

# 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

## **Rewrites 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

- ① **Displacement:** new institutions replace old ones.
- ② **Layering:** new rules are added alongside existing ones.
- ③ **Drift:** rules remain, but their effects change with context.
- ④ **Conversion:** institutions are reinterpreted to serve new purposes.

## Political dimension

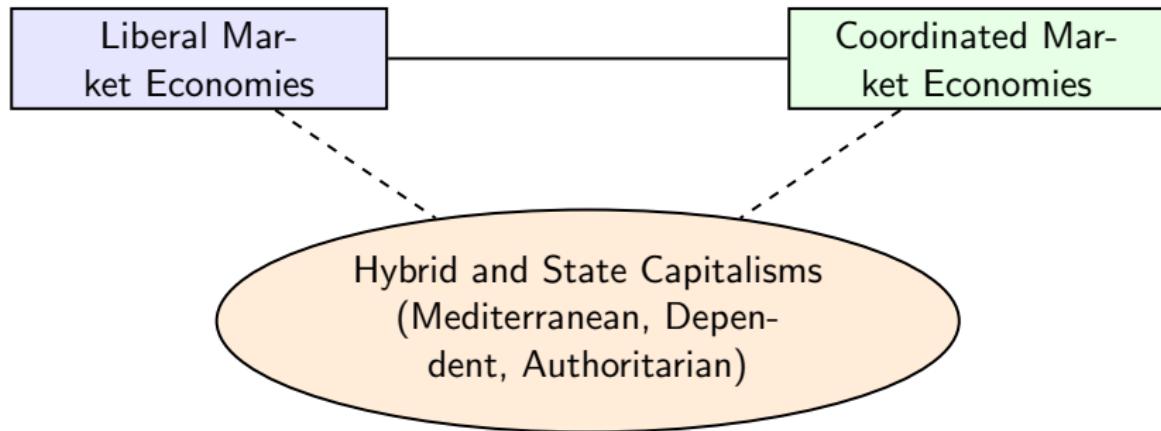
Institutional change reflects shifting coalitions, not mere adaptation to markets.

# 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.

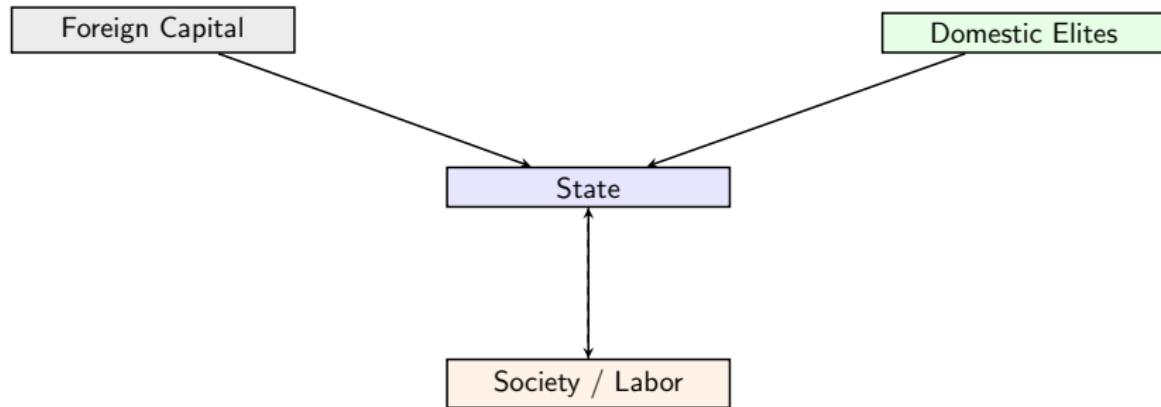
# Authoritarian Capitalism

- 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



*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.

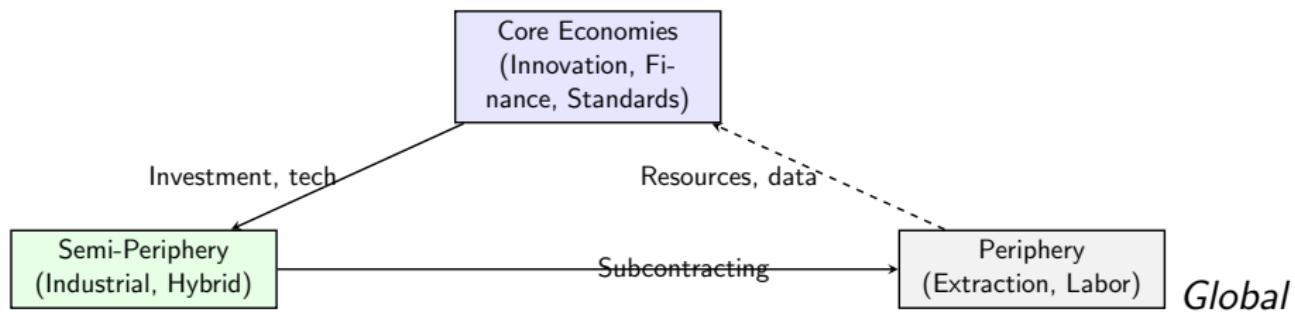
# Digital Dependency

- 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?