather stick to non-productive means of profit earning.

#### 4.1.2 India

Like China, India enjoys relatively high savings rates, which can be ascribed to the path taken after Independence (Evans, 1995, 69, see Table 2). Its real interest rates remained modest during the last five years. Conventionally, low interest rates are a privilege of developed, capital-exporting countries, indicating no structural financing problems. Nevertheless, capital import continued and led to a massive stock of foreign reserves (Rao and Dutt, 2006, 150). Generally, both stock market and banking sector are considered as relatively small compared to India's size and economic strength. On the other hand, India's stock exchanges are widely used: the sheer number of trades (albeit lower volumes) is similar to New York's stock exchanges (Allen et al., 2007). It tells us that market-based governance practices are widely accepted, although it does not automatically translate into overall private ownership. Indian businesses increasingly borrow on international financial markets, so that private debt now amounts to 67% of total foreign debt (EIU 2007, 47). However, capital outflows are, in contrast

Fig. 2: Investment rate (in % of GDP)

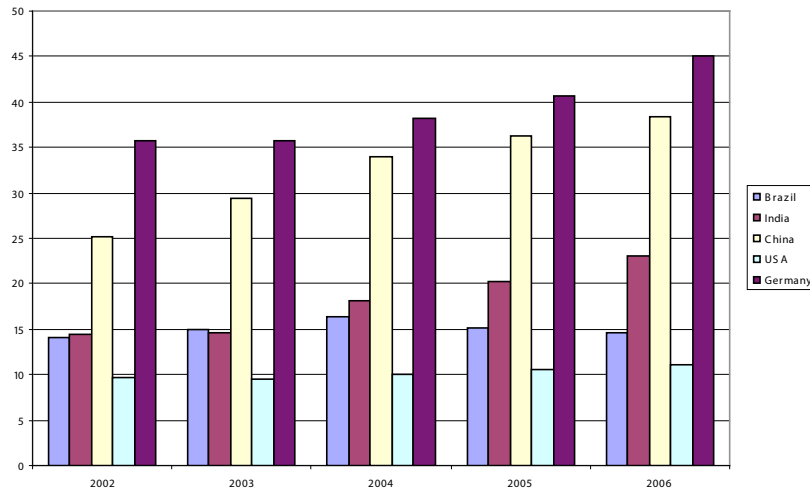


Source: OECD

to widespread liberalization in tariffs and foreign ownership, still tightly regulated. Foreign Direct Investment (FDI) is traditionally low in India, especially compared to other emerging economies. Much of the relative upsurge in foreign investment consists of portfolio investment. Only very recently, FDI exceeded portfolio investment (EIU 2007, 47), indicating that global business tries to have a share of India's comparative advantages. However, much of current FDI (40% for 1997 - 1999, see Rao Dutt 2006, 148) consists of M&A, which means that Western companies merely tap on already activated productive resources. But overall, India is "one of the least exposed countries to foreign investment in the world" (Kohli, 2007, 105). The public share of capital formation decreased steadily from about 50% in the early 1980's to about 20% in 2004 (Allen et al., 2007, 64). This means that privatization is a home-made phenomenon and not a result of foreign interpenetration. Like Brazil and China, India has a large share of publicly owned enterprises. In 1982, half of India's corporate assets were in state ownership (compared to 15% in 1962; see Evans 1995, 69). More strikingly, India kept this ratio of public enterprise up until today (OECD, 2007, 94) - a clear indicator that India wants to keep production under state control regardless of the current privatization trend. But unlike Brazil, Korea or 1990's China, India did not select specific industrial sectors but is "directly involved in production of a greater variety of goods than even relatively expansive states" (Evans 1995, 69), although recent development showed a clear tendency towards state involvement in the finance sector (OECD 2007). This means that India actively tries to direct resources towards a finance-led accumulation strategy, without applying the dominant means of market-based regulation. Its starting position is favorable, because the state manages 80% of all deposits and assets via state-owned banks (Allen et al., 2007, 8).

Considering trade, India shows a similar "isolationist" tendency as for investment. Tariffs were traditionally among the highest in the world and even though liberalization took place as well, India's share of trade to GDP is still

Fig. 3: Export orientation (in % GDP)



Source: EIU

only around 25% (Kohli, 2007, 104). Fig. 3 shows how the export ratio increases during the last years, but also its overall low volume compared to e.g. China, which has roughly the same rate of growth and similar savings and investment patterns. Similar to China, the comparatively small size of the domestic market pushes Indian products into foreign markets. As long as the benefits of economic growth do not trickle down to the larger population, domestic demand remains limited to the rather small middle class - which in turn asks for imported durable goods. Since 250 million rural based people do not own land themselves, they form an almost endless pool of cheap labor (Amin, 2007, 707). This share is likely to rise in the future, since India de-invests in the broad provision of agricultural services (e.g. subsidizing fertilizers). As a result, the amount of bankrupt farmers rose from 26% in 1998 to 48% in 2003 (Sainath, 2008, 18). From this perspective, India's aggressive promotion of free trade in agricultural goods within the WTO cannot be seen differently as the promotion of the interests of the Indian agrobusiness. On the other side, small- and medium-sized enterprises, globally-oriented, became an organized force in the end of the 1980s that pushed for the liberalization course after 1991 (Pedersen, 2000). However, they stressed much more internal rather than external liberalization (e.g. abolition of licensing), therefore not directly challenging the traditional bourgeoisie. Like China, India's economy would need to look inwards to manage the current financial crisis and it seems at least feasible for both countries to mobilize resources to turn peasants into consumers.

#### 4.1.3 China

The transformation of the Chinese economy, starting in 1978, got to full speed when Deng issued the strategy of gaining economic leadership in 1992. Today, the PRC has the third highest absolute GDP and competes with Germany over the status as the global export champion. Recent PPP recalculations relativate

the impressive picture, but the overall impact is still significant (Milanovic, 2008).

Money, as most of the economy, is regulated centrally. In phases of high inflation, the Chinese central bank did not intervene through interest hikes (the classic market-based mechanism) but through restrictions in credit volume (Herr, 2000, 193). Equally, capital controls limited the inflow of foreign capital that could lead to overvaluation. Instead, China employed a limited capital export strategy. Currency relations, especially to the US-Dollar, are a highly contested issue, showing how much the US economy depends on the goodwill of the Chinese central bank. Pegging the Renminbi to the Dollar in 1994 could have been interpreted as a Chinese commitment to the US vis-a-vis Japan (so does Pijl, 2006, 302). Ten years later, the Chinese central bank could do no nicer favor than introducing market mechanisms for their exchange rates by releasing the peg. As of July 2008, the Renminbi already lost 15% of its value. However, the main problem remains as long as the world's main debtor (the US) needs to borrow continuously from the world's main creditor (China).

Tab. 2: Savings rate (% of GDP)

Brazil	17
India	40
China	45
USA	1
Germany	10,5

Source: EIU, dbresearch, ifo

The crucial factor are savings rates (Table 2). If the second-largest economy holds 45% of its GDP in hard cash, it is almost invulnerable. Foreign capital plays only a secondary role in China. In contrast to many observers, it was not foreign capital that boosted the Chinese economy - even in the late 1990s FDI only accounted for 10% of total capital formation. Cho clearly demonstrates that it was the extraordinary domestic saving rate which drove investment in the 1980s (Cho, 2005, 51). The majority of Chinese investment occurs through mobilization of domestic investment funds (more than 50%) and bank loans (ibid., 61). China has no capital shortage and can devote massive funds to protect the value of its currency. This is a totally different economic order than in any regular capitalist economy in which debt, especially foreign debt plays a key role. Unlike for most developing and emerging countries, any foreign capital inflow, be it through real FDI of TNCs or privatization of state-owned banks and enterprises, comes only as additional assets but are no crucial feature of the Chinese economy. Most of inward "foreign" investment stems from Hong Kong and Taiwan and is actually domestic capital ("roundtripping"). Outward FDI plays a minor role, too. Any statements that see Chinese capital now entering world markets to buy "Western" companies (e.g. Schmalz, 2006) are exaggerated. The much-debated takeover of IBM computers by Lenovo was worth a meager US-\$ 1,8 bn, ranking on place 79 on the list of 2006's largest M&A's (UNCTAD, 2006).

The Chinese banking sector enjoys dubious prominence, mostly because it is highly intransparent and closed for foreign competitors. Before 1994, state

banks proliferated at will as parts of the state apparatus. During the transformation process, specialization among banks has been introduced. Now, the Chinese banking sector is dominated by four very large banks, which have successively been listed on the Hong Kong stock exchange as biggest marketizations in capitalist history (Industrial and Commercial Bank of China, China Construction Bank, Bank of China, Agriculture Bank of China). However, the main impetus to issue shares was not to raise capital but to spread the burden of non-performing loans (NPL) and raising efficiency by introducing market principles. Much has been written on the precarious state of Chinese banks, requiring steady capital injections by the state to compensate NPLs (see e.g. Fernandez Jilberto and Hogenboom 2007, 473; Herr 2000, 195). This criticism overlooks two aspects: Firstly, credit risk is a constitutive feature of lending money - if there were no risk in lending, interests would be around zero. Secondly, it misunderstands the role of banks in the Chinese economy. It was their very function during the 1990s to facilitate the expansion of Chinese heavy industry champions by delivering liquidity. Arguably, it was never the goal of the large SOEs to stand on their own feet, but to become large. In the end it does not make much of a difference if the state pays for state companies' bad loans - especially if the current account surplus is an endless pool of liquidity. Even if one adds bank debt to it, public debt in China is not necessarily larger than e.g. within Western Europe (Herr 2000). SOEs are highly debated because it resembles most to what one might call "socialism". As mentioned already, their transformation is in full gear, but up to now in a more or less balanced way. In the 1990s, China followed a strategy of 'national champions', in which 75% of the SOEs have been sold, fused, closed and the competitive ones been brought together into conglomerates (Cho, 2006). Thus, we see a cartel-like organization of production that does not show much internal competition. Collective and private companies might be more efficient (as stressed by dozens of IMF staff papers and OECD publications), but would not bear the residual costs of social security provision, which is located in companies, rather than in some kind of 'welfare state'. As Herr notes, the chances of NPL by local investment funds for collective or private enterprises is even higher as for state-owned banks (2000). We can clearly see that this pattern does not fit into most of the schemes of VoC, indicating that 'capitalism' cannot be easily equated with 'market economy'.

#### 4.1.4 Varieties of the Developmental State

Despite all differences, all three countries follow a state-led development strategy to catch up with the developed world. Brazil has always been a case in which promising strategies have been tried out, from dissociation to full integration into the global economy. In general, the Brazilian state under Cardoso restructured along neoliberal lines during the 1990s (Petras and Veltmeyer, 2003). While Peter Evans assigned the 'developmental state' label to Brazil still in his 1995 work (although not as strong as for Japan or Korea), but it now looks like as if Brazil abandoned some of its long-term developmental goals. External financial dependency and favorable world market prices for primary goods both made it attractive to focus on short-term revenues (that can be quickly mobilized for 'populist' programs). As Table 3 shows, the Brazilian state does not command as much of economic activity as do China and India. State ownership in selected industries is not representative for the whole Brazilian economy.

Tab. 3: Government consumption (in % of GDP)

	2002	2003	2004	2005	2006
Brazil	4,7	1,1	4,1	1,9	3,6
India	-0,4	2,5	5,4	9,8	9
China	8	6	7,3	9,7	9,3
USA	4,4	2,5	1,9	0,9	2,1

India is probably the closest to the classic developmental state which attempts to control resources to induce sustainable growth. It knew a well-established bureaucratic tradition, but this did not culminate into a stable structure for industrialization, mainly because the bourgeoisie failed to "agree" on a common project (Evans 1995). For this reason, strict state-led development worked well, but could never reach the dynamics of catch-up industrialization of the East Asian Tigers. As a consequence, India had to grapple with the comparatively low "Hindu-growth" of 3,5%. This conventional argument seems to be challenged by the fact that growth acceleration started in the early 1980s already, when India's state capitalism was still in full bloom (Kohli 2007). India pursued their liberalization program not before the 1990s, but with only limited results. Instead, those sectors with high state involvement have higher growth rates than average. Additionally, India spends relatively spoken more on education and human capital formation than Brazil and China, effectively creating the base for long-term productivity growth. Obviously, China's political economy is very much state-controlled. At the same time, the development during the last twenty years is sometimes characterized as neoliberalism (Harvey, 2005) or as "authoritarian marketization" (Cho 2005, 36; Pijl 2006, 301). While this is still a state-led developmental model "from above" (Fernandez and Hogenboom 2007: 306), it is by no means automatically an example of the developmental state: It does not aim to catch-up but rather to engage in on-the-edge innovation through straight imitation (Payne, 2005, 98). The classical East Asian developmental state was characterized by a corporatist relationship between state and private capital - in China, the state itself is the major entrepreneur. The most striking difference however lies in the controlled and de-accelerated path towards global integration, especially with respect to global capital markets. Such a strategy could only be pursued because China does not depend on foreign capital at all. For this reason, China cannot serve as a developmental model for Southern countries in general.

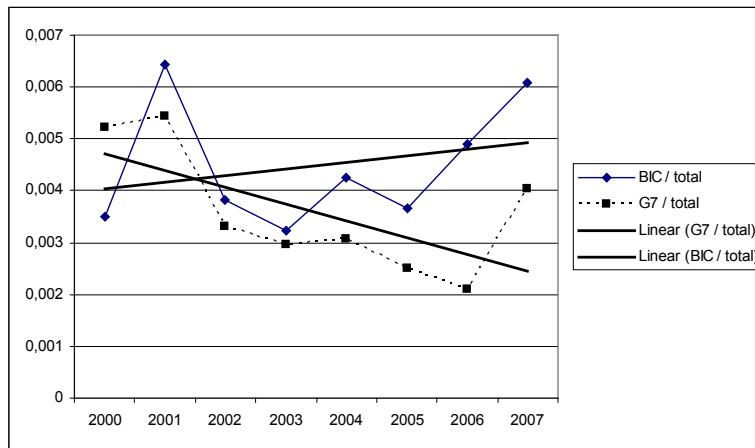
## 4.2 Economic Imaginaries between North and South: Ideal-types of Capitalism

Brazil, India and China thus show long-standing patterns of governance that differ strongly from the G7. But is this reflected ideologically? Are the economic life-worlds of the South fundamentally different from the North? Fig. 4 shows how the ideal type of Finance-based Capitalism becomes more and more present in the Southern discourse.<sup>1</sup> Recalling the previous sections, finan-

<sup>1</sup> Consult the Annex at the end of this paper for methodological and practical details of the analysis. Figures on the y-axis indicate the relation  $\frac{words(frame)(group)}{words(group)}$ .

cial markets are not characteristic for China and India's economic systems, but still these shape their economic world-views. Rather surprisingly, G7 countries' world-views become less dominated by ideal types of financial modes of accumulation. It means that a world-view, in which capitalism is predominantly characterized by the financial sphere becomes less strongly mobilized by Northern countries. This cannot be explained by the proliferation of financial crises during the last decade - higher discursive productivity after crises would only affirm the general relevance of finance. The peaks in 2001 and 2007 clearly indicate that finance still matters to Northern countries. However, development of the financial discourse supports the Schützean theory of knowledge. People do not problematize their common-sense world-view as long as it works, which is actually what countries are doing between 2002 and 2005/2006.

Fig. 4: Finance-based capitalism



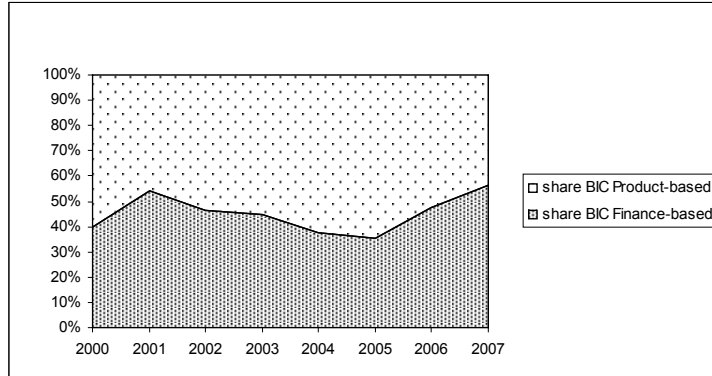
But this counts for Brazil, China and India, too.<sup>2</sup> Compared with the ideal-typical opposite, Production-based (or industrial) capitalism, we see that the Finance frame makes up half of the economic discourse (Fig. 5). While such a bias can easily be explained by the fact that IMF debates predominantly deal with financial matters, it is still interesting to see that Southern Countries display higher discursive activity in the course of financial crises. Though they are in no way as heavily affected by crises as Northern countries, they similarly engage in the finance discourse. In contrast, it would be absolutely rational if Southern countries were to predominantly mobilize production-oriented imaginaries, which, however, does not happen.

## 5 Varieties of Capitalism: Incorporating Dynamics

In the previous section, we saw how economies differ with respect to their institutional configurations. There, we also briefly mentioned how the institutionalist roots of the VoC-school resulted in a static approach of creating typologies of capitalism. As a response, recent developments and modifications try to incorporate the dynamics of change into the approach (e.g. Deeg and Jackson,

<sup>2</sup> The findings does not reflect the different economic structures between these three countries. Popularity of the Finance-based frame cannot be ascribed to Brazil only.

Fig. 5: Shares of capitalist ideal-types for Southern countries



2007). Our claim here is related, but we will focus on the regulatory processes which characterize the mode of interaction *within* a given politico-economic order. These forms of interaction are not delimited to specific institutional environments: For instance, relations legitimized under monetary policy are likely to be adapted in the field of labor regulation. These types of interaction are not so much outflows from actor constellations (like actor-centred institutionalists would argue) but results of specific social knowledge which determines actor's interpretation of the situation at hand.

## 5.1 Modes of Interaction

Scharpf proposed four modes in 1997 (1997) which set the scope for interaction:

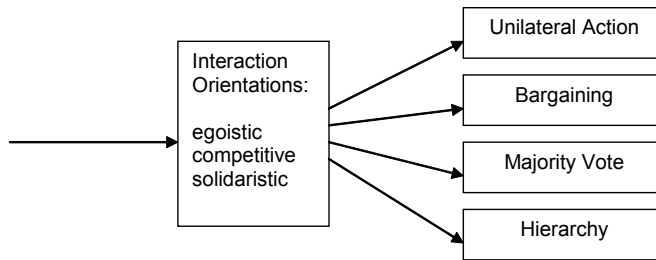
1. Unilateral action (A acts without taking B into consideration)
2. Bargaining (A acts in coordination with B, like in mixed-motive games)
3. Decisions by majority vote (A agrees with B on a common action)
4. Hierarchy (A determines the action of B)

With regard to the question of order, these modes are located on a continuum of high and low centrality: *Unilateral action* results in a highly diffuse order, akin to Hayek's spontaneous order. *Bargaining* produces an organized order in which mixed motives lead to the establishment of a few likely regulatory practices. This is where game-theoretical approaches have the highest leverage. Decisions by *majority vote* refer by outset only to collectivities and as such, the scope of regulation is deliberately limited. Input legitimation is crucial here. *Hierarchies* are the most central form of regulation. It is legitimized by the effectiveness in which it can regulate interactions in a cost-efficient way. If the community to which it refers agrees on the problem and what to do about it, it can save lots of resources by keeping transaction costs down (output legitimation).

The two latter modes are distinctive because they are based on a logic of membership. In other words, while unilateral action and bargaining only require the existence of self-interests, majority decisions and hierarchies depend on the

formation of a *collectivity*, for which the outcomes of interaction are binding. Legitimacy then becomes a question. If we conceive of politics as being the struggle about who gets what, unilateral action and bargaining can be labeled as politicized modes, whereas the community-related modes of majority decision and hierarchy are rather depoliticized modes of regulation.<sup>3</sup> In such relations, particular interests are systematically subordinated under common interests or universal standards and values. This is crucial because we do not want to argue whether one of the modes characterizes a situation best, but rather that these modes essentially represent ideal worlds of interaction. Actor-centered institutionalism cannot grasp this structural dimension. Scharpf accounts for different “orientations” (most notably the egoistic, competitive and the solidaristic one), but these are firstly located in actor’s minds and not present as social institutions, and they secondly overlap greatly with the four modes of interaction themselves (Fig. 6). Sure, a mixed-motive game generates different results if

Fig. 6: Interaction orientations and modes of interaction in Scharpf 1997



actors’ orientation is solidaristic rather than egoistic, but the clear separation of such orientations as being external to the games as such can only be upheld if interaction is modeled narrowly. As Scharpf emphasizes, a solidaristic orientation is helpful for the success of bargaining games, but the relation is presented as one of complementarity. Instead, we argue that the interpretation of the situation as one of bargaining (let’s say ‘Battle of the Sexes’ rather than ‘Chicken’) produces the solidaristic orientation as well as the appropriate mode of interaction. From this perspective, we are able to develop four ideal worlds in which each of the four modes of interaction serves as a masterplan.

Our modified typology looks as follows: the *egoistic* orientation takes on the form  $U_a = a$ .<sup>4</sup> It describes the outcomes of A who does not care about B at all, hence the model for unilateral action. B comes into play in both *solidaristic* and *competitive* orientations. The former has the form  $U_a = a + b$ , the latter  $U_a = a - b$ , though classical mixed-motive games are characterized by the latter one: Actor A’s outcomes are limited by the preferences of B. These three orientations are covered by Scharpf as well. We merge the solidaristic and competitive orientations because they both are essentially ‘interactionist’ orientations. In our conception, however, a ‘communitarian’ orientation implies that the interests of the community are distinct from, and thus not reducible to the egoistic

<sup>3</sup> Of course this depends on the definition of *politics*. One could easily argue that the dividing line is exactly one between a ‘hobbesian’ and an ‘arendtian’ definition of politics.

<sup>4</sup> Our formalization differs from Scharpf’s.

interests of A or B, hence form a distinct entity C. Such an orientation might be embodied in majority decision, but it can also take on the form of deliberative interactions, in which the pursuit of 'higher' goals is threatened by egoistic motivations (as in Habermasian Discourse Ethics). The *cooperative* orientation then could be described as  $U_a = \frac{c(a+b)}{a-b}$ . C is still constrained by A and B's option to pursue egoistic interests. However, overall outcomes are higher the more they follow solidaristic orientations. Finally,  $U_a = c$  equals *communitarian* heaven. Individual interests of A and B are ruled out and only the higher collectivity of C is relevant for the assessment of outcomes. In practice, C is often a universal principle valid within the community, such as the *raison d'état*, the *constitutional state* or *human rights*. Insofar as these institutions and principles have universal character, they govern interaction within the whole community. Hence the notion of hierarchy still applies: though C is not an actor (though it can be imagined as a 'leviathanized' one), it is an external entity that determines the action of both A and B. In this sense, it is again a non-interdependent mode of interaction. Like in the unilateral mode, interdependence (represented through the interaction of A and B) is excluded.

Each of the four modes is related to a specific type of prescription.<sup>5</sup> In most situations, of course, a multitude of such prescription are valid, but an ideal-type of interaction emphasizes one of them (Table 4). The unilateral mode stresses the importance of *law* and other institutions which provide a minimal framework for the pursuit of egoistic interests. Much of market-based governance, such as the proliferation of 'rules-based' arrangements in the WTO or a standards-based monitoring in the IMF falls into this category. Coordination emphasizes the importance of *rules*, as they are crucial for the effectivity of games. such 'rules of the game' are relatively binding, but not subject to external punishment, like laws are. They are simply needed to ensure that actors get the best possible outcome of a given game constellation. Up to now, prescriptions only *regulate* behavior. They effectively *motivate* behavior, if the mode of interaction is community-based. Cooperation is guided by common *principles*. Since non-compliance would decrease everyone's benefit of interaction, less (if any) sanctioning is needed - depending on the weight of principles vice versa interests. The mode we call hierarchy is ideal-typically governed by *norms*. Since these are universal (at least for the relevant community), interests do not play a role, because these norms determine what actors do, not the actors themselves. Clearly, laws have some kind of hierarchical character, too, but they only apply in cases of non-compliance and have no motivational power at all. People do not start writing letters to the editor just because they cherish the right to free speech. Motivation for non-communitarian modes is essentially intrinsic. Much world politics after the Cold War is increasingly characterized by the hierarchical mode - grasping both the "power of human rights" (Risse et al., 1999) as well as the power of "disciplinary neoliberalism" (Gill, 1995).

Within IR, these four modes exactly represent four imaginaries of the international system: Realism, Internationalism, Transnationalism and Globalism. But we are not interested in whether one of the four represents reality best, but which ideological luggage about the role of actors and their interactions is implied. Actively, each of the four imaginaries is mobilized at different points

<sup>5</sup> By this we mean a social institution which regulates behavior. They could be called 'rules' but since we assign this term to the coordination mode, the overarching term is 'prescription'.

to legitimize specific procedures in the regulation of global capitalism. Passively, established patterns of interaction are the first best guess to solve novel regulatory problems.

Unilateralism, of course, is the backbone of *Realism*, a world in which egoistic motives rule and where costs do not play a major role. Though the neorealist variant accounts for B, it does so only as a negative reference, but not as part of an interaction. In other words, the goal 'more power than B' does not depend on interaction with B. B comes into play within *Internationalism* or Liberalism. For Regime theorists, the international world consists of numerous variants of mixed-motive games. Actors generally pursue egoistic interests but need to account for other actors, too. Through *transnational* glasses, the very distinctiveness of actors is questioned: be it through reference to webs of interdependence or to global public goods. In any way, cooperation is required to achieve *common* goals and egoistic preferences are major obstacles to achieve effective regulation. This imaginary has flourished during the 1990's in the discussions on globalization and global governance. Its extreme version, the *globalist* imaginary, produces a picture of One World in which there are simply no legitimate egoistic interests. Since all problems are global problems, a world community of fate is pictured (e.g. as in Held et al., 1999), which is governed by universal values such as human rights. Images of a global civil society and cosmopolitan democracy are prominent here. All four worlds combine different aspects about its internal regulation, which are summarized in Table 4.

Tab. 4: Modes of interaction and their properties

Mode of Interaction	Formalization	Properties				International Imaginary
		Central Regulation	form of prescription	Politicization	Community Required	
unilateral	$U_a = a$	-	law	+	-	Realism
coordination	$U_a = a - b$	-	rules	+	-	Internationalism
cooperation	$U_a = \frac{c(a+b)}{a-b}$	+	principles	-	+	Transnationalism
hierarchy	$U_a = c$	++	norms	-	+	Globalism

Within actor-centered institutionalism, interaction orientations alter the outcomes of games. However, the explanatory power of such orientations is pretty much confined to bargaining situations, i.e. mixed-motive games. Furthermore, orientations effectively determine which mode of interaction is considered as legitimate and as such, orientations and modes of interaction are functionally related. Most importantly, an 'objective' interpretation of the world produces both appropriate stances towards others as well as appropriate forms of interaction. By constructing ideal worlds of interaction, we are able to merge three dimensions: the actual modes of interaction, interaction orientations and the common knowledge about the nature of actor constellations *before* games are played.

With this conceptualization, another form of action gets into the picture: actors can advance their own interests by trying to frame the interaction according to their preferences. Instead of getting the best outcome out of mixed-motive games, they can try to establish a different interpretation of the game. In most cases, they would attempt to give it a cooperative twist, since either a solidaristic orientation or the transformation to more cooperative games (such as Battle of the Sexes) will increase overall benefits.

## 5.2 Expected Modes of Interaction for G7 and Southern Countries

We can infer the legitimacy of different modes of interaction by looking at the ways in which the properties are used. But beforehand, we will briefly sketch out which preferences one would normally expect from G7-countries and emerging economies if one looks at the constellations in a snapshot view (Table 5).

Tab. 5: Expected modes of interaction for G7 and Southern countries

	Politicized	Depoliticized	
low Interdependence	<b>Unilateral</b> (South)	Hierarchy	Cost Orientation
high Interdependence	Bargaining	<b>Cooperation</b> (North)	Problem Orientation

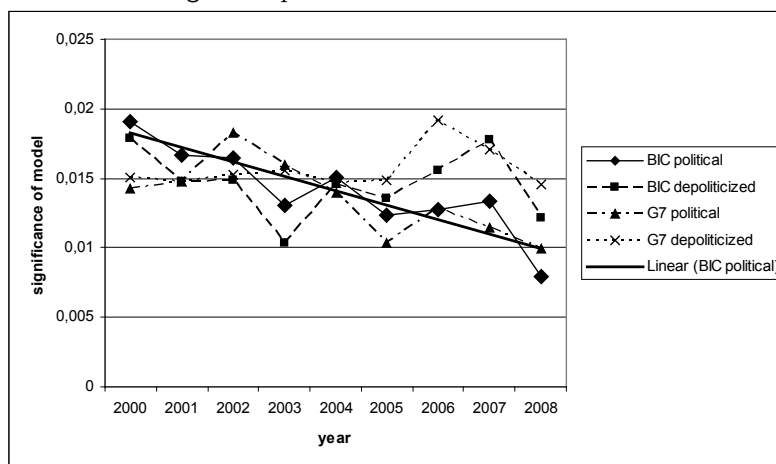
Interdependence normally plays a minor role for Southern countries. As a consequence, solving of common problems is less important than the distribution of costs. Thus they will seek to emphasize national sovereignty, i.e. unilateral action. And since they are much more cost-averse, efficiency plays a bigger role than it does for developed countries. It is therefore much less likely that Southern countries will engage in typical global governance-mechanisms of common problem-solving. In short, Southern countries are likely to legitimize unilateral modes of interaction, and if they interact with other states, then on the basis of competitive mixed-motive games. This is consistent with Krasner's analysis (1985). Krasner attributed Third World's drive towards a New International Economic Order (NIEO) during the 1960s and 1970s to their external vulnerability and internal political weakness. These structural characteristics made them prefer authoritative over market-oriented international regimes. Third World countries could not opt for taking benefit of market-oriented regimes because global economic turbulence would immediately distort domestic societies. Lacking the resources and capabilities to compensate for external effects, these countries promoted global economic institutions that would ensure stability (see also, from a different perspective, Pijl, 2006). It is then the interest of Third World governments to externalize tensions over the who-gets-what into the international realm, enabling them to scapegoat. As an effect, global economic policy will be highly politicized. Developed countries instead seek to realize international cooperation on the basis of shared (liberal) norms and principles. Despite of struggles about market shares and quotas, they would still weigh the benefits of open market regimes above global stability, not least because their domestic societies are solid enough to weather global economic downturns. The very establishment of the G7 was a response to cope with the common regulatory problems in the 1970s. Member states are very well connected and the G7 does act as a collective actor in many policy fields. The G7 went beyond mere interdependence to form a distinct community that also aims to solve problems of a general kind, such as conflict mediation. Unlike Southern countries, their focus lies on the solution of problems, while costs play a minor role. Coming from this problem-orientation, they tend to prefer negotiations, but driven by universal norms and principles, they would opt for cooperation. Indeed, this looks like clashing conceptions of order. If regulatory practices and discourses

are to reflect these structural conditions, developing countries will promote the unilateral mode of interaction, stressing national sovereignty, while developed countries will embrace the cooperative mode.

### 5.3 Economic Imaginaries between North and South: Ideal-types of Interaction

Fig. 7 illustrates the development of the discourse in the IMFC and the Annual Meetings of the Board of Governors for the period of 2000 to 2007. Combining

Fig. 7: Depoliticization of the Southern world-view

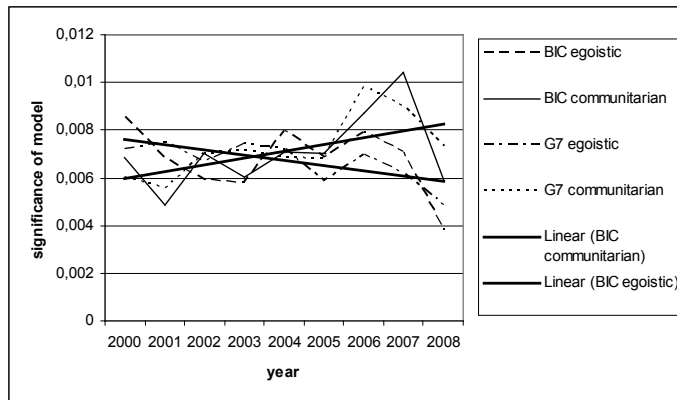


multiple variables into both a politicized and a depoliticized frame, it shows first and foremostly that Brazil, India and China constantly decrease their use of language that indicates a legitimization of unilateral or coordinated forms of interaction. In other words, their world-views become less and less characterized by egoistic preferences and competitive orientations, departing from what one would expect from their structural characteristics as laid out above. Southern countries do not view the international sphere as one in which they need to struggle with developed countries about the right economic order. Nor do they cling on to internationalist principles such as the rule of law or agreed 'rules of the game' to justify their insistence on national sovereignty. Both egoistic interactions and principles are steadily delegitimized. The same goes for the G7 group, but this does not come as a surprise, since these countries are likely to legitimize interactions based on shared values and principles. From 2004 on, community-oriented world-views are always stronger mobilized than egoistically oriented ones, indicating a gradual shift towards a more depoliticized regulation of the international economy. However, Fig. 7 does not immediately show the opposite trend for the Southern camp. i.e. a rising underlying acceptance for community-based modes of interaction.<sup>6</sup> It even shows a relatively high value of such an orientation in 2000, falling over the years to reach this initial strength in 2007 again. On average, their legitimization of community-based interaction remains very stable.

<sup>6</sup> Regression line for 'BIC depoliticized' (not displayed) is straight horizontal.

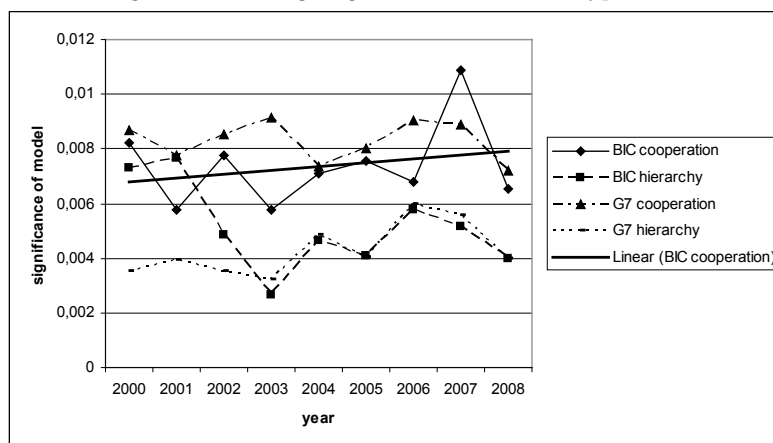
If we only look at the pooled ideal-types of interaction for the dimensions of politicization and depoliticization, i.e. without taking the respective guiding prescriptions, the picture gets clearer. In Fig. 8, Brazil, India and China show

Fig. 8: South aligning to community-based world-views



an uneven but gradual adoption of a world-view in which community-oriented interaction is considered appropriate. Again, egoistic legitimations decrease, but not as steep as in Fig. 7, indicating that Southern countries still find egoistic pursuit of interests plausible, but do not refer to its underlying principles. One reason lies on the policy level: the very adoption of rules-based financial governance within the IMF is highly contested among Northern and Southern countries and this might create deeper aversions against such terminologies.<sup>7</sup> If we further disentangle the community-oriented world-view into a 'milder' cooperative and a strong value-based hierarchical one, the pattern becomes fully clear. As we can see in Fig. 9, Brazil, India and China tend to cherish a

Fig. 9: South aligning to Northern ideal-types of interaction



<sup>7</sup> Though we carefully identified and excluded instances in which rules and laws clearly relate to the discourse on IMF governance exclusively.

cooperative world-view, rather than one centered around universal norms. In other words, they increasingly see the world as characterized by cooperation and principles of communitarian interaction. Secondly, we can observe that these three countries perfectly align to the Western discourse in those instances in which they do refer to universal norms (the two 'hierarchy' curves), though on a lower level than in the beginning of the 2000's. Emerging economies and the G7 countries gradually share the same underlying meanings when it comes to the ethical underpinnings of global economic regulation, although it still makes more sense for both camps to think of the world in cooperative terms (significance for cooperative modes of interaction is generally higher).

That is, of course, not what one would expect if the structural determinants of Third World behavior were correct. We would neither expect this development if we were to treat Brazil, India and China not as developing countries but as rising great powers. The relationship between North and South will be much more cooperative than conflictuous. While they do and certainly will struggle about aspects of politico-economic regulation, they will do so on a shared basis of a common cooperative world-view. Notions of structural conflict or great power rivalry clearly have structural properties, but in fact derived from structures which are solely results of actor-constellations under fixed preferences. We endorse a perspective in which structures are essential societal institutions of both discursive and nondiscursive kinds. From this point of view, interdependence of North and South as well as the institutional integration of meaning are the main determinants of societal development.

## 6 Conclusion

To make the point clear: the subject of analysis were the deeper structures of meaning that form the "relative-natural" worlds in which actors behave. These structures are relatively independent from actual norms and values which are readily expressible in the form of theories and policy opinions. It is the very nature of an objective (hegemonic) world-view to be 'invisible': if ideas and habits are questionable, they are part of the political game. We here focus on structures of knowledge (ideologies in a sociological sense) as social institutions which are mostly unconsciously accepted. These are not problematized by the sociology of knowledge exclusively: for example, Gramsci emphasized the role of "organic ideologies" and common sense in the attainment of hegemony (1991, 10/§41-XII). Similarly, ideational normalcies have been addressed by Bourdieu with his concept of *doxa* (Bourdieu and Eagleton, 1992; Bourdieu, 1994, 1993). They are all united in their insistence on the importance of such world-views for the stability of social (and hence economic) order.

Overall, we see a gradual opening of the ideological space along both the institutional (Finance- led and Production-led Capitalism) as well as the processual axis (ways of regulation and interaction). It seems that an emerging Post-Washington Consensus will be a liberal one in large parts, because Brazil, India and China do not challenge the North very much. Instead, they tend to adapt to a Northern world-view in which financial accumulation and a depoliticized mode of global governance are dominant. While the Southern countries in focus smoothly align to a Western model of capitalist order, the G7 countries themselves do not engage with changing world-views. The "rise" of the South

does not produce a crisis of meaning in the North, hence it is not required to change their interpretations very much. Obviously, global politico-economic changes reflect in reconfigurations of the regulatory arrangement, and growing interdependence requires a common (cognitive) framework for meaningful interaction. However, the actual composition of “hybird capitalism” is much more compatible to established Western governance and so we see a one-sided integration of life-worlds.

What we are witnessing is the expansion of the Lockean Heartland to areas that previously knew different ways of organizing their economies (Overbeek and Pijl, 1993; Pijl, 1998, 2006). These were predominantly state-led and able (albeit in limited ways) to orient towards other goals than growth alone (e.g. autonomy, democracy, etc.). Such a renewed ‘compromise’, being able to incorporate newcomers, will have to adapt partially to their special needs and preferences. Here, the ‘price’ for expanding liberal market capitalism is the inclusion of classic social democratic cushioning mechanisms and precautionary elements - process that led to the spread of “inclusive liberalism” within development policy (Craig and Porter, 2005). During the 1990s, we already witnessed the demise of the Washington Consensus and the emergence of the “Third Way” and “Global Governance” as such modified politico-economic visions (Murphy, 1999). We see that this is very much compatible with what comes up on the Southern front. Our findings do not suggest that developing countries adopt liberal values as such, but rather adapt to the normalcies of the contemporary world - which, of course, works in a liberal fashion. There might be tension on the surface, but North and South share much more underneath. So there is neither a coming war with China, nor is the world facing structural rifts of contestation and rivalry, but rather the expansion of liberal political-economic structures. The B(R)ICs are in exceptional positions which are not replicable by most other countries. More important, they are all already too much ideologically incorporated in the global consensus, so that radically alternative paths are almost unthinkable.

## Methodological Annex

In contrast to most usages of Discourse Analysis, which proceeds inductively-qualitatively, we follow a deductive strategy. Instead of trying to examine which discursive constructions are most salient, the relevance of a specific set of ideas (deduced from the theoretical literature) should be investigated. Practically, this is done through corpus-linguistic methods.<sup>8</sup> Our analysis is a case in triangulation for it combines qualitative (selecting, coding and type-building) and quantitative elements. The data corpus consists of 226 documents with over 1 million words. It contains all statements made by any G7 country, including their joint statements which they produce before the spring and annual meetings of the IMF. Further are all statements by Brazil, India and China included, too. Documents are included from 2000 on, when the newly constituted IMFC started to work properly.<sup>9</sup> Data availability for 2008 is limited and therefore

<sup>8</sup> See Glasze, 2007 and Baker et al., 2008 for the use of Corpus Linguistics in (Critical) Discourse Analysis.

<sup>9</sup> Before, its place was taken by the infamous Interim Committee, of which no documentation of internal discussion is available.

not really representative. In a first step, a wordlist of the whole corpus is produced. This list is then checked for words which signify a “frame”. In this paper, we present ten frames: Finance-based and Production-based capitalism, four frames for the modes of interaction, and again four frames for four pre-descriptions. Assigning words to a specific frame is similar to qualitative coding: the researcher must be able to justify the choice to label an item exactly as she did. Some codings might be questionable, but they are never ‘wrong’. Instead, they depend on the interpretation of the categories which are to be measured: clearly we interpret “hierarchy” differently than Fritz W. Scharpf does. Two main guidelines for selecting words into frames are: first, expressions must be semantically ‘thick’, i.e. they must be meaningful also without knowing the full context in which they appear. This is done purposely because such strong expressions are more productive in constructing world-views than are relatively opaque ones. Second, words still need to be checked in context. Every item considered is viewed in its co-text to see whether it really fits into the frame it should signify. Excluding proper nouns and genre-specific expressions (e.g. technical terms such as policy programmes) is necessary as well. Context is examined by means of concordance analysis, by which the immediate co-text is investigated.<sup>10</sup> For example, “deal” can only be part of a cooperation frame if it appears as in “deal among parties” and not as “to deal with problems”. Suitable items are collected in lexical bundles (Baker, 2004). These lexical bundles are again fed into the concordance program, which calculates the appearance of the bundled frame in any document. We then aggregated the results into yearly figures and weighted them against the total sum of words of the documents per year.

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<sup>10</sup> There are many computer programs around that do concordances. We used the free software *AntConc*, but *Wordsmith* and *Lexico3* are probably more widely known.

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