Chapter 1

What's So Political About The Economic?
The Limits of Existing Responses

Introduction

Political economy has of course been the subject of debates and publications for hundreds, if not thousands, of years. Formalized as a field of systematic academic enquiry complete with journals and jobs between the end of the 19th and the beginning of the 20th century, it spans at least six major academic disciplines: economics, sociology, history, political science, geography and business studies. The history and taxonomy of this vast field of study have been extensively presented and discussed elsewhere (Blyth, 2009; Cohen, 2008). What this chapter does instead is focus upon how the most dominant theories within political economy define and problematize the role of politics in economic activity. Astonishingly, this zero-ing in upon what existing research on economic activity asserts about politics is not what political economy's dominant textbooks (e.g. Broom, 2014), handbooks (e.g. Blyth, 2009; Clift, 2014) and literature reviews (e.g. Cohen, 2008) actually do. Instead, they tend strongly to relate and perpetuate standardized accounts of the history of this field as having been structured by political philosophies and general theories of the world economy –e.g. liberalism or Marxism- rather than by analytical frameworks within which conceptualizations of politics itself play a central role. When one unpacks these wide-ranging philosophies and theories, implicit and occasionally explicit definitions of politics can of course be discerned. Where this chapter seeks to innovate is firstly by targeting these definitions directly and, secondly, by separating out the analytical propositions they each have generated from those that are normative and ideological.

As underlined in the introduction to this book, the main aim of this exercise is to cumulatively move towards the purpose-built framework for studying the politics of economic activity presented in chapter 2. In so doing, the next chapter is also where the two approaches to the economic that I draw most heavily upon –regulationist economics and constructivist political sociology- will be presented and unpacked. Nevertheless, what follows can also be read as a sustained critique of the more standardized and increasingly unhelpful ways of researching, teaching and discussing political economy. Revealingly, many of these visions are couched in tired binary distinctions –e.g. economics vs. politics, states vs. markets, equilibrium vs. 'crisis'- all of which obstruct research rather than stimulate it. More precisely, the purpose of this chapter is to examine the definitions of politics mobilized by the dominant theorists of political economy by placing them within their respective ontologies, i.e. how each theory envisages and 'investigates reality: the nature, essential relations and relation of being' (Cohen, 2008: 3). From this perspective, four ontologies which currently dominate political economy will successively be presented and discussed:

- material determinism: neoclassical economics, classical international relations theory and rational choice;
- societal structuralism: Marxism, neo-Marxism and neo-Gramscian theory;

- institutions: historical and sociological institutionalism;
- interactionist network theory.

The order of presentation of these theories has some importance because I begin with the most materially deterministic of these theories and end with the least. Specifically, this continuum stretches from accounts of political economy that give most pride of place to assumed 'interests' (neo-classical economics) to those that instead stress the role of 'agency' (interactionist network theory). However, this dimension of my topography of political economy should not be overstated because, as will be shown, each of the four ontologies and concomitant theoretical 'families' combines structure and agency in complex ways. Moreover, it is precisely by examining these combinations that one can reveal each theory's underlying definition of politics.

Consequently, each of the sections that follow sets out what the approach discussed theorizes and assumes about the relationship between politics and economic activity, before refining this question by examining its explanations of change or stasis. Throughout the chapter, illustrations from the world's wine industry will be used in order to distinguish the various postulates, lines of reasoning and conclusions each approach to the politics of economic activity purveys. This case has been selected as an illustration for two reasons. Firstly, it has been studied to some extent at least by all four of the approaches discussed here. Secondly, as I have had the chance to explain at length elsewhere[1], although change in the production, distribution and consumption of wine is frequently treated as a straightforward response to 'economic forces', what has actually occurred over the last twenty years has been highly contingent and therefore deeply political. Critiquing how each of the four approaches to politics presented below have analysed change in the wine industry is thus pertinent to the objective of this chapter. Moreover, it also provides a relatively accessible means of empirically nourishing a part of this book that is necessarily dominated by questions of theory.

1.1 Material determinism: politics as politicians defending interests

Considering that the distribution of material resources determines from the outset who runs any society is of course a highly prevalent and popular ontology. Constant flows of anecdotal information confirm on a daily basis that the rich get richer and that wealthy states dominate international relations. However, simply assuming that stocks of material resources transform themselves into power and influence tells us little about how these stocks emerged in the first place and why they so frequently remain high over time. Within economics and the social sciences, over the course of the 18th and 19th centuries two large families of theory –liberalism and Marxism- developed largely as a means of providing both analytical answers to these questions and normative proposals about how societies and governments should react to them. The definition of politics proposed by the second of these families will be discussed in the following section. Here, liberalism and its visions of politics will be unpacked by successively examining the guises it has taken within three overlapping theories of political economy: neo-classical economics and economic institutionalism, then 'realist' and 'rationalist' approaches to international

[1] Carried our between 2004 and 2015, this research on wine targeted the question of change or stasis by questioning in particular the role played by 'globalization' (Smith, de Maillard & Costa, 2007) and the European Union (Itçaina, Roger & Smith, 2016a).

relations. It will be argued that although over time liberalism's approach to the politics of economic activity has clearly evolved and diversified, at its heart remains a concentration upon decisions made by individuals based upon what are claimed to be 'rational' calculations of their interests. Indeed, as will be highlighted below, precisely because the individual is liberal theory's basic unit of analysis, the defence of interests has then been extrapolated to explain the behaviour of collective action bodies ranging from the firm to the state. Consequently, the predominant meaning of politics deployed by liberal theorists of political economy, but rarely defined clearly, encompasses all activity by politicians or governments to protect and promote the interests of their respective 'clients' and themselves.

1.1.1 Neo-classical economics: the root system of liberal political economy

Until the 1970s, the approach to economics that lies at the heart of liberal philosophy and theory was essentially driven by a 'standard theory' which considers that economic activity is structured by the interplay between, on the one hand, 'the supply' of goods and services and, on the other, 'demand' for these commodities. This interplay takes place in 'markets' within which co-ordination between the amounts of supply and demand respond to fluctuations in price. The latter acts as a signal to suppliers of goods such as wine that they should increase production when demand for this product, and therefore its price, is high. Conversely, producers should reduce output when demand and prices fall. Indeed, when this occurs durably, producers are expected to leave that particular market by converting to other types of economic activity – phenomena that occurred throughout the vineyards of Southern Europe in the 1970s and 1980s and has re-occurred consistently since the mid-2000s. Consequently, ever since the writings of Adam Smith in the 18th century, liberals have depicted markets as 'the invisible hand' which, by constantly facilitating adjustments between the heterogeneous interests of producers, consumers and financiers provides national and local economies with 'general equilibria'. Treated as postulates, these assumptions about supply, demand, markets and price have had massive impact upon how liberals have both analysed the politics of economic activity and sought to act upon it.

Analytically, the standard theory of neo-classical economics posits that all participants in economic activity share not only a rationality of self-interested competition for scarce resources, but also possess the same, or at least highly similar, levels of information concerning trends in supply, demand and price. Moreover, they assume either that each competing producer possesses sufficiently similar technologies of production (e.g. the levels of mechanization of grape producers), or that producers who are most technologically in tune with the market will force their 'obsolete' competitors (e.g. growers who use old and unfashionable grape varietals) to leave it. Markets themselves are not a subject of uncertainty and therefore of study for this variant of economics. Similarly, the role played by intermediaries during the distribution of goods or services is also put to one side (e.g. the influence of supermarket chains as buyers then sellers of wine). Instead, markets, and more generally the interplay between supply and demand, are theorized as pure, frictionless processes of competition between individual economic operators, be they producers or consumers. For this reason, neo-classical standard theory frequently equates 'politics' with interference in these processes and thus as a nefarious muddying of purity.

As is well known, over the past two to three centuries, these basic analytical premises have frequently fuelled an ideological version of neo-classical economics which has provided a large number of recipes for governmental action over the economy. In the 19th century and, in many countries such as the UK or the US well into the twentieth, the central tenet of this ideology was that governments should do as little as possible in order to enable economic activity to operate 'freely' through markets. Although a wealth of research has shown the extensive impact of government intervention during this period in sectors ranging from the railways (Dobbin, 1994) to steel (Herrigel, 2010), this 'laissez faire' economics was seen as not only efficient for the firms and consumers involved, but also for the peacefulness of international relations. Frequently mobilizing the term 'comparative advantage' (first coined by David Ricardo in the early 19th century to capture what nations should strive for through concentrating upon their most efficiently produced goods and trading with others), this approach to the relationship between governmental and economic activity has been used ever since to legitimize the ending of all protectionist measures in the name of 'free trade'. In the wine industry, for example, such arguments have been repeatedly used, most obviously in the mid 19th century (e.g. by France's second Empire) and again since the 1990s (by a range of 'New World' producers and states: Australia, Chile, the US, etc.).

Importantly, however, one cannot and should not reduce neo-classical economics and its corresponding ideologies to the assumptions and recipes found within 'the standard theory' resumed briefly above. This is because since the 1970s, an extended standard theory has emerged which goes much further in formalizing both why markets can become 'inefficient' and what governments should do about it. Developed within 'New Institutionalist Economics' (NIE), this extension of standard neo-classical theory essentially adds three key concepts: transaction costs, institutions and contracts.

As regards the former, Oliver Williamson (1975) is often credited with placing transactions at the heart of microeconomic theory. Based upon his investment in the very structuring of economic exchanges, Williamson developed an 'organizational failures framework' as a means of explaining why certain arrangements within and between organizations (here essentially firms) tend to generate costs that often become sub-optimal. Specifically, economic actors are depicted as opportunists whose self-interested and short-termist behaviour generates uncertainty that has costs. For example, within the wine industry the concept of transaction costs, and above all the need to reduce them, has been used to explain increases in vertical integration between producers and merchants in many vineyards over the past two decades. What Williamson himself (1985), then Douglass North (1991) and numerous others, have sought to theorize on this basis is how institutions –defined as stabilized rules- reduce the uncertainty surrounding transactions and, thereby, enable markets to operate as efficiently as possible. In their most basic form, these institutions take the form of contracts. Within microeconomics this explains why so much academic attention has been given to contracting, its consequences and the modelling of both. For example, European wine regions are often criticized from this angle for failing to generate contracts that tightly restrict grower practices such as yield levels (Rousset & Traversac, 2004). More generally, within neo-classical economics as a whole, focusing upon the challenge of transaction costs, then the solutions provided by institutions and contracts, has led scholars to increasingly focus upon ascertaining what level of public intervention in economic activity is efficient. Most often, contemporary Economic Institutionalism considers that 'hybrids' of markets and institutions are what structures, and indeed what *should* structure, economic behaviour (Ostrom & Ostrom, 2014).

More precisely, tenants of this theory consider that economic actors 'rationally' put in place explicit or implicit contracts in order to protect and enhance their material interests. The first assumption here is that actors enter into this contractual environment in full knowledge of its constraints and opportunities on the one hand and, on the other, of what is in their own best interests. The second, assumption upon which this theory reposes is that institutions are functional responses to sub-optimal conditions for economic exchange. In the wine industry, for example, economic institutionalists consider that producers from the US or Australia have benefited from transparent contractual arrangements between grape-growers and large wineries based upon strict and verifiable growing and processing norms (Rousset, 2005). In short, these institutions emerged to meet the functional requirements of the national industry as a whole. Although, as Boyer underlines when citing the invention of money, most historians of the economic show that 'dysfunctional' commerce does not spontaneously and neutrally generate institutions – instead dominant actors create them for reasons which suit their value hierarchies and purposes (2015: 34)- it is Economic Institutionalism's form of material determinism – what Boyer calls 'the neo-classical fable'- which now dominates the discipline of economics as a whole (Lebaron, 2000; Fourcade, 2009).

The combination of extended standard neo-classical and rational choice theories will be returned to below. For the moment, what is key is that although this major theoretical development reaffirmed the liberal definition of politics as interference by governments in economic activity, it has nevertheless been matched once again by developments within ideologies and the practices of liberal executives throughout the world. Most obviously since the 1980s, neo-liberal thought and the political parties that purvey it have come to focus upon demand, and in particular 'the consumer', as the central principle from which to structure economic sectors. In the case of the wine industry, for example, in the mid-2000s the European Commission strove successfully to replace an EU policy designed to shape the supply of wine with one which, on the contrary, supported only wines that fitted with its perception of contemporary demand. In so doing, their arguments were legitimated in part by the nourishment and support they received from a range of economists wedded to Economic Institutionalism and rational choice theory (e.g. Corsinovi et al., 2013).

Given both the domination of the discipline of Economics since the 1980s by variants of neo-classical extended standard theory, together with the privileged status they have acquired within numerous governments, tensions within neo-liberalism have constantly been playing out during a multitude of crucial decision-making processes throughout the world – not least those that have concerned the 2008 'crisis' and its aftermath (Blyth, 2013). Indeed, as this period has clearly demonstrated, even if some neo-liberals embrace public intervention in the economy more than others, in keeping with the axioms of neo-classical economics, they all see 'politics' as something that is entirely separate from economic activity itself.

1.1.2 Realist and Rationalist international Relations theory: two sides of the same coin.

An additional reason neo-classical economics has attained such a powerful academic and societal status is because a range of liberal theorists trained and located within other academic disciplines have supported and bolstered their assumptions, claims and conclusions. This is particularly so in the case of Political Science, a discipline which through its effective delegation of questions of political economy since the 1970s to scholars initially trained in International Relations (IR), has developed two competing schools of liberal economic analysis: 'Realism' and 'Rationalism'.[2] Although generally depicted as quite different (e.g. by Cohen, 2008 or Frieden & Lake, 2010), when examined from the angle of their definitions of politics, I argue that these two schools are in fact similar and even complementary. More importantly still, both have contributed greatly to legitimizing the theorems of neo-classical economics within the discipline –political science- which ostensibly reflects the most directly upon the practices of government and the politics that drive them.

As many others have related (Cohen, 2008; Blyth, 2009), the formalization, growth and stabilization of the Realist and Rationalist approaches is inextricably linked to the emergence in the early 1970s of 'International Political Economy' (IPE) as a category of academic teaching, research, publication and debate. Until that time, study of economic activity within political science had essentially been carried out by specialists of national public policy (e.g. Shonfield, 1965). Meanwhile, IR specialists had not only avoided this subject area but also the very building of theory and programmes of research. This situation changed as a new generation of political scientists, in particular from the US, began to invest heavily in studying the international economy. Driven forward largely by debates over whether US domination of the Western world was coming to an end, two viewpoints rapidly crystallized into the aforementioned Rationalist and Realist schools of thought.

The Rationalist point of view was that US hegemony was indeed under threat firstly from the rise of national economies such as Japan and, secondly, from the consolidation of international organizations conceived to provide a diplomatic and rule-based structure for world trade. From the first of these angles, the US, and indeed Western Europe, were seen as declining in the face of sharp competition from producers in countries better equipped to foster innovation, respond to the needs of the consumer and improve product quality. Here the Japanese car and home electronics industries were depicted as models that deeply challenged the goods and practices of their American and European counterparts. Meanwhile, authors such as Robert Keohane and Joseph Nye (1972) also highlighted how the consolidation of organizations such as the International Monetary Fund, the World Bank and the General Agreement on Tariffs and Trade (GATT) were all destabilizing established positions of domination within the politics of international economic activity. Significantly, in keeping with their liberal roots in neo-classical economics, such authors saw this politics as essentially being about how governments and public international organizations were intervening in the economy. Frequently associated with the Democratic Party, the take on how politics relates to economics

[2] It is important to note that scholars belonging to this school most often self-define as 'Liberal' IR theorists. However, as we shall see, this label is deeply misleading in that most IR Realists also adhere to liberal economic theory. In keeping with taxonomies of IR that preceded the spreading of the liberal misnomer (Wight, 1991), I will therefore use the term 'Rationalist' in its stead.

adopted by these authors asserts that governments should, sparingly but assuredly, intervene in the international economy in order to favour a certain structuring of world markets. Indeed, in his book *After Hegemony* (1984), Keohane went as far as to highlight 'the value of institutions'. Nevertheless, his 'thin' conception of institutions -as a minimal set of laws and standardized procedures- also revealed a proximity to the New Institutional Economics behind neo-classical economics' extended standard theory. More precisely, from a normative point of view, Keohane argued strongly in favour of a strengthening of what he called 'international institutions' in order to reduce uncertainty in global trade and trade diplomacy. Little place, however, was accorded to institutions designed to politically correct imbalances of wealth and economic opportunity.

Meanwhile, despite clear evidence in the early 1970s that the US and Western European economies were in decline, and exacerbation of this trend after the 1973 oil crisis, the conclusions of Rationalists such as Keohane and Nye were deeply contested from the outset by a set of scholars who dismissed as peripheral the influence of international organizations and institutions upon the world economy. Instead, these Realists maintained that the defence of national interests, and those of the US in particular, continued to dominate world politics. Led by scholars such as Robert Gilpin (1975, 1987), arguments were made to highlight the continued wealth of Western economies and the enduring power of their respective governments to act upon what Gilpin called the mutual interactions between states and markets (1987: 9). Seeing 'the state as the embodiment of politics' (1987: 10), Gilpin clearly subscribed to the general liberal perspective on this point. In contrast to Keohane and Nye, however, as a self-declared Republican he championed the market when asserting that 'the elimination of all political and other obstacles to the operation of the price mechanism is imperative' (1987: 11). More generally, Gilpin provided theoretical elements for a 'Realist' programme of research and publications within IPE that has simply rolled on the equation of states with their respective 'economies' that has been so prevalent in journalistic commentary and common parlance (e.g. Gourevitch, 2005).

I have highlighted elsewhere the continuing influence of this ontology of economic activity and its politics upon contemporary IPE[3], i.e. one that sees it as primarily structured by states and their 'interests'. What needs stressing more here is that despite its espoused emphasis upon choices and the actors who make them, the rational choice theory used by both Realist and Rationalist IR scholars to analyse economic behaviour, and the impact of governments upon it, is actually deeply determinist for at least three reasons (Parsons, 2007).

First, liberal IPE assumes that businessmen and women (e.g. wine producers) define their interests without ambiguity and uniquely as a function of costs and benefits for their particular firm. Issues concerning the objectives and actions of collective entities, such as a wine region or even a producing state, are seen only through this prism of self-interest. Second, this approach to IPE considers these costs and benefits to be so self-evident that not only the actor, but also the researcher, can easily identify them without needing to conduct original empirical research (e.g. it simply assumes that wine producers in the New World are opposed to institutions such as the geographical indications that so

[3] For example, amongst the 428 articles published between 1994 and 2011 in one of the leading journals in this field – the *Review of International Political Economy*- no less than 60% were explicitly centred upon the scale of the state (Jullien & Smith, 2014: 15).

heavily affect the economic activity of their European competitors). Third, it assumes that actors who are collective (e.g. local wine guilds) or public (e.g. ministries of agriculture) will also simply calculate the interests of 'their' producers and then defend them on the basis of contracts and by adopting 'efficient' strategies within decision-making arenas such as those of the EU (the existence of which are also taken to be self-evident).

In summary, the very conception of politics purveyed by all these liberal theorists is both highly formal (politics as the actions of governments or states driven by 'interests') and extremely limiting: these actions are studied through the prism of materially determinist rational choice and a thin conception of institutions. As Mark Granovetter concluded in his much cited critique of early NIE:

> 'the main thrust of the 'new institutional economists' is to deflect the analysis of institutions from sociological, historical and legal argumentation and show instead that they arise as the efficient solution to economic problems. This mission and the pervasive functionalism it implies discourage the detailed analysis of social structure that I argue (…) is the key to understanding how existing institutions arrived at their present state' (1985: 505).

Other research within the economic sociology inspired by authors such as Granovetter, together with our own on wine and other industries, show instead that the material conditions and inter-individual contracts so dear to liberal political economy never directly determine the way goods and services are produced and sold. For example, in the European wine industry such contracts are often informal, generally avoided and translated into practice via a logic of negotiation rather than automatic imposition. As we shall see below, instead of concentrating excessive analytical attention upon such contracts, the so-called 'interests' they serve and assuming that these accords are *the* institutions which determine economic practice, other approaches to the politics of the economic encourage the studying of a wider and richer range of rules, norms and tensions.

1.2 Societal structuralism: politics as power

As mentioned above, since the mid to late 19th century and the writings of Karl Marx, a second family of theory which shares an essentially material determinist ontology of the world has developed and evolved within the parts of social science that examine economic activity. Moreover, like liberal theory, this form of structuralism has also frequently crossed over into the world of political philosophy and normative recipes for action. Of course, similarities between (post)-Marxism and liberalism stop there because, as this section will underline, both make deeply contrasting claims about the causes of the structuration of economics and draw very different analytical and normative conclusions about its consequences. Whereas different variants of liberalism universally embrace capitalism and argue only for adjustments to its institutions in order to produce 'more efficient' outcomes, the societal structuralism proposed by post-Marxists is a self-proclaimed set of 'critical' theories which seek to identify deep problems within capitalist economies, then to propose radically alternative models of production, consumption and the distribution of wealth. In so doing, theorists from this family have always argued that politics and economics are inextricably interlinked, and this because the economically powerful within capitalist societies fundamentally orientate what is produced, how, by whom and for whom. However, as will be highlighted below, whilst such theory's emphasis upon power as a fundamental cause of economic activity has many merits, it also fails to explicitly define and analyse politics itself.

When beginning to unpack societal structuralism, the obvious place to start is with the writings of Marx himself. Entire libraries of books and articles have been devoted to his life-work which it would be absurd to pretend to resume in only a few lines. Instead, I will briefly outline just three aspects of Marxist thought which are absolutely key to understanding the implicit definition of politics as power that has invariably been used by his successors right up to the present day. The first of these aspects is the fundamental political philosophy –historical materialism- through which the advent of capitalism has been analysed and critiqued. Contrary to the liberal theory of his time, Marx argued that the form taken by capitalism in each society was not simply the aggregated result of choices made by individuals operating within natural markets. Instead, he maintained, capitalism was a specific mode of structuring economic activity that had emerged through history as a direct consequence of powerful actors working collectively to shape it in their best interests.

This emphasis upon patterns of material forces giving rise to the very shape of capitalist economies spilled over into a second major aspect of Marx's thought: his emphasis upon class in general, and the division between those of capital and of labour in particular. According to this analysis, capitalism emerged from feudalism alongside the building of a new alliance between the aristocracy and the then emerging bourgeoisie (or merchant class). The success of this new alliance was due not only to the contesting levels of material resources held by both classes (e.g. ownership of property and the means of production, and more generally the holding of financial capital), nor to a sharing of the ideals of liberal capitalism. Its domination was also caused by the loss of resources inflicted upon much of Europe's peasantry as it became transformed into an industry-employed proletariat.

The third key aspect of a Marxist approach to politics is thus to consider that the political extends way beyond the actions of governments or what takes place within parliaments. For Marx and his followers, politics has instead encompassed all the material and ideological forms of domination which structure societies and their respective economies. Politics is thus the building and imposition of societal power.

Marx's theory of economics and politics clearly had massive influence on leftist thinking in general from the late 19th century until the collapse of the Soviet Union in the early 1990s. Normative political philosophers and activists from Lenin to Mao, not to mention others within social democratic movements such as the British Labour Party, clearly bought into both Marx's critique of capitalism and his call to arms in the name of egalitarian societies and international relations. What I will focus upon hereafter, however, are the refinements of Marxist theory of politics within economic activity that have successively been made over the last century and, consequently, have layered into its contemporary guises.

The first of these adjustments was made by Antonio Gramsci, an Italian journalist writing in the 1920s and 1930s who, having been a founding leader of the Italian Communist

Party, was imprisoned by Mussolini from 1926 virtually until his death 11 years later. Gramsci's main innovation as regards Marxist theory was to downplay the impact of material forces upon domination within capitalism in favour of greater accent being placed upon ideology. More precisely, Gramsci argued that this domination was best theorized as forms of 'cultural hegemony' whose causes lay in the constant work carried out by 'organic intellectuals' to legitimize capitalism by making it appear inevitable and even natural. His principal targets were thus not only the fascists that had taken over his country, but the liberal theorists and their fellow travellers who on a daily basis justified, and in many cases glorified, capitalist economies and societies. Significantly, Gramsci's critique of both materialist Marxism (notably that of Lenin), as well as his highlighting of the role played by liberal intellectuals, was above all designed to fight against fatalistic visions of the durability of capitalism. Whereas for Leninists revolution had to await the advent of 'historical material' conditions favourable to the rising up of the proletariat, Gramsci argued strongly that leftist movements could and should mobilize their own intellectuals in order to develop a new culturally hegemonic project that would pave the way for socialism to come to power in every nation.

Gramsci's arguments in favour of a counter-hegemonic project have inspired leftist activists ever since. Indeed, the notion of 'counter-culture' that emerged in the 1960s, before being diluted in a multitude of ways, was indirectly but surely linked to his writings. Meanwhile, Gramsci's influence upon left-leaning theorists of the economy has been even more pervasive. After the Second World War, this influence first became particularly evident within the field of colonial and then post-colonial studies. As actors within a wide range of British, French, Dutch and Belgian colonies struggled to make their countries independent, intellectuals developed analyses in terms of 'world systems' (e.g. Frantz Fanon, 1963) and 'dependency theory' (e.g. Paul Baran, 1957) to grasp the forms of domination they were up against. As colonialism muted into neo-colonialism in the 1960s and 1970s, increasingly taking the form of domination through multinational corporations such as the United Fruit Company, part of political economy moved with it to develop theories that fitted this shift within capitalism. From this angle, the most cited academic is Robert Cox, a Canadian-born political scientist and ex-official of the International Labour Organization who, from the early 1980s well into the 2000s, gave leadership to what came to be called 'post-structuralism' or 'critical realism'. In particular, Cox (1986) restated and updated a case for historical materialism as a holistic theory of inter and intra-national patterns of hegemony.

In this enterprise, Cox was supported in particular by a British neo-Marxist economist, Bob Jessop, who in a succession of publications returned to Marx's concept of capital accumulation. Drawing also on the French *Ecole de la regulation* (Boyer & Saillard, 2002), Jessop strove to explain how 'accumulation regimes' that emerge through history explain 'the wage relation', make the state possible and, thus, how hegemony arises and is reproduced over time. Specifically, from this angle each state was therefore envisaged as corresponding to 'a historically specific stage of capital accumulation' (2002: 2). Like Gramsci, Jessop sought to theorize the relationship between material conditions and ideology as sets of self-reproducing and self-reinforcing historical forces (2002: 6). Similarly, Jessop also stressed that although power often transits through each state, its source and pervasive impact lies way beyond governmental bodies in the very structure of society, thus producing a hegemony of 'historical forces' (2002: 40). Using a similar analytical framework, Stephen Gill, strove to explain why US influence throughout the world has remained powerful despite the problems repeatedly experienced by its domestic economy and its major international traders (Gill, 1991).

Where Cox, Jessop and a set of researchers at the University of Amsterdam[4] in particular have also sought to innovate, however, is to extend Gramscian theory considerably beyond the frontiers of each nation-state. For this reason Cox focused increasingly upon what he called 'transnational historical blocs' (Gill & Law, 1988: 65), and in particular that which purveyed 'globalization' as a political and economic goal. As we shall see in chapter 3, critiques of globalization have emerged from a variety of angles. Tackling it from that of 'post-structuralism' has lead the Amsterdam-based team of researchers in particular to focus upon 'a structural change in global capitalism' centred upon transnational capital mobility and worldwide markets which, it is claimed, is 'driven by politics' (Overbeek, van Apeldorn & Nölke, 2007: 19). Empirically, this perspective has been used to analyse, for example, change in the regulation of corporations (Overbeek, van Apeldorn & Nölke, 2007), the 'political project of marketization' in Eastern Europe during the 1990s (Vliegenthart & Overbeek, 2007), 'the growing neo-liberalization' of the EU in general (Van Apeldoorn, Drahooupil, Horn, 2009), and of its competition policy in particular (Wigger and Nölke, 2007). Throughout this research, a focus has been developed upon groups of social actors (e.g. neo-classical economists, large shareholder representatives, law firms) who, alongside multinational corporations, have participated strongly in bolstering the pro-globalization historical bloc with policy recipes and legitimizing discourses or symbols. Finally, as for Gramsci, the normative aim of this research and that which preceded it (e.g. Gill & Law, 1988: 64) has been to build a counter hegemonic project, and this explicitly through teaching and education (Horn, 2009: 125).

As Marx himself would no doubt have applauded, the contemporary form of societal structuralism purveyed by these researchers explicitly sets out 'to take politics seriously' (Overbeek, van Apeldorn & Nölke, 2007: 7). In so doing, they have certainly published a range of stimulating descriptions of the contemporary economy and the clash of asymmetrical forces that have structured it. However, by conflating politics with power and domination, politics is never actually defined for itself. Instead, one is left with the impression that because politics is everywhere, it cannot be traced to precise activities, actions and actors. Indeed, as Bruno Théret so cogently stresses (2003), 'systemist holism' of this type raises problems precisely because it does not theorize 'the institution-practice' linkage, nor indeed engage at all with analytical approaches to institutions and the politics that generates and reproduces them.

[4] Specifically, those working at the Amsterdam Research Centre for Corporate Governance Regulation.

1.3 Historical and Sociological Institutionalism: politics as mediated conflict

Contrary to material and societal structuralism, a third approach to political economy which places institutions and the actual practice of government at its centre has been developed, and this by a large number of self-proclaimed 'historical' or 'sociological' 'institutionalists', as well as by public policy analysts focused upon 'the regulatory state'. Although differences separate these three strands of theory, they are nevertheless united firstly by an overall ontology which considers that economies and societies are structured by institutions defined as stabilized rules, norms and conventions (rather than as the contracts of New Institutional Economists). Secondly, although recognizing that the hierarchies identified by material and societal structuralists clearly exist, regulation specialists and historical or sociological institutionalists focus their attention upon the sets of actors engaged in the specific activity of building, reproducing or changing institutions. Above all, these scholars are also highly similar because they consider that this institutional reproduction or change is affected by a politics either reduced to what politicians do or, more frequently, as a synonym for conflict. In order to unpack and critique these enduring features of the institutionalisms which currently dominate European social science and remain highly present elsewhere, its three strands will be set out successively before highlighting their common, and problematic, conception of politics.

1.3.1 Analysis of governance and the regulatory state: back to politics as politicians

Since the mid-1990s, specialists of regulation have come to the fore within political science mostly via a background in public policy or 'governance' analysis. Rather than use the term regulation to encapsulate all societal mechanisms of control as the French *Ecole de la Régulation* of Economics has endeavoured to do (Boyer & Saillard, 2002), these political scientists define it either as 'aggregate efforts by state agencies to steer the economy' or, more precisely still, as a specific type of 'governance' wherein socio-economic sectors are structured by detailed rules accompanied by an administrative agency charged with enforcing them (Jordana & Levi-Faur, 2004: 3). As the title of the journal initiated by these specialists suggests –*Regulation and Governance*- at least within political science, enthusiasm for the concept of regulation is therefore linked firstly to what many see as a general shift from state-led government to more pluralistic, multi-actor 'governance'.

Secondly, the take-up of the concept of regulation matches developments within this very governance whereby increasingly, and throughout the world, it has been delegated to agencies, such as the European Medicines Agency or the French Competition Authority. Although still 'public' from the point of view of their mandate and much of their financing, these bodies are ostensibly independent and therefore no longer part of national or international civil services. Moreover, the transnational dimension of the growth of regulation as a governmental practice has been highlighted by numerous authors. Consequently, regulation specialists share some of the conclusions of Rationalist International Relations about the importance of rules, but this time without relying upon neo-classical economics for theoretical support (Büthe & Mattli, 2011).

However, and notwithstanding its undoubted merits in underlining that the shift to regulation is much more than just the endorsement of neoliberal ideology, representatives of the regulation perspective have yet to define with precision the 'political forces' they consider have driven this shift (e.g. Jordana & Levi-Faur, 2004: 2; Braithwaite, 2008). This constitutes a serious analytical handicap. Indeed, when examined more closely, the implicit definition of politics used here is centred upon political parties and how they intervene in the economy when in government (Molina and Rhodes, 2006). Such a definition leaves this approach with virtually nothing to say about change in industries such as wine where the variable of party competition has hardly any analytical purchase. More fundamentally, elections and changes in the composition and electoral legitimacy of national executives are invariably posited as key drivers of regulatory, and thus institutional, change. This reduction of politics to politicians therefore ends up mirroring the definition held by neo-classical economists and rational choice theorists.

1.3.2 Historical Institutionalism: politics as conflict

Since the late 1980s, and alongside the development of a specialization by many political scientists in regulatory policy, even more widespread growth has occurred within strands of explicitly institutionalist theory known as 'historical' and 'sociological'. Frequently applied to the analysis of economic activity by political scientists, economic sociologists and 'heterodox' (i.e. non neo-classical) economists, these two similar theories not surprisingly have each developed the very concept of an institution as the cornerstone of analytical frameworks. As Hall and Taylor (1996) set out cogently twenty years ago, the origins of both these institutionalisms lay in deep criticisms of two dominant theories at that time. Firstly, there was dissatisfaction with the 'structuro-functionalism' that had come to dominate western social science in the 1960s and 1970s, and the focus of its comparative analysis upon interest groups in particular. Although pioneers in both historical and sociological institutionalism agreed that societies and economies are indeed structured, institutions rather than groups defending interests were identified as being their 'backbone'. Moreover, these institutions, and those of the state in particular (Evans et. al., 1985), were no longer seen as simply being functional responses to demands put on political systems by societal groups. Instead, each institution was now conceptualized as having stabilized over time following processes of conflict, co-operation and compromise involving both state and societal actors.

Indeed, fuelled by comparative analyses of national and sectorial forms of 'neo-corporatism' or 'pluralism' (Lehmbruch & Schmitter, 1982), historical institutionalists in particular have stressed from the outset the variable but comparable trajectories that institutionalization of economic activity tends strongly to take (Thelen & Steinmo, 1992). In a nutshell, these institutionalists sought to re-invent the ontology of the relationship between politics and economics that had prevailed within social science from at least the 1950s until the mid 1980s. In terms of renewing research agendas within political economy, this development had at least three consequences.

Firstly, instead of assuming that for functional (i.e. 'economic') reasons societal groups make demands upon their respective polities and economies, Historical Institutionalists instead theorize political systems and societies themselves as structured by institutions. This point leads into an additional claim made by historical institutionalists concerning the relationship between institutions. Because this relation is envisaged as heavily interdependent, a theorizing of 'institutional complementarity' has been developed. Formalized by Peter Hall and David Soskice in an edited volume on national *Varieties of Capitalism* (2001), institutions concerning finance and labour in particular have been analyzed as not only mutually reinforcing, but as contributing to societal-scale, institutionalized models of socio-economic practice. For example, in that book various authors show that institutions within the German banking sector had impacts upon the investment strategies of firms which, in turn, meshed with the institutions of professional training. Applying such a perspective to the wine industry would mean, for example, that analysis focuses upon how national finance institutions fit with those that concern employment practices. In short, conducting research into the causes and reproduction of institutional complementarity has sought to provide a means of comparing relationships between institutions and economics both inter-sectorally and cross-nationally.

The second major contribution of Historical Institutionalisms to political economy not surprisingly concerns its treatment of history. As Paul Pierson (2000 & 2004) in particular has highlighted, within this theory, institutions are considered as emerging then evolving along trajectories during which they embed themselves within societies and economies as part of their very fabric. In so doing, they often generate 'path dependencies' which mean that certain ways of acting and even of thinking become so 'locked in' that actors find them very difficult to deviate from. To return to empirical examples from the wine industry, since the 1970s, the vast majority of producers in Bordeaux came to consider that all their wine should be sold in the prestigious category of *Appellation d'Origine Contrôlée* (A.O.C.). Consequently, even during the difficult market conditions of the 2000s, few operators in this region challenged this institution by selling their wine outside this category. It follows that research on contemporary institutions always needs to go back in time to discover how they initially arose and subsequently became normalized, i.e. which arguments, made by which actors, equipped with what resources, actually consolidated each institution.

There is clearly much to be taken from HI, particularly as regards how one theorizes the government of economic activity around institutions and how it changes or is reproduced over time. However, as I explain more fully below, by conflating politics with conflict, HI theory actually says very little about the former. Indeed, it guides its users instead away from examining politics and towards a set of related but different questions regarding what orientates the Economic once key societal choices have been made.

1.3.3 Sociological institutionalism: politics as powering again

Much of what has just been said about Historical Institutionalism applies of course to its intellectual 'cousin', Sociological Institutionalism. However, it is important to underline that the latter itself has been fuelled much more directly by economic sociology and by a deep disagreement between this sub-discipline and the approach to institutions so strongly advocated by New Institutional Economists (NIE). As we saw earlier, bringing back the concept of institutions into the discipline of economics enabled economists such as Williamson (1975) and North (1991) to re-theorize how uncertainty is dealt with during economic activity. In so doing, however, according to Sociological Institutionalists (notably Grannoveter, 1985; Fligstein, 2001), these authors reduced the very concept of institutions to formalized rules of a contractual type, a theoretical move that has had three important consequences.

Firstly, Sociological Institutionalists have highlighted that many institutions do not take the form of formalized rules and certainly not of contractual engagements. Instead, they claim, most institutions which structure economies and societies are in fact better qualified as norms which orientate behaviour by defining and communicating what is considered socially 'appropriate' or 'inappropriate' (March & Olsen, 1989). Leaving such institutions out of the analysis of economic activity is thus seen as producing formalistic and erroneous analyses of its structures and causes (François, 2011). For example, Pierre-Marie Chauvin (2010) has convincingly shown how the famous American wine critic, Robert Parker, together with his method of noting the quality of top wines, have become an institutionalized part of the way Bordeaux's *grands crus* are made and sold.

Secondly, sociological institutionalists refute the NIE and rational choice theory claim that social actors only respect and follow institutions on the basis of constant cost-benefit calculus. Without denying that social and economic actors define their own interests and strategies or make calculations, sociological institutionalism argues strongly that actors generally conform to institutions and accept their effects because they have been socialized into believing in their social value (Granovetter, 1985). For this theory, it follows that institutions only break down and fail to continue to guide social and economic behaviour after a lengthy period of deinstitutionalization, a period which entails much more than simply isolated actors, such as grape growers, considering these rules, norms and conventions to be no longer beneficial to them as individuals. Instead, 'institutional work' entailing collective action (Lawrence & Suddaby, 2006) is theorized as the predominant cause of institutional change or reproduction. For example, from this angle the initial rise of the Napa Valley within the world's wine industry during the 1980s is often attributed to skilful work on local institutions having been conducted around 'the judgement of Paris': the first time a blind-tasting had concluded that wine from California was superior to its European competitors (Anand, 2011).

Sociological institutionalism's third and most recent theoretical proposition to political economy in general has been to import Pierre Bourdieu's concept of a field in order to capture distributions of actor power and interdependence. Here Neil Fligstein and Doug McAdam in particular have defined what they call 'strategic action fields' as 'constructed social orders that define an arena within which a set of consensually defined and mutually attuned actors vie for advantage' (2012: 64). From there, these authors hypothesize that within any field the main dynamic will be between 'incumbents' who seek to reproduce its institutional foundations and patterns of dominant and 'challengers' who, on the contrary, strive to change them. According to this approach, for example, New World wines have acted as an exogenous shock upon wine-growing strategic action fields in Europe, thereby causing many of its actors to doubt previous commercial and policy recipes (Aylward and Zanko 2008). Moreover, it is claimed, countries such as Australia have provided legitimacy for previously marginalized producers in Europe to bring about change endogenously within their field and respective local areas in particular.

Much more could and should be said about the massive contribution made by the two institutionalisms discussed here to scholarship in general, and to political economy in particular. Nevertheless, the picture becomes much less rosy if one narrows the focus to how these theories guide research upon the relationship between politics and the economic. The most instructive way of presenting this criticism is to examine how these institutionalisms successively formulate and address the question of why and how institutions change.

Initially at least, authors such as Pierson and the *Varieties of Capitalism* literature tended to focus more on institutional continuity. However, over the course of the 2000s, and in particular in the face of accelerating globalization then the post-2008 'crisis', within Historical Institutionalism emphasis has switched to discovering when and why certain institutions mutate or are replaced. Indeed, it is here that a new and potentially deep divide has emerged that goes to the heart of how each strand of institutionalism, and indeed each scholar therein, defines politics. On the one hand, a certain number of self-professed historical institutionalists (Streeck & Thelen, 2005; Mahoney & Thelen, 2010) have turned to a soft form of rational choice theory to explain why, at certain points in time, actors seeking to maximise their interests no longer consider institutions to be effective. Moreover, in importing the language of 'transaction costs' and 'efficiency' from NIE, they have also reverted to concentrating upon institutions that take the form of formalized, and legally backed, rules. On the other hand, constructivists working within, or attempting to go beyond Historical Institutionalism (Hay, 2006a; 2015), have firmly rejected this rationalist turn. They argue instead that in order to understand institutional change, much more attention needs to be devoted to the arguments and symbols used to legitimize or delegitimize institutions, and thus prepare the very conditions that enable them to be changed or reproduced.

Ultimately this theoretical divide stems from a fault-line over the very definition of politics held by historical, as well as many sociological, institutionalists. For most of the former, the term 'coalition' is now used to describe the 'political' alliances which 'anchor' 'institutionalized arrangements' for governing the economy (Hall and Thelen, 2009). The focus of enquiry has therefore been placed upon 'the political organization of policy-making' defined as both the distribution of authority to participate in this process and the modes of state-led imposition or pluralistic participation this tends to encourage (McDermott, 2007). Moreover, many such institutionalists supplement this definition of politics with another more metaphorical one which equates it with conflict. Authors such as Hall and Thelen also underline that 'coalitions' of actors not only change institutions but, more often, feature heavily in 'a politics of institutional stability' which 'depends on a stream of action that is political in the sense that it entails conflict designed to test the limits of cooperative arrangements and mobilization to bring other actors in line with those arrangements' (Hall and Thelen, 2009: 13). Politics is therefore envisaged as conflictual activity engaged in by actors seeking to reproduce or change institutions.

Similarly, the field theory and focuses on 'social skills' advocated by many sociological institutionalists (Fligstein and McAdam, 2012) also ends up avoiding defining politics in a way that distinguishes it from other adjacent terms. In contrast to historical institutionalists, however, they ultimately see politics simply as power that is mobilized within battles between 'incumbents' and 'challengers'. Of course, such battles must be studied with precision and conflicts over institutions are indeed moments where it is vitally important to deploy social science. However, it is analytical counterproductive to conflate conflict or power with politics because the latter simply then becomes a vast, shapeless category that is impossible to study directly and with precision. Turning politics into a 'black box' seen as exogenous to economic activity falls into the classic trap laid by liberal political economy: seeing the economic as separate from the political. Moreover, doing so runs counter to the need to conceive of politics as an activity shaped by contingency within which inter-subjective interpretation and collective deliberation, not the mere calculus of isolated individuals, plays a central role (Hay, 2007: 79).

Put bluntly, historical and sociological institutionalists within Economics, Sociology and Political Science have made important strides towards defining the governing of economies in ways that structure stimulating research. There is indeed wide agreement that economies and markets are structured by institutions (Barma & Vogel, 2008: 3). Nevertheless, the politics of this institution-building invariably remains underspecified and, therefore, understudied.

1.4 Interactionism: politics as networking

As we have seen above, notwithstanding important differences of definition and research design, there is widespread agreement among many specialists of political economy that institutions lie at its centre. Moreover, despite rarely using the concept analytically themselves, many material and societal structuralists would not disagree over the importance of institutions. However, there is a fourth, and here final, approach to political economy which pointedly ignores the concept in favour of a focus upon interactions between a variety of actors engaged in economic activity and the networks through which this occurs. Linked loosely to the political philosophy of pragmatism (e.g. that of John Dewey), this interactionist approach to studying the relationship between economics and politics has gathered momentum since the mid-1990s around two programmes of research which, surprisingly, ignore one another. The first was developed by two French sociologists, Michel Callon and Bruno Latour, subsequently formalized as *Actor Network Theory* (ANT) and then spread throughout the world, whereas the second owes more to an economic geography of international trade centred upon *Global Value Chains* (GVCs). Brief presentations of both these approaches are made below before focussing more specifically upon the similar definitions of politics deployed therein, their causes and analytical consequences.

1.4.1 Actor Network Theory: politics denied[5]

ANT's most central claim as regards economic activity is that inter-firm networks enable interactive and collaborative learning. For example, when applied to an industry such as wine, this theory has theorized the 'status' of each firm, i.e. their respective position within a space of producers, as a fundamental cause of industrial structuring. More precisely, status is seen as provoking 'affiliation decisions' which cause economic actors to choose to link up with others (Benjamin and Podolny, 1999). Over this question of choice, Michel Callon and his colleagues have gone a stage further in arguing that networks are above all the product of consciously developed strategies which set the 'principles of co-ordination' in any market. These scholars consider that before engaging in any economic transaction, each actor defines its forseeable consequences by deploying material and cognitive 'market devices', thereby, classifying the product or service at issue. In concrete terms, ANT argues that economic operators seek to stabilize judgments about their products or services as a means of building and consolidating their 'affiliation networks'. Consequently, knowledge not only gives such actors power, but is itself structured by devices, in particular public and private standards, and other criterion that shape the calculating capacity and anticipations of individual operators. Crucially, those who adapt best to this structuring of knowledge are hypothesized as being in pole position for shaping networks to their own advantage (Callon, 1998 & 2007; Callon, Méadel, Rabeharisoa, 2002).

To date, ANT has been used a great deal to study the financial services sector (MacKenzie, 2006) and 'food networks'. Particularly within studies of the latter, the networks analyzed include not only producers, distributors and consumers, but also public authorities, environmentalist associations and even technological innovations (conceptualized as

[5] This section owes a great deal to the work of my colleague Antoine Roger.

'actants' or 'non-human actors', e.g. Konefal, Hatanaka, 2010: 4). Crucially, and contrary to institutionalist analysis, because 'everything is uncertain and reversible', ANT proposes 'an understanding of governance as the processes and mechanisms of ordering, simplification, and stabilization of the networks, and therefore redistribution of power among network actors/actants' (Tanaka, Juska, 2010: 43-44), wherein the dominant logic is one of 'posturing, manoeuvering, negotiating, bargaining' (Busch, 2007: 259). If networks are freely created, the relations created between them are nevertheless partially constraining (Busch, 2007). Indeed, 'the range of choices open to anyone at any given time is a function of what other networks are available' (Busch, Juska, 1997: 696). Consequently, research from this angle has focused upon the 'interaction and competition between social network segments' and the 'negotiation of boundaries between networks' (Moore, 2011). For example, the global wine economy has been depicted as structured around evolving and recomposing networks which have made up 'an assemblage of social and economic relations, political rationales, expertise discourses, institutions, and related agents, through which diverse social forces, projects and organizational capacities are mobilized' (Lewis, 2008: 103).

ANT clearly has a number of qualities adapted to the sociological study of economic activity. Firstly, because of its emphasis upon 'market devices', it guides research to focus upon the specific issues over which conflict and cooperation take place, e.g. over categories of product within industries such as wine. As such, it is highly relevant to the 'everyday international political economy' described by authors such as Hobson and Seabrooke (2007) or Langley (2008). Secondly, ANT and the interactionism at its centre provide powerful counter arguments to overly deterministic, and even fatalistic, conceptions of economics which see it as dominated by a small number of large firms (an analytical trap into which societal determinists and sociological institutionalists often fall).

This said, the theory also has two weak points which sap its capacity to directly tackle the relationship between economic activity and politics. The first problem here is that ANT's basic assumption concerning the fluidity of relations within any economic domain systematically overlooks both the asymmetries of power within such spaces and the viscosity of much of its structuration. Consequently, research conducted in this vein neglects the institutions that structure an industry such as wine and the actors that work politically to change or reproduce them. In particular, it accords too little importance to the public policies which provide the grants or bolster the categories for market segments that are so important to so many of its growers and merchants.

This problematical trait has in turn engendered a second concerning ANT's refusal to directly study the role played by public actors within the networks it studies. Without falling into the trap of assuming such actors to be omnipresent or powerful, it is hard to imagine how one can aspire to grasp the politics of the economic without systematically taking such actors, and especially their specific resources, firmly into account. For example, how can one study an industry such as wine without analyzing the national and supranational civil servants who, although not part of Actor Networks *per se*, are nevertheless omnipresent in the industry?

Overall, and as regards the aim of this chapter and book, the fundamental problem once again is that ANT proposes no definition of politics, let alone a theorizing of how it impacts upon the financing, production, distribution and consumption of goods and services.

1.4.2 Global Value Chains: an absence of politics

Much of this critique can unfortunately also be levelled at a second network-centred approach to economic activity centred upon *Global Value Chains* (GVCs) that has also emerged recently and become extremely popular, notably within non-governmental organisations and international public administrations such as the World Bank or the United Nations' Conference on Trade and Development (UNCTAD). First developed in the mid 1990s by the economic geographer Gary Gereffi (Gereffi & Korzeniewicz, 1994), then efficiently promoted by him and his colleagues as 'the GVC Initiative' (http://www.globalvaluechains.org), the initial and laudable aim of this approach was to systematically map linkages between producers of goods in the global south and their respective processors, distributors and consumers throughout the world. On this basis, analysis was made about what level of value was retained or captured by each of the first three sets of actors in order to ascertain the asymmetries of power at issue. This was seen as particularly important when world trade was accelerating alongside important, but largely anecdotal, evidence of increasing power for Northern-based multinational corporations. In a nutshell, the concept of GVCs was seen as relaunching a programme of research upon the impact of what in the 1960s and 1970s had previously been conceptualized as neo-colonialism.

Over the last twenty years, mapping value chains has evolved in at least two ways. Firstly, given the increasing power of actors from the 'emerging' BRIC countries (Brazil, Russia, India and China), analysis has gone beyond North-South asymmetries of value retention to encompass South-South configurations of various types. Indeed, Gereffi himself has recently published an updated typology of GVCs which builds this development into his overall theory (2014). Secondly, some attempt has been made to insert into this approach the role of what it calls 'structures of international governance', such as the World Trade Organization. Consequently, despite sharing its aversion to institutionalist analysis, GVC theory goes beyond ANT by taking into account the uneven distributions of power within the networks that compose economic sectors. However, the roots of such asymmetry are nevertheless often neglected for two reasons. The first concerns the separation between supply and demand inherent in this theory's linear ontology of economic activity. Despite Sociological Institutionalists having shown that 'demand' itself is often largely constructed and created by powerful economic operators (Fligstein, 2001; François, 2011), GVC theory falls into the neo-classical trap of assuming that supply follows spontaneous consumer preferences. For example, in the case of the wine industry it would in all likelihood neglect the work done to reframe demand around the contentious notion of 'the new consumer' and their reputed preference for varietal wines (Roger, 2010).

A second blindspot of GVC theory is that it overlooks how large firms, such as automobile manufacturers, today tend strongly to be present themselves in the global south, and thus throughout 'global production networks' (Coe, Dicken, Hess, 2008). Consequently, GVC theory does not guide research to look for politics within such firms, i.e. where power in a value chain actually resides. In the case of large wine producers in regions such as the Rioja, for example, such a theory runs the risk of overlooking the importance of vertical integration within firms that combine grape growing, wine-making and marketing (Itçaina, Roger and Smith, 2016a).

More fundamentally, and as regards the focus of this chapter, as with ANT, GVC theory possesses no clear definition of politics, let alone of its relationship to economic activity. Explicitly for ANT scholars and implicitly for partisans of GVCs, if politics is given any consideration at all, this is just as an integral but unidentifiable component of networking.

1.5 Conclusion: lessons learnt and the challenge that remains

Were this chapter to be a straightforward literature review of theoretical strengths and weaknesses, much more could and should have been said about each of the four families of theories analysed above. However, such comprehensiveness has not been its goal. Instead, and on the basis of the targeted presentations made above, the aim has been to decipher and highlight how each theory defines and guides analysis of the politics of the economic. Viewed from this angle, it is striking how little each theory actually has to say with precision about politics in general, and its relationship to economic activity in particular. Boiled down into Table 1.1, the analysis presented above has shown that politics is either defined too restrictively (as what politicians or governments alone do) or too extensively (as synonyms for power, conflict or networking). Neither of these extreme positions helps guide research to generate knowledge directly about the role played by politics in economic activity. More fundamentally still, none of the four approaches examined here provides even the basic ingredients for a definition of politics that would fit with achieving that goal.

Table 1.1: Widely used approaches to the politics of economics

Approach	*Most cited authors*	*Assumptions about economics*	*Key Concepts*	*Definition of Politics*
Neo-classical economics and IR	Smith, Williamson, North Keohane, Gilpin	Supply + demand = equilibrium, national interests	Interests, markets, equilibrium, transactions costs, contracts	Politics as what politicians and governments do
Societal determinism	Marx, Gramsci, Boyer, Jessop, Van Apeldorn	Material resources + ideology = domination; transnational firms & class determine supply and demand	Accumulation regimes, class interests, hegemony, ideology, organic intellectuals	Politics as power
Historical and sociological institutionalism	Hall, Thelen, Fligstein and McAdam	Institutions structure economics; coalitions build and defend institutions	Institutions, Path dependency, Strategic Action Fields, Institutional entrepreneurs	Politics as conflict
Network governance	Callon, Gereffi	Networks shape value chains; networked firms predominate; fluidity is high	Actor networks, assemblages, Global value chains	Politics as networking

The role played in the economic by politicians, governments and public policies is clearly an important object of study that has been tackled with vigour by a wide range of economists and political scientists in particular, and this using variants of political economy theory that range from neo-classical economics to historical institutionalism. Similarly, it is highly important to analyse economic activity by addressing the question of the power asymmetries and dynamics that play out therein. Here neo-Gramscians, sociological institutionalists and theorists of global value chains have been particularly active in producing vital data and convincing analyses. However, none of these theories have thus far set out to tackle the political *per se*. In declining to define politics, or by defining it implicitly and partially during the theorization of other phenomena such as power or conflict, these approaches to political economy therefore do very little to guide analysis towards understandings of economy that are consistently political. Indeed, notwithstanding the considerable contribution of existing research to knowledge about the governing of economies, to date its primary focus has not been upon the forms of argumentation and material, relational or positional resources which enable certain actors to dominate both commercial activity and its government. As chapter 2 will now propose by defining politics otherwise, more direct attention must and can be paid to how economic activity and its institutions are *politically* built and governed.