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## CRITICAL REALISM AND THE STRATEGIC-RELATIONAL APPROACH

### Comments on a Non-Typical KWNS–SWPR Experience<sup>1</sup>

BY

HÉCTOR CUADRA MONTIEL

*Abstract.* This article opens with a brief analysis of key features of the Mexican semi-authoritarian regime. It then moves to a discussion of the critical realist positions and features that inform the strategic-relational approach (SRA). Attention is paid to social interactions and causal relations that enable the SRA to trace patterns of punctuated evolution and to highlight the processes of transformation. Since ideal types serve to highlight key characteristics in specific phenomena, processes and actors, some features of ideal types of the state and of the transition from one type to another are also discussed. In particular, attention is paid to the Keynesian welfare national state (KWNS) and to the Schumpeterian workfare post-national regime (SWPR) ideal types elaborated by Jessop. For it is contended that the specific features of these ideal types could be of great help in broadening the debate on economic restructuring and political reforms in countries such as Mexico. Moreover, the SRA approach provides an insight into the endogenous features of social change and stresses the importance of networking for a strategic agenda as well. For the never-static dynamics of the processes of change the role of situated agents in context is fundamental, as it injects intentionality and acknowledges the contingency of the conditions that surround them.

*Key words:* social change, critical realism, ideal types, strategic-relational approach, structure and agency, Mexico

#### *Introduction*

The strategic-relational approach (SRA) is a powerful theoretical tool for analysing the processes of change. It makes it possible to trace the contingent and open-ended nature of the processes where strategically situated actors relate to,

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<sup>1</sup> Thanks to Colin Hay, Matthew Watson, Adam Morton, Magnus Ryner and two anonymous referees for their challenging and valuable comments. Needless to say, all remaining errors remain my own responsibility.

and interact with, each other within a strategically selective context.<sup>2</sup> The processes of non-violent change that concern us are suffused with the uncertainty, uneasiness and contingency experienced by the agencies, both individual and collective, facing and shaping windows of opportunity and constraint in their interactions.

The argument developed here proceeds as follows. It opens by discussing key features of the contemporary Mexican state. The next few sections discuss critical realism, how it informs the SRA philosophically and theoretically, and what differentiates it from systems theory. Considering the social character of dialectical interactions, and the need to re-politicise what are presented as economic imperatives, I contend that institutional turns cannot necessarily guarantee the goals they are oriented to, due to the open-ended processes of change, where agents' interactions bring intentionality, uneasiness, unpredictability and uncertainty. Emphasis is placed on a theoretical discussion of the role and characteristics of the state, particularly as a fluid, socially embedded site of political practices that is continually reconfigured in order to secure the conditions for wealth creation and capital accumulation. I focus on the transition of ideal types suggested by Bob Jessop from a Keynesian welfare national state (KWNS) to a Schumpeterian workfare post-national regime (SWPR). Then, I take each of the highly stylised suggested features in turn and compare them with the atypical Mexican case. The aim is to demonstrate that the theoretical and analytical power of the SRA is not limited to Eurocentric ideal types. It can also deliver powerful insights and perspectives in other contexts and without falling into functionalist views. Since my concern is the processes of change, I stress the importance of the role played by the situated agents to internally appropriate the processes and endogenously reproduce the tendencies and counter-tendencies at play. Finally, I highlight the relevance for networking practices of common strategic agendas where the interactions among agents within the defined context are crucial in orienting the efforts toward relevant objectives.

### *The Mexican Semi-Authoritarian Regime*

Although Mexico is, according to its 1917 Constitution, a Federal Republic, in practice the high concentration of power and decision-making distinctive of the presidency has been the main reason for categorising it as a semi-authoritarian

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<sup>2</sup> Bob Jessop, *State Theory: Putting the Capitalist State in its Place* (Cambridge, Polity, 1990); Colin Hay, *Re-Stating Social and Political Change* (Buckingham: Open University Press, 1996); *Political Analysis: A Critical Introduction* (Basingstoke: Palgrave, 2002).

political system, led by a former bureaucratic and nowadays technocratic elite. The exercise of power by the president has been fundamental to the reforms and processes of structural change and for the path of punctuated evolution that the Mexican state has taken. The specific characteristics of presidentialism and the former ruling hegemonic party have played decisive roles and imprinted features of crucial historical importance.

Regarding the Mexican experience, what happened in the aftermath of the early-twentieth-century revolution was that government policies oriented towards socio-political preferences developed political corporatist practices of control and made initial attempts to deliver basic welfare. In contrast, from the early 1980s market preferences were ranked at the top of the agenda, and the role of the state was justified in utilitarian terms in a relatively stable, albeit contested, fashion. In other words, imperfect and inconsistent welfare safety nets have gradually given way to workfare policies, as will be discussed later.

Historically, both Mexican presidentialism and the Partido Revolucionario Institucional (PRI), the erstwhile ruling hegemonic party, have exercised concentrated political power.<sup>3</sup> The president has been the major and centralised decision-maker in that country, subordinating and benefiting from a weak judiciary and Congress ever since the different stages of the Mexican revolution came to an end. The main real formal limit of the power exercised by the president has been the length of presidential incumbency, as it is limited to a six-year term without any re-election possibilities.

Ever since it was created, the PRI has had a symbiotic relationship with the government, especially with the president, until 2000. Despite its different incarnations, its main goal has always been to provide a national base of political support for the government, and to prevent a major political opposition from coming into being by a system of threats and sanctions for actors caught in different corporatist and bureaucratic webs.<sup>4</sup> Such a strategy of political engagement and control worked remarkably well for several presidential terms. However, while not as powerful as it was in the 1940s, its diminished capability at the national level should not lead us to write it off in the early twenty-first century, as it remains today a significant, albeit uneven, political presence throughout the territory.

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<sup>3</sup> For a theoretical discussion of the strengths and weaknesses of presidential and parliamentary systems, and their contrasting conduciveness to democracy, see Juan Linz, 'The perils of presidentialism', *Journal of Democracy* 1(1) (1990): 51-69.

<sup>4</sup> Roger Hansen, *The Politics of Mexican Development* (Baltimore, MD: Johns Hopkins University Press, 1971); Daniel C. Levy, 'Mexico: sustained civilian rule without democracy', in *Politics in Developing Countries: Comparing Experiences with Democracy*, eds L. Diamond, J. Linz and S. M. Lipset (Boulder, CO: Lynne Rienner, 1990); Daniel C. Levy and Kathleen Bruhn, *Mexico: The Struggle for Democratic Development* (Berkeley, CA: University of California Press, 2001).

Corporatism and the PRI delivered political stability mainly by controlling actors and their interests, who were not represented so much as cooped up. This blurred the separation of powers, as the legislature and judiciary were, in practice, subordinated to the executive, while the federal system was, in practice, heavily centralised and the states' governors similarly depended on the presidency.<sup>5</sup> It is under such political subordination and the agenda of the dominant party that the judiciary and legislature provided sources of legitimation that permitted the dominance of the rule of legality, or a flawed rule of law, at least as operative discourse.<sup>6</sup>

Relegated to second place after the economic and financial agenda, the processes of political liberalisation and democratisation since the early 1980s have moved at a slower pace than the economic reforms. The political reforms have not been treated as rigorous self-induced enforcement mechanisms but the economic reforms have. However, more gradual and controlled though the processes have undeniably been, there have been some key changes that point towards increased political autonomy and de-concentration of power. In particular, the need for independent checks and balances to limit the arbitrary exercise of presidential discretionary power has encouraged recourse to formal institutions.<sup>7</sup>

It is important to bear in mind that there was a relevant paradox in the Mexican political system. The former ruling hegemonic party delivered continuity, although not homogeneity, by different means. These included the capacity to access and successfully wield power in an institutionalised fashion, while displaying and implementing an expansion of the population's political support.<sup>8</sup> Not only were these strategies flexible enough to tolerate and set limits to a different kind of political participation, but they were also strategically selected to encourage the concentration of power on which the president relied. It was precisely this concentration of power that in turn allowed the president ample

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<sup>5</sup> María Amparo Casar, 'Las Bases Político-Institucionales del Poder Presidencial en México', in Carlos Elizondo Mayer-Serra and Benito Nacif Hernández, (eds), *Lecturas sobre el Cambio Político en México*, Mexico: CIDE and FCE, 2002.

<sup>6</sup> Pilar Domingo, 'Judicial independence: the politics of the Supreme Court in Mexico', *Journal of Latin American Studies* 32 (2000): 705-35.

<sup>7</sup> Carlos Elizondo Mayer-Serra and Benito Nacif Hernández, *Lecturas sobre el Cambio Político en México* (Mexico: CIDE and FCE, 2002); Peter M. Ward and Victoria E. Rodríguez, 'New federalism, intra-governmental relations and co-governance in México', *Journal of Latin American Studies* 31 (1999): 673-710; Jorge I. Domínguez and Alejandro Poiré, eds, *Towards Mexico's Democratisation: Parties, Campaigns, Elections and Public Opinion* (London: Routledge, 1999).

<sup>8</sup> Monica Serrano, ed., *Governing Mexico: Political Parties and Elections* (London: ILAS, University of London, 1998); Carlos Elizondo Mayer-Serra and Benito Nacif Hernández, 'La Lógica del Cambio Político en México', in *Lecturas sobre el Cambio Político en México*, eds Carlos Elizondo Mayer-Serra and Benito Nacif Hernández (Mexico: CIDE and FCE, 2002).

room for discretion and manoeuvre. Facing neither real opposition, nor an effective system of checks and balances, presidential initiatives often led to unsustainable and inconsistent policies.

The authoritarian strategic selectivity, in a path-dependent way, did not allow the efforts to democratise Mexico's political agenda to flourish; they were postponed time and again in the name of stability. As such practices and discourses were associated with a poor democratic record historically, distrust and scepticism in election results remains high. Formal institutions such as the Federal Electoral Institute (Spanish acronym IFE), and the Federal Electoral Tribunal, had its first significant test in the year 2006. While its legality went formally unchallenged, a number of inconsistencies, irregularities and double standards previous to and during the campaign, and after the election raised suspicion that the narrow victory of 0.5 per cent of Partido Acción Nacional (PAN) candidate Felipe Calderón over opposition candidate Andrés Manuel López Obrador was not a legitimate one.

Key historical features of the Mexican democratisation of its semi-authoritarian regime having been introduced, the following sections discuss relevant philosophical and theoretical characteristics of critical realism and the SRA. In the second half of the article the Mexican experience is contrasted, on the basis of this opening section, with the KWNS and SWPR ideal types.

### *The Potential of Critical Realism for Social Science and Theory*

Realist ontology argues that there are real distinctions between experiences, events and the causal powers that generate them. It takes the world as relatively or absolutely independent of observers, and argues that social structures are fundamentally relational and cardinal material causes of social action. The depth-dependence of the realist ontological position leads its epistemology to focus on the causal powers and tendencies underlying patterns of events rather than on the patterns of events as such, as in positivism. Starting with the observation of often different and contrasting patterns, realism proposes models and mechanisms to explain the observed phenomena.<sup>9</sup>

Critical realism refers to a philosophical position that acknowledges the existence of an objectively knowable reality that is ontologically prior to current human activity, whilst recognising the relevant roles of perception and cognition. Critical realism is associated primarily with the work of Roy Bhaskar

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<sup>9</sup> Norman Blaikie, *Approaches to Social Enquiry* (Cambridge: Polity, 1993); Tony Lawson, *Economics and Reality* (London: Routledge, 1997); and *Reorienting Economics* (London: Routledge, 2003).

and the subsequent developments his work has influenced and inspired. Historically, it is a combination of transcendental realism and critical naturalism. Bhaskar originally developed transcendental realism as a general philosophy of science, followed by critical naturalism as a philosophy embracing also the human sciences;<sup>10</sup> they demonstrate, inter alia, that Humean criteria are neither sufficient nor even necessary for the attribution of a causal law. His subsequent work develops critical realism to incorporate a theory of explanatory critique and the theme of dialectic.<sup>11</sup>

For transcendental realism scientific experiments take place when real, manipulable, internal mechanisms are triggered to produce particular outcomes. This reorientation of philosophy moves towards a non-anthropomorphic conception of the place of human beings in nature. It entails a philosophical shift against the assumptions of the monistic development of science and of the deductive character of the structure of science. One implication of this is that science is regarded as an ongoing process of production. If scientific research is to be fruitful, scientists must both develop and improve the concepts they deploy and discover and dissect ever deeper mechanisms.<sup>12</sup> Taking as a point of departure and prerequisite the identification of a range of phenomena for the construction of explanations and empirical tests, it prepares the stage for the next step, which can lead to the identification of important generative mechanisms at work. As these causal mechanisms themselves then become the phenomena to be scrutinised, the round of scientific enquiry goes on, recursively.

Focusing on the tendencies of underlying generative mechanisms, transcendental realism addresses the key issues of intransitivity, transfactuality and stratification. Highlighting the relational conception of the subject matter of social science, the intransitivity of entities tackles the epistemic fallacy, which conflates what the world is and what we can know about it. The relativity of our knowledge refers to the transitive or epistemological dimension, whilst the intransitive or ontological dimension denotes the existential and/or causal independence of reality from human knowledge. Secondly, the concept of the transfactuality of mechanisms recognises that laws operate independently

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<sup>10</sup> Margaret Archer et al., eds, *Critical Realism: Essential Readings* (London: Routledge, 1998).

<sup>11</sup> Roy Bhaskar's main works include *A Realist Theory of Science*, 3rd edn (London: Verso, 1997); *The Possibility of Naturalism: A Philosophical Critique of the Contemporary Human Sciences*, 3rd edn (London: Routledge, 1998); *Scientific Realism and Human Emancipation* (London: Verso, 1987); *Reclaiming Reality: A Critical Introduction to Contemporary Philosophy* (London: Verso, 1989); *Dialectic: The Pulse of Freedom* (London: Verso, 1993); and *Plato, etc.: The Problems of Philosophy and their Resolution* (London: Verso, 1994).

<sup>12</sup> Bhaskar, *A Realist Theory*, 143–84; Archer et al., *Critical Realism*, 48–103.

both of the conditions for identification and of their actual identification. It makes a distinction between the realm of the real and the realm of the actual. Thirdly, stratification is intrinsic to the world, and so is necessarily reflected in science.<sup>13</sup>

By taking transcendental realism as a point of departure, critical naturalism claims to be able to combine and reconcile ontological realism, epistemological relativism and judgemental rationality. It takes a stand against philosophies of science that are dominated by dichotomies and dualisms. Critical realism argues that both the physical and the human worlds can be explored by a transcendental realist model of science. Yet, since the impossibility of closed experiments in the human world cannot guarantee full and total control of the independent variables, the exploration and identification of social mechanisms must take into account the vital role human agency plays. For it is human agency within social structures that is capable of consciously reflecting on, and changing, the conditions that produce them.<sup>14</sup>

Bhaskar's theory of explanatory critique is itself a powerful critique and refutation of orthodox philosophical thinking. By targeting Hume's law, which holds that the transition from factual to evaluative statements is inadmissible, it acknowledges that it is no part of the brief of social science to refer to value-free social objects. Since beliefs are part of those objects and social science has a mandate to criticise beliefs, it therefore has the capability to issue in judgements of value and action. As ideas and what they are about can be incorporated, they represent a vastly rich field of study of social science. Most importantly, it makes evident that explanatory science is not value-neutral. Thus, human emancipation can be propelled theoretically by explanatory critiques, as emancipation itself depends on the transformation of structures.<sup>15</sup>

Dialectical critical realism aims to provide the basis for a new ethical theory that builds on explanatory critique. The refutation of Hume's law recognises the value-implicational character of social science. Then following the transition from fact to value is the logical extension to the transition from form to content.<sup>16</sup> Taking 'absence' as a central concept, dialectical critical realism articulates a process – the ontological-axiological chain – that dialecticises critical realism from the first moment of non-identity to the second dialectical edge of absence and negativity to a third level of notions of totality and holistic causality, to a fourth dimension of transformative praxis or agency.<sup>17</sup> Since power

<sup>13</sup> Bhaskar, *A Realist Theory*, 21–62; Archer et al., *Critical Realism*, 16–47.

<sup>14</sup> Bhaskar, *The Possibility*, 25–78; Archer et al., *Critical Realism*, 206–57.

<sup>15</sup> Bhaskar, *Scientific Realism*, 169–211; Archer et al., *Critical Realism*, 409–417.

<sup>16</sup> Bhaskar, *Dialectic*, ch. 3; Archer et al., *Critical Realism*, 561–74.

<sup>17</sup> Bhaskar, *Dialectic*, ch. 3; Archer et al., *Critical Realism*, 589–687.



relations play a fundamental role, commitment to understanding of the truth of the human situation fuels the goal of universal human autonomy that is arguably implicit in every moral judgement and human praxis.

Following Adam Smith's assumption that human beings have a propensity 'to barter, trade, and exchange one thing for another', the science of economics in its neoclassical form evolved into the study of 'self-adjusting' and 'self-regulating' mechanisms supposedly disembedded from all social relations. By so doing it ignored the fact that the economic system is no more constituted by exclusively economic motives than are other social phenomena.

The reductionist and deterministic neoclassical argument that agencies, either individual or collective, such as states and corporations, are unable to resist, or even to influence, the dictates of impersonal economic forces, is therefore misleading. It is contended here that markets are embedded in larger social and political systems, where different actors and institutions interact with each other and promote their own agendas. No wonder national governments are among the most important and influential actors, not only in the economic realm but also - as discussed later - in broader social and political systems; for markets are inherently political. Thus, as the locus of human interaction, markets are a constitutive part of a broader and more complex, dynamic and ever changing whole, where the social reality cannot and must not be reduced purely to arenas of supply and demand. Key philosophical features of critical realism having been spelled out, it is the task of the following section to develop a suitable approach to complexity firmly rooted in the latter's philosophical position.

### *Critical Realism, the Strategic-Relational Approach and Systems Theory*

Building on Bhaskar's critical naturalism, the SRA recognises the central role of society as not only the condition but also the outcome of human agency, as specified by the transformational model of social activity (TMSA). Needless to say, this is not a static feature, as individual and group actions both reproduce and change society simultaneously. In the context of a pre-structured social world, the corrigible and limited accounts of actors of what they are doing in their activities constitute the starting-point of social enquiry.<sup>18</sup>

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<sup>18</sup> According to Bhaskar, theoretical explanations and applied explanations differ in key aspects. Theoretical explanations proceed by description of significant features, retrodiction of possible causes, elimination of alternatives, and identification of the generative mechanisms or causal structures at work. On the other hand, applied explanations follow a different procedure by resolution of a complex event into its components, theoretical redescription of these components, retrodiction to possible antecedents of the component and elimination of alternative

It is the intentionality of human action that contributes a distinctive feature of the TMSA. Owing to the fact that society is not only the ever present material cause and the continually reproduced outcome of human agency, society exhibits a duality of structure and a duality of praxis.<sup>19</sup> The reproduction and transformation of society and individuals occurs via the relational mediation of positions and practices. Therefore, social atomism and methodological individualism collide with the emancipatory potential of social science. In addition to the facts, powers, actions and opportunities on which social scientific theories are based, the circumstances within which specific lay knowledges are obtained and the intentionality of actors constituted create their own opportunities for science to expand further.<sup>20</sup>

Crucial as critical realist philosophical positions are for the SRA, there are other theoretical sources that add tools of enquiry to its arsenal. For instance, consider the structure and agency debate where, despite the critical realist critique of the Giddensian presentation,<sup>21</sup> Luhmann represents an undeniable influence. For the latter author, systems are self-referential and self-reproductive; still they cannot exist without, and must differentiate from, their environment.<sup>22</sup> Even though the autopoiesis idea is not fully developed, self-referentiality in a relational fashion is a feature and important departure point for the SRA.

Most importantly, critical realism and systems theory share a similar definition of what the features of a theory must be. Neither adopt a structural definition. They both avoid determinist explanations and do not promote or engage in the definition or development of mathematically oriented models. Leaving aside whole versus parts design, both critical realism and systems theory follow a strategy that resembles the 'cartographic', as they keep their specific features, emphasis and preferences in 'drawing maps' that would help them identify key research departure points.<sup>23</sup> Furthermore, such a procedure helps show evidence of relations that are to be highlighted. Important as it is, the relational emphasis is evident in the use they make of concepts, which are in complex relation with one another. Complexity, indeterminacy and contingency of systems are dependent on the relational capacities of agents.

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causes. Roy Bhaskar, 'General Introduction', in *Critical Realism*, eds Archer et al., xvii.

<sup>19</sup> Bhaskar, *The Possibility*, 25–78.

<sup>20</sup> Bhaskar, *Scientific Realism*, 169–211.

<sup>21</sup> Colin Hay, 'Structure and Agency', in *Theory and Methods in Political Science*, eds David Marsh and Gerry Stoker (Basingstoke: Macmillan, 1995).

<sup>22</sup> Niklas Luhmann, *Sistemas Sociales: Lineamientos para una Teoría General* (Barcelona: Anthropos, Universidad Iberoamericana, 1998).

<sup>23</sup> *Ibid.*; Niklas Luhmann, *La Ciencia de la Sociedad* (Mexico: Universidad Iberoamericana, Iteso, Anthropos, 1996).

Notwithstanding such relevant similarities, there are crucial differences between systems theory and critical realism. Luhmann specifically emphasises communication as the most fundamental relational sphere, as he argues that all communication is in and within society. As society communicates about itself and its environment, there is no acknowledgment of the transformative role agents play, when he argues that it is not people but communication that communicates. Luhmann argues that as social systems are constituted by actions, it is by their own actions that individuals enter the system. Furthermore, according to him, social systems entail communication processes that are different from actions themselves where language works as a means of coordinated selectivity.

Most importantly, it must be highlighted that the SRA's theoretical insights based on critical realism's philosophical stance emphasise relations rather than communication. The lack of a concept of purposeful, causally intentional agency represents a crucial point that clearly differentiates SRA from systems theory. This lack is a distinctive feature of the latter theory, even though there might be variants such as the progressive 'de-anthropomorphisation' of science as proposed by Ludwig von Bertalanffy. His perspectivist position argues for explicitly eliminating all human experience and embarking, rather, on the hunt for absolute knowledge via systems of mathematical relations.<sup>24</sup> Clearly this is not a position shared either by critical realists or by the SRA. Therefore, the key issue here is that of the reclamation of agency from otherwise anonymous forces and processes.

It should not, therefore, surprise anyone that regarding the SRA Jessop explicitly posits transcendental realism as its ontological position and a two-step critical realism as its epistemology.<sup>25</sup> Because of the highly complex nature of the features of phenomena selected for analysis, it is highly unlikely that they are due to an independent variable or single generative mechanism. Instead, the likelihood of interaction and interrelationships among diverse non-homogenous causal tendencies and counter-tendencies indicates systems open to contingency rather than totally controlled closed systems for experimentation. Such open-systems features are undoubtedly useful for approaching open-ended processes of change and the state as a social relation, as will become clearer in the following sections.

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<sup>24</sup> Ludwig von Bertalanffy, *Teoría General de los Sistemas: Fundamentos, Desarrollo, Aplicaciones* (Mexico: FCE, 1986).

<sup>25</sup> Jessop, *State Theory*.

*Approaching Social Processes of Change and the State*

Attempts have been made to deliver comparative and historical studies of different states from different continents. Moreover, the focus on the state as a configuration of organisations has been oriented towards viewing it as a set of institutions emphasising social control, authoritative decision-making and the implementation of policies.<sup>26</sup> The problem is that, without acknowledging the socially embedded character of the interactions that continuously shape the processes of change, no analysis leaves room for the uncertainty and unpredictability associated with the dynamics of open social systems. A further difficulty with analytical perspectives of this sort is that they tend to treat institutions as if they were permanent, granting primacy to structural and deterministic views and concerns over the management of macroeconomic policies.<sup>27</sup>

The central role that the state plays in economic and political affairs is crucial for the argument presented here. Prioritising a narrow emphasis on economic restructuring without addressing adequate redistributive policies has contributed to accentuating patterns of inequality all over the world.<sup>28</sup> Amongst Latin American economies, Mexico's gap between the better-off and the worse-off keeps disquietingly growing. The assumption that, once the institutional framework is in place, the population can find ways to prosper when authorities open new business opportunities, has not materialised for a big share of the population in that country. Both market and government are failure-prone, as imperfect information, incomplete markets, inefficiencies and disruption affect them both. The public and private sector follow contrasting rationales. Economic and non-economic objectives are crucial for the former, whereas profit-seeking represents the main goal for the latter. Acknowledging that markets are neither 'self-regulating' nor 'self-adjusting' makes evident the role that government intervention must play, especially for redistribution purposes.<sup>29</sup> The expansion of social protection from the markets, as Polanyi suggested, represents a vital component of the social dynamics that non-synchronously

<sup>26</sup> Merilee S. Grindle, *Challenging the State: Crisis and Innovation in Latin America and Africa* (Cambridge: Cambridge University Press, 1996).

<sup>27</sup> See Marcelo M. Giugale, Olivier Lafourcade and Vinh H. Nguyen, eds, *Mexico: A Comprehensive Development Agenda for the New Era* (Washington D.C.: The World Bank, 2001); Grindle, *Challenging the State*, among others.

<sup>28</sup> James Raymond Vreeland, *The IMF and Economic Development* (Cambridge: Cambridge University Press, 2003).

<sup>29</sup> Joseph E. Stiglitz, 'On the economic role of the state', in his *The Economic Role of the State* (Oxford: Blackwell, 1989); 'The role of the state in financial markets', Report no. 14334 (Washington D.C.: The World Bank, 1994); Joseph E. Stiglitz, 'Redefining the role of the state: what should it do? How should it do it? And how should these decisions be made?', paper presented on the Tenth Anniversary of MITI Research Institute, Tokyo, 1998.

accompanies market expansions.<sup>30</sup> There is a clear need for the government to play an active role in the implementation of redistributive policies and welfare provision, which would, in turn, enhance a more efficient market allocation of resources. Not taking this into account increases the main risk of leaving markets to allocate resources on their own, increasing concentration of wealth in a few hands, while widening the gap between them and the worse-off sectors of society. Such economic polarisation is a market failure that leaves governments with the vital task of addressing social needs, delivering welfare, providing adequate goods and services and facilitating competition. These last issues are not by any means incompatible with any government's capabilities, because increasing levels of market competition are, in turn, provisions against public failures, as rising incentives help to attenuate them.<sup>31</sup>

### *A Critical Realist Approach to the State*

The state is one of the major subjects and objects of study in political science and related disciplines. Consequently, it should come as no surprise that approaches that emphasise political control and means of coercion over a population confined within certain territorial limits have earned a classic status in the broad spectrum of social sciences in general.<sup>32</sup> Since proponents of the SRA have pursued systematic and detailed literature surveys and theoretical analyses of the state, it is on their research that this section builds. In *Re-Stating Social and Political Change*, Colin Hay presents a brief critical survey of the literature in addition to an analysis of post-World War II Britain. Jessop has written *The Capitalist State*, *State Theory* and *The Future of the Capitalist State*.<sup>33</sup> Whilst the second not only discusses a range of different sources on the state at the same time as making a seminal contribution, the third advances the debate by moving beyond his original position and presenting theoretically informed ideal types.

Clearly, where the provision of institutional foundations for the market is prioritised over more socially inclusive political agendas, the state is more than

<sup>30</sup> Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time* (Boston, MA: Beacon Press, 1957).

<sup>31</sup> Joseph E. Stiglitz, 'Another century of economic science' *The Economic Journal* 101(404) (1991), 134-41; 'More instruments and broader goals: moving toward the post-Washington consensus', paper presented at the World Institute for Development Economics Research, Helsinki, 1998; *Globalisation and Its Discontents* (London: Allen Lane, 2002).

<sup>32</sup> Cf. Max Weber, *Economy and Society: An Outline of Interpretive Sociology* (Berkeley, CA: University of California Press, 1979).

<sup>33</sup> Bob Jessop, *The Capitalist State: Marxist Theories and Methods* (Oxford: Robertson, 1982); *State Theory*; and *The Future of the Capitalist State* (Cambridge: Polity, 2002); in addition to a large number of journal articles and book chapters.

a market-friendly ‘partner, catalyst and facilitator’ of economic activities.<sup>34</sup> For, moving beyond a structural and deterministic position influenced by neoclassical economics and positivism requires agencies to take into consideration the role that they play in building the processes of change.

Since the state is also part of a social context, it must be seen from a broader perspective. Even though it might be considered in isolation for analytical purposes, the dynamic and complex social relations that continuously reshape it make it a site, generator and product of strategies. In the formation of path-dependence, these strategies for making future choices are built on past ones, and in this they favour some strategies over others, deploying specific features of strategic selectivity that are never neutral.<sup>35</sup>

For the SRA, the state is ‘an ensemble of socially embedded, socially regularised and strategically selective institutions, organisations, social forces, and activities organised around (or at least actively involved in) making collectively binding decisions for an imagined political community’.<sup>36</sup> It is in such a fluid and evolving system, where the series of dynamic and complexly interwoven processes and practices feature conditional and relational characteristics, that the exercise of power takes place.

The never ending and ever self-renewing processes of state formation and reconfiguration, due to the relational character of power exercised by situated agencies within strategically selective contexts, make up what is perceived as state power. Since societies cannot be organised and coordinated from a single centre because power is never external to social relations, it has been argued that the state has no power of its own. Rather, it is the continuous exercise of interactions, which builds a complex social relation reflecting changing forces in specific combinations.<sup>37</sup> Furthermore, the institutional ensemble mediates the relations reflecting the balance of broad societal forces and specific state apparatuses.<sup>38</sup> Additionally, the opening, maintenance and restoration of the conditions for wealth creation and capital accumulation are undoubtedly vital features of the state.<sup>39</sup>

It is precisely the concern to secure these conditions that provides the key functions of the state. Such emphasis on accumulation objectives over legitimisation goals disregards any concern for equity. This becomes more evident when

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<sup>34</sup> World Bank, *World Development Report 1997: The State in a Changing World* (Washington D.C.: World Bank, 1997).

<sup>35</sup> Jessop, *State Theory*.

<sup>36</sup> Jessop, *The Future*, 6, 40.

<sup>37</sup> According to Jessop, power is reinforced through the mobilisation of support for policies and through the monopolisation of the means of coercion. See his *State Theory*.

<sup>38</sup> Jessop, *The Future*.

<sup>39</sup> Jessop, *State Theory* and *The Future*.

key practices that aim to secure that broad goal make use of the fictitious commodification of land, labour, money and knowledge. The socially embedded character of economic activities entails recognition of the contentious boundaries drawn by neoclassical economics. Moreover, it is the promotion of suitable conditions for the production, distribution and exchange of goods and services that also needs to be attentive to issues such as the articulation of the interlinked processes, the legal order and property rights. It is necessary to be aware of all of these general functions of the state in relation to the market if we are to address successfully the social and political repercussions of favouring general and particular conditions for profit-oriented and market-mediated activities.<sup>40</sup>

Given that the state is such a 'polyvalent and polycontextual phenomenon', the shape and appearances it takes can be process-traced and used as a proxy for accounting for the social processes of change. It is important to acknowledge that, even though wars and military conflicts are important factors of externally imposed changes, my focus is oriented towards pacific processes that tend to follow patterns of punctuated evolution. The processes of social change need to be internally appropriated and digested by the agencies. Both individual and collective participation and ownership are required if they are to become part of the dynamics of open systems. Since the realm of the state and the form of the state change through history, the patterns of punctuated evolution of the state have something to tell us about the general features of social change.<sup>41</sup>

The continuous patterns of change and continuity of social processes exhibit trends and countertrends simultaneously. For instance, three trends have been identified regarding the restructuring of the state. They are the denationalisation of the state, the de-statisation of politics and the internationalisation of policy regimes.<sup>42</sup> Those trends are, in turn, matched by countertrends, which include an increased scope in the articulation and primacy of spatial scales in addition to the national level, an augmented role in 'meta-governance' and the contestation of forms and implementation of international regimes.<sup>43</sup> Thus, it should not come as a surprise that the state is a central player and sometimes a referee in a wide variety of regimes. Simply put, it 'must be not only an object but also an agent of regulation'.<sup>44</sup>

For regulation theorists some of the Fordist and post-Fordist practices, strategies and links have selectively spread, however. Since the 1960s, some of the most developed economies, in order to overcome a slowdown in productivity,

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<sup>40</sup> Jessop, *The Future*.

<sup>41</sup> Hay, *Re-Stating*.

<sup>42</sup> Jessop, *The Future*.

<sup>43</sup> *Ibid.*

<sup>44</sup> Jessop, *State Theory*, 315.

have relocated some of their industrial and manufacturing activities abroad, mainly to Latin America and South East Asia. The problem is that it has been a partial and segmented articulation with technological restrictions. As a result, it has not delivered an endogenous virtuous cycle, but has enhanced external dependency and subordination to the leading economies. In addition to the problems of unequal income distribution and sustainable practices, the inability to widen and develop domestic markets endogenously has worrying consequences that cannot be ignored. Because links with the external markets tend to truncate the articulation of the domestic markets, patterns of social exclusion in 'peripheral Fordism' have become a major problem.<sup>45</sup> In the following sections two informed transitional ideal types introduced by Jessop are described. This theoretical exercise allows us to examine the non-matching features of the Mexican experience as a non-Eurocentric reference.

### *The Transition from KWNS to SWPR*

In order to stress the evolutionary extent of social processes, in a remarkable theoretical exercise Jessop developed two highly stylised ideal types. One crucial issue to bear in mind is that his proposal focuses on types that could be associated, albeit imperfectly, with a handful of advanced economies, particularly Anglo-Saxon and Northern European ones. He downplayed the consideration of different national experiences. Arguing that the main characteristics and dynamics of the state as social processes have not been eroded, and that the functions the state performs, although modified, have not suffered a general retreat at all, he engaged in stylising the imagined kinds. Keeping the core elements of the state in place, the changes that can be observed correspond to features of the ideal types.<sup>46</sup>

Jessop argues that an ideal type of the Keynesian welfare national state (KWNS) has been partially eroded and tendentially replaced by one of a different kind, namely a Schumpeterian workfare post-national regime (SWPR). Let me briefly explain the profiles of these ideal types. Both highlight the

<sup>45</sup> Jamie Peck and Adam Tickell, 'Searching for a new institutional fix: the after-Fordist crisis and the global-local disorder', in *Post-Fordism: A Reader*, ed. Ash Amin (Oxford: Blackwell, 1994). For the import-prone export-oriented industrialisation in Mexico see Enrique Dussel Peters, *La Economía de la Polarización: Teoría y Evolución del Cambio Estructural de las Manufacturas Mexicanas (1988-1996)* (México: Universidad Nacional Autónoma de México and Editorial Jus, 1997); *Polarising Mexico: The Impact of Liberalisation Strategy* (Boulder, CO: Lynne Rienner, 2000); Fernando Fajnzylber, *Unavoidable Industrial Restructuring in Latin America* (Durham, NC: Duke University Press, 1990).

<sup>46</sup> Bob Jessop, 'From the KWNS to the SWPR', in *Rethinking Social Policy*, eds Gail Lewis, Sharon Gewirtz and John Clarke (London: Sage, 2000); Jessop, *The Future*.



subordination of social policies to economic policies. At the same time, they stress the primacy of the territorial or geographical scale at which they operate, and the means used to compensate for market failures.

For the first ideal type, the KWNS, the label 'Keynesian' comes from the delivery of infrastructure to provide the means for the mass production and mass consumption of goods and services, while aiming for full employment and demand management. This set of economic policies is presented as supportive of an expansion of welfare rights, mainly at the national level. In addition, the state is faced with the task of compensating for market failures.<sup>47</sup>

For the second ideal type, the SWPR, the label 'Schumpeterian' comes from the goal of achieving an increasing degree of mainly technical innovation and economic competitiveness that would help expand the use and spread of communication and information technologies in the so-called knowledge-based economies. Such concerns are placed on the demand side of the open economies. In addition, the subordination of social to economic policies is stronger in this type, as welfare rights come under attack and there is downward pressure on the 'social wage', which stresses the workfare character of social policy. Moreover, the post-national label is used to denote the rise in importance of some other geographical and spatial scales relative to the (still central) national one. Similarly, the growing importance of networks for the compensation for market failures is presented as the emergence of regimes where the state operates in 'meta-governance' matters.<sup>48</sup>

A transition from the ideal-typical stylised terms of the KWNS to the SWPR is said to occur, taking into consideration capital accumulation and wealth creation through the mediation of market and non-market social relations. This incomplete and imperfect transition is undertaken while the conditions that reproduce and maintain the fictitious commodification of land, money, knowledge and labour are kept in place.<sup>49</sup>

What is striking is that a mere handful of cases can be associated with the first ideal type. Likewise, a very small number match the features of the second one. Needless to say, neither all characteristics of the KWNS, nor those of the SWPR, could be associated with the social processes of change and commodification that occupy us in this article. Neither the Latin American region as a whole, nor the Mexican case specifically, match either highly stylised ideal type. Nevertheless, they can be put to good use by moving away from the whole set of ideal types and their full-picture presentation, towards a sharper and clearer individual and disaggregated picture.

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<sup>47</sup> Jessop, 'From the KWNS'; Jessop, *The Future*.

<sup>48</sup> The term 'meta-governance' was originally suggested by Hay.

<sup>49</sup> Jessop, *The Future*.

The functionalist rigidity and lack of flexibility that appear at first glance in both the KWNS and the SWPR could be dramatically reduced if each of the features of the ideal types were considered as nouns rather than adjectives. That is, I aim to take each of the characteristics in turn, without putting them into any straitjacket that would reduce the nuances of the subjects and objects under scrutiny. More importantly, the lack of choice that the transition from one ideal type to the other seems to convey could be overcome by reinventing the role played by agency. Such a move allows us to eliminate restrictions and rigidities, at the same time that the spectrum of available and viable choices for the agencies significantly widens.

### *Beyond an Ideal Match*

I take into account not only the material transformations of contexts, but also the ideational factors interwoven in the social, political and economic processes of change within contemporary Mexico. In particular, I select the eight ideal-type features suggested by Jessop, and look for match and consistency with the punctuated evolutionary trend of the Mexican processes. At first glance this might seem to be an odd choice, as the conception of neither the KWNS nor the SWPR was formulated with Mexico in mind.<sup>50</sup> On the contrary, the highly stylised characteristics of both ideal types stress distinctive aspects to which a very small number of cases, largely Anglo-Saxon and Northern European, have made the transition. Although they do not describe concrete realities, they provide an undeniably consistent theoretical and ideal benchmark against which to assess the very condition of action that is the ability to formulate strategies. As such, they could be of great help to further imagine and crystallise alternative routes and courses of action that are open to policy-makers in Mexico. This is because the value of theory and ideal types is, among other things, to inform and enrich the debate, not to close it down, as ideas have a mixed causal and constitutive impact on material and ideational outcomes.<sup>51</sup>

First of all, regarding the sets of economic policies and ideas, I cannot catalogue the Mexican experience as typically Keynesian. The economic policies

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<sup>50</sup> When discussing the different variants of the KWNS and some of the problems of the North America Free Trade Agreement, there is a very brief reference to Mexico as a country affected by the dominance of capital from the United States. See Jessop, *The Future*. Similarly, regarding regulation theory, the Mexican experience is considered as a peripheral variant of Fordism, where its main feature is that some export commodities are locally assembled. See Peck and Tickell, 'Searching'.

<sup>51</sup> Matthew Watson, *The Political Discourse of Globalisation: Globalising Tendencies of Self-Induced External Enforcement Mechanisms*, PhD thesis (University of Birmingham, 2000); Hay, *Political Analysis*.

and strategies that were originally implemented in post-revolutionary Mexico preceded the spread of Keynes's ideas, and much preceded the United Nations Economic Commission for Latin America and the Caribbean (ECLAC).<sup>52</sup> Decades later, such national strategies and experiences informed the theoretical construction of the latter.<sup>53</sup> Regarding the former, full employment, the cornerstone of Keynesian policies, was never reached. Nor was complete demand management implemented, and nor did the efforts to deliver infrastructure reach an optimal stage in the economic history of the country. However, it is impossible to deny Keynes's influence, and the importance of his ideas was felt in government and academic circles, especially during the 1950s and 1960s.<sup>54</sup> Although there was never a perfect match, the stabilising development strategies and import substitution industrialisation contained hints of his thought. For instance, Keynes's idea that the state has a role to play in guiding the propensity to consume and the inducement to invest was relevant. Similarly, there was a gradual degree of socialisation of investment, where the key issue guiding economic policies was not so much concern for ownership of the means of production as the delivery of proper conditions for economic activities, much as Keynes had argued for.<sup>55</sup>

However, a Schumpeterian characterisation of Mexico is even more problematic, especially when the term is taken to highlight innovation, for there is a disquieting lack of innovation characteristic of Mexico's manufacturing economic activities. Therefore, the distinctive set of Mexican economic policies does not match the ideal type suggested by Jessop. Schumpeterian thinking is not unknown, but the contemporary orientation of government economic policies has paid little attention to facilitating and promoting innovative combinations that would help, or set the foundations for, a knowledge-based economy. Scant attention has been paid to the quality of industrial insertion and linkages in Mexico, where there is a worrying lack of cluster connection among economic activities.<sup>56</sup> The weak endogenous links between domestic firms and amongst economic sectors need to be reinvigorated in order to revitalise and

<sup>52</sup> Keynes's work was an influence on ECLAC economists and government officials alike.

<sup>53</sup> José Luis Calva, *México Más Allá del Neoliberalismo: Opciones Dentro del Cambio Global* (Mexico: Plaza y Janés, 2000).

<sup>54</sup> Sarah Babb, *Managing Mexico: Economists from Nationalism to Neoliberalism* (Princeton, NJ: Princeton University Press, 2001).

<sup>55</sup> In his own words, 'it is not the ownership of the instruments of production which it is important for the state to assume. If the state is able to determine the aggregate amount of resources devoted to augmenting the instruments and the basic rate of reward to those who own them, it will have accomplished all that is necessary' (John Maynard Keynes, *The General Theory of Employment, Interest and Money* [London: Macmillan, 1964], 378).

<sup>56</sup> Mario Cimoli, ed., *Developing Innovation Systems: Mexico in a Global Context* (London: Continuum, 2000).

strengthen the domestic market while gaining a better position abroad.<sup>57</sup> If the goal of the absorption, development, incorporation and innovation of technology is to be achieved, particular sectors and activities need to be targeted as beneficiaries of industrial policy programmes.<sup>58</sup>

Regarding social policies, Mexico has never had a welfare state comparable to those of European or Anglo-Saxon countries. Although basic welfare is provided, safety nets tend to be unreliable and imperfect, especially for the social sectors that need them most. Nevertheless, the concern for delivering protection from the market has not been completely absent. What Mexico has had is corporatist practices for the political engagement and control of social groups. These delivered initial improvements in education, sanitary conditions and standards of living on the whole, albeit mainly in urban areas.<sup>59</sup> Decommodification practices were second to a concern for political stability, the attraction of investment and the cushioning of social pressures and demands.

Yet the current emphasis on labour market flexibility and the subordination of social policy to economic imperatives in Mexico prioritises a workfare strategy that, sadly, is closer to the Schumpeterian ideal type than the welfare counterpart.<sup>60</sup> For the commodification processes in Mexico, it suffices to argue that one of the crudest aspects of workfare is to be found in manufacturing inbound industries, where, in a large proportion of cases, workers' low qualifications and skills, along with additional incentives, are taken as competitive advantages.<sup>61</sup> Needless to say, such a race to the bottom strategy is extremely problematic, as it accentuates and reinforces patterns of inequality.

Even though the relative primacy of the national scale for the delivery of social and economic policies and programmes has seen modifications in Mexico, this is not the same as saying that it has been overtaken by the importance of other levels. Clearly, throughout the years there have been changes, and the emergence of local, regional, international and transnational agendas must not be ignored. Nevertheless, the primacy of the national scale is undoubtedly fundamental for core issues. As regards the nation, variations,

<sup>57</sup> Dussel Peters, *La Economía and Polarising Mexico*.

<sup>58</sup> Fajnzylber, *Unavoidable Industrial Restructuring*.

<sup>59</sup> Clark W. Reynolds, *The Mexican Economy: Twentieth-Century Structure and Growth* (New Haven, CT: Yale University Press, 1970); Hansen, *The Politics*; Nora Lustig, *Mexico: The Remaking of an Economy*, 2nd edn (Washington D.C.: Brookings Institution, 1998).

<sup>60</sup> Dussel Peters, *La Economía and Polarising Mexico*; Cimoli, *Developing Innovation Systems*.

<sup>61</sup> Gary Gereffi, 'Mexico's "old" and "new" maquiladora industries: contrasting approaches to North American integration', in *Neoliberalism Revisited: Economic Restructuring and Mexico's Political Future*, ed. Gerardo Otero (Boulder, CO: Westview, 1996); Gary Gereffi and Miguel Korzeniewicz, eds, *Commodity Chains and Global Capitalism* (Westport, CT: Praeger, 1994); Gary Gereffi and Donald L. Wyman, eds, *Manufacturing Miracles: Paths of Industrialisation in Latin America and East Asia* (Princeton, NJ: Princeton University Press, 1990).

debates and changes through history have contributed to its contested and continually metamorphic nature. Nearly two centuries of turbulent independent history and a tendency toward 'imposed unity', on the one hand, and the challenge of traditional ideas and patterns to the nation and its interests, on the other, continue to influence the perceptions among Mexicans of their nation.<sup>62</sup> Nationalism has not only followed sentiments and attachments that tend to be identified with a national identity, but also the role played by ideas, discourses and ideologies in the definition of national interests cannot easily be separated from courses of action, policies and strategies of a nationalist tone.<sup>63</sup> The interrelationships among identity, interests and policies feature social embeddedness and determinants that dialectically affect and are affected by dynamics of change, via the promotion of changes in identity, interests and policies.<sup>64</sup>

Something similar happens with the role of the state. Within ever changing strategically selective contexts, the Mexican state has been, and will continue to be, a central actor, albeit one that does not always act consistently. Public and private participation in a variety of different regimes does not necessarily mean the irreversible erosion of the state, because they are not zero-sum games. Moreover, following Stiglitz, it can be said that both market and government are failure-prone, as information asymmetries and imperfections, inefficiencies and disruptions affect them both.<sup>65</sup> Self-organisation is not failure-free either, and therefore provides no guarantee of any sort of compensation. Considered in this light, and as more a complementary option, the importance of regimes for addressing market and government failures should not be overstated.

As can be seen, Mexico does not fit the aggregate stylised types, and does not even match most of the individual features suggested for the KWNS or for the SWPR. Still, this should not deter us from making use of the SRA, not that this should be considered as a weakness of this approach, for it is not. This is an approach that is capable of suggesting ideal typologies, but that also allows us to explore causal relations in a variety of processes, such as commodification. Others, such as political autonomy and democratisation, could be considered as well. For the SRA is a powerful tool and properly equipped for process-tracing. It can be used either to trace the process from one ideal type to another, or for the investigation of specific historical moments and trajec-

<sup>62</sup> Stephen D. Morris, 'Reforming the nation: Mexican nationalism in context', *Journal of Latin American Studies* 31 (1999): 363-97.

<sup>63</sup> Enrique Krauze, *Mexico: Biography of Power. A History of Modern Mexico, 1810-1996* (New York: HarperCollins, 1997).

<sup>64</sup> Morris, 'Reforming the nation'.

<sup>65</sup> Stiglitz, 'On the economic role', 'Another century' and 'Redefining the role'.

ries.<sup>66</sup> At this point, I must give further attention to the strategies, mechanisms and factors that play a role in shaping the social processes of change.

*Making Change Happen: 'Participation and Ownership'*

Stiglitz has argued that 'participation and ownership' are crucial for catalysing 'society-wide' change as they promote the core objective of development. Since for him the latter entails the 'transformation of society', where effective change cannot be imposed from outside, active participation in the processes increases the degree of ownership of the actors. If this is to happen, the motivated and participative agencies, which become involved and make changes their own, complement the role of institutions and incentives in working towards the transformation of society.<sup>67</sup> In so doing, and by virtue of their 'participation and ownership', the endogenous social dynamics of change depend on the crucial role of agencies to bring intentionality, indeterminacy and uncertainty into the processes.

Acknowledging that institutions might be a necessary, but never a sufficient, condition for change, as institutions are also objects of change themselves, it is important to be aware that the probability of collapse might also arise. As the complexity of the systems and processes rises, so does the likelihood of change, for which efficient information-processing and exchange is vital in order to respond to the challenges posed by a feasible catastrophe.<sup>68</sup> However, problems of asymmetry and incomplete information tend to be more the rule than the exception.<sup>69</sup> Incomplete and asymmetric information is quite common for both public and private actors, and has direct consequences on the courses of action that they choose to take. Hence, this poses a significant challenge for, as risks increase, opportunities for innovation also increase, which potentially can transform and produce new systems and feed new trends and countertrends.

<sup>66</sup> In *Re-Stating*, Hay traces the evolution of the British state, citizenship, crisis and Thatcherism. Furthermore, Jessop himself has also pursued similar tasks in various publications. Globalisation has been subjected to critical scrutiny as well.

<sup>67</sup> Joseph E. Stiglitz, 'Towards a new paradigm for development: strategies, policies and processes', the 1998 Prebisch Lecture at UNCTAD (Geneva: World Bank, 1998).

<sup>68</sup> See K. R. Dark, *The Waves of Time: Long-Term Change and International Relations* (London: Continuum, 1998).

<sup>69</sup> George A. Akerlof, 'The market for lemons: quality uncertainty and the market mechanism', *The Quarterly Journal of Economics* 84(3) (1970): 488-500; Michael Spence, 'Job marketing signalling', *The Quarterly Journal of Economics* 87(3) (1973): 355-74; Michael Rothschild and Joseph E. Stiglitz, 'Equilibrium in competitive insurance market: an essay on the economics of imperfect information', *The Quarterly Journal of Economics* 90 (4) (1976): 629-49.

Clearly, one of the strategies for socially spreading the new patterns of interaction, or for disclosing and popularising preferred courses of action, is the development of networks. In networking, either formally or informally, on a broad range of issues, the relational character of the interaction helps the dynamics to become an endogenous part of the actors, contributing in this way towards the internal ownership of, and participation in, change. Hence, networking provides the means for flexible and inter-organisational responses to changing circumstances. Moreover, networking entails the formulation and implementation of strategies in action. The courses of action, in turn, yield direct effects and strategic learning to the actors, who need to deal with and adapt themselves to the intended and unintended consequences.<sup>70</sup>

Networks of many different sorts are historically recurrent and familiar organisational strategies throughout the world, which reach different degrees of complexity in different societies, cultures and institutions. Due to their flexibility and practicality, and the recognition of agendas that are of mutual or complementary importance to their members, the networks operate as nodes for coordinating collective action.<sup>71</sup> Easy horizontal implementation is to the network's advantage, as it allows its participants to formulate and operationalise strategies that deliver, not only the immediate direct effects for which the network was originally created, but also strategic learning. Furthermore, as some issues or objectives may be of greater interest or of more crucial importance, the formation of strategic alliances can be used to push the common agenda forward, and this may work to the benefit of its constituent parts. It is precisely this relational character and the simplicity of forming, evolving, transforming and terminating networks that gives them their flexibility in relation to changing states of affairs. Hence, common strategic agendas for a wide variety of issues can be established by networking.<sup>72</sup>

Regarding one of the important objections to networks, it has been argued that they deal poorly with issues of limited inclusion and exclusion. It is true that the reach of possibilities for transformation by networking cannot be spread beyond certain limits. Clearly, some benefits cannot directly be achieved by those agents who are not included or take no direct part in networking practices. Still, at this point it is important to stress the alternative of networking merely as a complement to market failures and government failures. I do not

<sup>70</sup> Colin Hay, 'The tangled webs we weave: the discourse, strategy and practice of networking', in *Comparing Policy Networks*, ed. David Marsh (Buckingham: Open University Press, 1998).

<sup>71</sup> Hay, 'The tangled webs we weave'; Colin Hay and David Richards, 'The tangled webs of Westminster and Whitehall: the discourse, strategy and practice of networking within the British core executive', *Public Administration* 78(1) (2000): 1-28.

<sup>72</sup> *Ibid.*

claim that the latter can be eliminated by the former. In fact, networking can complement other forms of governance such as markets and hierarchies, and in so doing the problem of network exclusion can be addressed. I contend that over-reliance on one form of governance alone is problematic. However, getting the balance right among governance mechanisms is not easy either and varies significantly, depending on the particular circumstances in which the agents find themselves.

### *Final Remarks*

Following a directional dependence from the ontology of realism, the SRA features a realist epistemological stance. From the latter, it views knowledge of any kind as a social practice gained mainly through activity and interaction, which is situated in specific contexts and never develops in a vacuum. Since its fallibility and the theory-laden character of observation must be admitted, the plea to adopt a critical approach should come as no surprise. Furthermore, since the production of knowledge is a social practice, the explanation and understanding of social phenomena engages the analysts in critical evaluations of society and of their understanding of their own place within society. Therefore, the formulation of informed critiques cannot be avoided.

Realism is a philosophy of and for the social sciences that draws a distinction between transitive and intransitive dimensions of knowledge. On the one hand, the intransitive dimension comprises objects of science, such as social phenomena or political events. On the other hand, the transitive domain pays attention to theory and discourses, which in turn could also be treated as objects of study themselves. Furthermore, acknowledging that social contexts resemble open systems where social, political and economic phenomena exhibit different degrees of complexity, it is the identification and assessment of connections, rather than of formal associations or regularities, that prove crucial. In so doing, making use of a critical method not merely describes observable, but also unobservable, phenomena, examining necessary and contingent relations, as well as warranted and unwarranted associations. Therefore, the examination of relationships between structures, mechanisms and events is vital for analysing the processes of change; this adds to the importance of paying special attention to the problems of conceptualisation and abstraction. For realism, the recognition that social processes are situated within specific spatio-temporal contexts should not be overlooked, as the need for geographical and historical specificity might help to transcend interpretive understandings, and move towards causal explanations, rather than formal regularities of social phenomena.



The capacity of the critical realist inspired SRA to identify and trace causal relations proves useful in exploring the deeply political character of the social processes of change. Since the approach is able to acknowledge the relations between material and ideational elements, on the one hand, and those between the structural and agential elements on the other, it provides plenty of room to scrutinise the tendencies and countertendencies that build the processes up.

Taking this into account, the state as a polycontextual and polyvalent phenomenon cannot be disengaged from the socially embedded context in which it is situated. Since it is concerned with maintaining and reproducing the conditions for capital accumulation and wealth creation, it cannot ignore a concern with legitimisation imperatives. Thus, it occupies a central place and plays a crucial role that no other actor can assume. Failure-prone, as are markets as well, due to asymmetric information and inefficiencies, the state can still remedy distributional shortcomings and can be assisted in this by increasing incentives for efficiency. The fact that institutions tend to persist without becoming permanent reflects the state's dynamic and fluid shape and appearance, which responds to and is responsible for changing environments and conditions. Nonetheless, the socially embedded political and relational character of state processes as they are continuously renewed and reconfigured originates in relational power interactions amongst situated agents in context, rather than being merely an aspect of the power of the state. Therefore, the state cannot erode its power, for it is not its own.

Jessop's suggestion of highly stylised ideal types of the transition from a KWNS to a SWPR focuses on the subordination of social policies to economic policies, the geographical or territorial scale of operation and the means used to compensate for market failures.

What I contend, beyond the features of these ideal types, and their imperfect match with the Mexican case, is that the strength of the theoretical utility of the SRA opens up research avenues for process-tracing. Such processes emphasise political economy issues, such as commodification experiences, or socio-political issues, such as political autonomy and democratisation, and cannot be decontextualised from their spatio-temporal location.

Furthermore, the leverage of critical realism in the SRA enables us to explore the never static dynamics that become endogenously owned, pro-actively participated in and internally appropriated, making change not only possible but also feasible. Since institutions are a necessary, but never sufficient, condition for social change; the intentionality, uncertainty, uneasiness and unpredictability that actors' interactions bring into the processes clearly affect the final outcomes in punctuated evolutionary fashion.

Nonetheless, making use of the theoretical tools of this approach, I have been able to identify that one of the main strategies for the appropriation and

spread of change is networking. This is not a small issue, for it is capable of creating and opening choices for the situated agents who take part in the networks. For networking to succeed, the definition of a common strategic agenda that may guide the interaction of the members and serve as a guiding reference for evaluating progress, realignment, failure or success is necessary. Networking does not mean limited contact among specific groups. On the contrary, networking can be developed within networks and across groups of different kinds, presenting alternative courses of action and expanding the windows of opportunity for those involved. Its character may be economic, bureaucratic, industrial, electoral and so on, depending on the core issues agreed and identified in the strategic agenda by the agencies.

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