

The Political Economy of Globalization

Week 5 — Beyond Varieties of Capitalism

Hybrid Capitalisms, State Power, and Global Hierarchies

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Required Readings for The Paper

Week 3:

- ① **Hall, Peter A. & Soskice, David (2001).** *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage.* Oxford: Oxford University Press. *Focus: institutional complementarities, coordination, and national models of capitalism.*
- ② **Cardoso, Fernando H. & Faletto, Enzo (1979).** *Dependency and Development in Latin America.* Berkeley: University of California Press. *Focus: dependency, external constraint, and the political foundations of development.*

Assignment reminder

Your short essay should connect both frameworks — how institutional coordination (Hall & Soskice) intersects with structural dependence (Cardoso & Faletto) to explain global capitalist diversity.

From Institutional Diversity to Structural Change

Last week: We compared institutional architectures of capitalism — liberal, coordinated, and dependent.

- Institutions structure firms' coordination and national advantage.
- Dependency theory exposes the asymmetry of development.

This week: we deepen these perspectives by examining **institutional transformations, hybrid models, and state power** in the global economy.

How does global capitalism evolve without converging?

Session Overview

- ① Revisions of the VoC approach — institutional change and hybridization.
- ② Dependent and state capitalisms — new peripheries and semi-peripheries.
- ③ The political economy of the state — autonomy, mediation, and capture.
- ④ Emerging hierarchies — global production and digital dependency.

Analytical question: *Can institutional diversity persist in a world structured by global dependence?*

Beyond Complementarities

Revisions to Hall & Soskice (2001):

- **Thelen (2014)** — institutional change through layering and conversion.
- **Streeck (2009)** — gradual transformations and institutional drift.
- Decline of the LME/CME dichotomy: hybridization and institutional bricolage.

Key insight

Institutions evolve through political conflict, not equilibrium. *Continuity and change coexist within capitalist orders.*

Mechanisms of Institutional Change

- ➊ **Displacement:** new institutions replace old ones.
- ➋ **Layering:** new rules are added alongside existing ones.
- ➌ **Drift:** rules remain, but their effects change with context.
- ➍ **Conversion:** institutions are reinterpreted to serve new purposes.

Political dimension

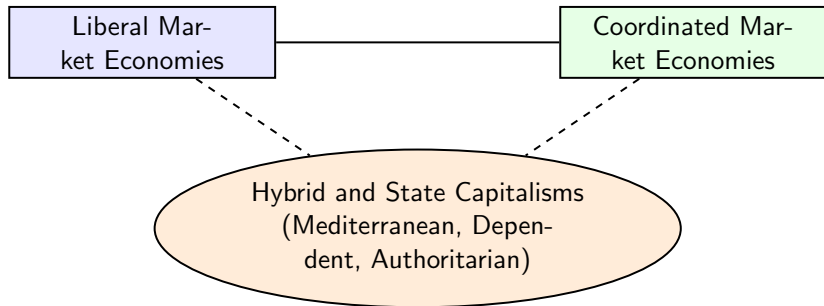
Institutional change reflects shifting coalitions, not mere adaptation to markets.

Hybrid Capitalisms

Type	Characteristics	Examples
Mediterranean	Family firms, state regulation, clientelism	Italy, Spain, Greece
Dependent Market	FDI-driven, external technology, weak coordination	Central Europe, Mexico
State Capitalism	Strategic SOEs, sovereign funds, political control	China, Russia, Gulf states
Authoritarian Capitalism	Market liberalization with political closure	Singapore, Vietnam, Morocco

Hybrid forms blur the boundary between liberalization and control.

From Dichotomy to Spectrum



Global

pressures produce hybridization rather than convergence.

Dependent Capitalism Revisited

- **Nölke & Vliegenthart (2009):** Dependent Market Economies (DMEs) rely on transnational corporations for technology and capital.
- Integration in global value chains reinforces structural subordination.
- Limited domestic innovation and persistent external vulnerability.

Analytical challenge

How can dependent economies sustain growth without autonomous accumulation?

State Capitalism and Political Control

Musacchio & Lazzarini (2014) define state capitalism as:

“An economic system in which the state plays a dominant role as owner, investor, and regulator, pursuing both economic and political objectives.”

- State-Owned Enterprises (SOEs) as strategic instruments.
- Sovereign wealth funds and public banks shape capital allocation.
- Political control ensures regime stability while enabling selective globalization.

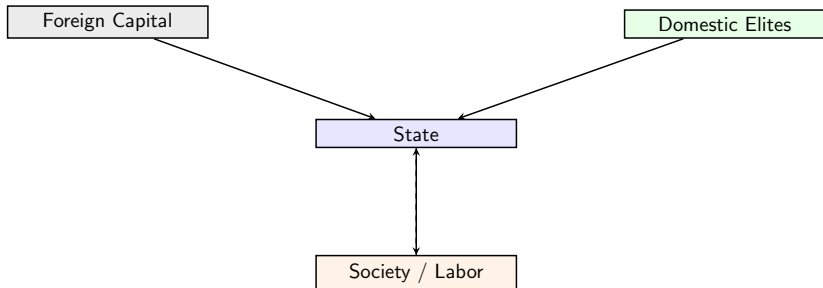
Authoritarian Capitalism

- Economic liberalization without political opening.
- Market reforms used to consolidate elite coalitions.
- Digital surveillance and state-led innovation as new instruments of control.

Examples: China's *social credit system*, Singapore's technocratic governance, Morocco's controlled liberalization.

Economic modernization coexists with political closure.

Political Economy of the State



The state mediates between external and internal pressures — its autonomy is always contested.

Global Production Networks

Gereffi, Humphrey & Sturgeon (2005): Production is globally fragmented but hierarchically coordinated.

- Lead firms control design, branding, and standards.
- Suppliers in the periphery specialize in low value-added segments.
- Governance structures reproduce dependency through value capture.

Implication

Globalization creates functional integration but unequal distribution of gains.

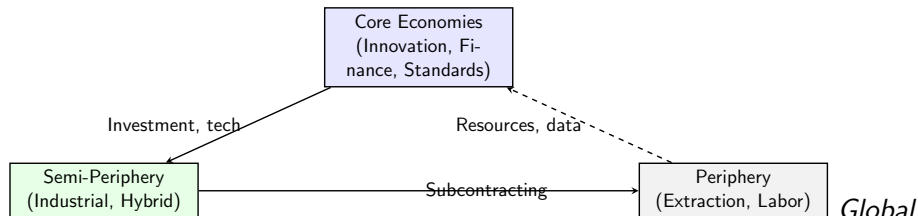
Digital Dependency

- The new frontier of dependency is technological: data, algorithms, and platforms.
- Core economies dominate software, cloud, and AI ecosystems.
- Peripheral economies become consumers and data providers.

Example: African and Latin American economies dependent on foreign digital infrastructures.

Control over data replaces control over raw materials.

Global Hierarchies of Capitalism



capitalism connects diversity through structured asymmetry.

Analytical Synthesis

- VoC → coordination and efficiency.
- Dependency → power and asymmetry.
- Contemporary capitalism → hybridization and control.

Theoretical bridge

Institutional diversity persists within hierarchies — not against them. *Capitalism adapts through differentiation, not convergence.*

Discussion Questions

- 1 Can hybrid capitalisms be stable or are they transitional forms?
- 2 Does the state regain or lose power in the age of global networks?
- 3 How do digital technologies reshape dependency and autonomy?
- 4 What remains of “national capitalism” in a transnational economy?

Conclusion

- Global capitalism evolves through institutional hybridization, not convergence.
- Power and hierarchy remain constitutive dimensions of economic order.
- The state acts both as mediator and instrument of global dependence.
- Understanding capitalism today requires bridging institutional and structural analyses.

Next week: Global production networks and the politics of value.

Thank You!

Questions or Comments?