

(toward more inclusive and more exclusive ends), conflict resolution, and organizational behavior. Indeed, this comparative analysis offers insight that is backed up by unique empirical work.

**Contested Economic Institutions: The Politics of Macroeconomics and Wage Bargaining in Advanced Democracies.**

By Torben Iversen. Cambridge: Cambridge University Press, 1999. 221p. \$54.95 cloth, \$19.95 paper.

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Torben Iversen generalizes, elaborates, and quantifies propositions about the sustainability of social democratic political economics that Fritz Scharpf first aired in *Crisis and Choice in European Social Democracy* (1991). Iversen's book challenges conventional new classical and neocorporatist literatures that look one-sidedly at the macroeconomic consequences of combining accommodating or nonaccommodating monetary policy with relative degrees of centralization in collective bargaining institutions, respectively, by observing what happens from different combinations of these institutional variables. Contrary to new classical models, which hold that monetary policy has no real long-term effects on unemployment and income levels, Iversen argues that monetary policy does have real effects. Contrary to neocorporatist arguments, particularly the widely accepted model of Lars Calmfors and John Driffell ("Centralization of Wage Bargaining," *Economic Policy* 6 [April 1988]: 14-61), which hold that only either highly centralized or decentralized collective bargaining systems produce superior macroeconomic outcomes, Iversen argues that in the current global economic environment a combination of nonaccommodating monetary policy and intermediate levels of centralization can produce superior outcomes. Iversen thus contests the notion that the only policy choice available today is between the disorganized and inegalitarian capitalism of the liberal market economies and the deficit-producing and egalitarian traditional social-democratic model.

Iversen tests these propositions by correlating institutional structures (understood as the combination of accommodating or nonaccommodating monetary regimes with high, low, and intermediately centralized collective bargaining systems) with macroeconomic outcomes across most of the rich OECD economies. He finds that, as the Calmfors-Driffell model suggests, the combination of accommodation and high centralization does produce low unemployment and wage inequality, but the combination of nonaccommodation and intermediate centralization produces all this and lower inflation, too. Iversen then models the underlying strategic behaviors by governments and unions that produce these two best-case outcomes. Qualitatively inclined readers need not fear Iversen's formal modeling and econometric exercises. He presents his findings clearly in each chapter and segregates the nuts and bolts of the models and formulas into appendices at the end of each chapter.

Iversen's findings matter for two reasons. First, the external environment that permitted the accommodation/high centralization combination to work no longer exists. Technological change has made wage compression difficult for unions and undesirable for the employers of skilled labor, but centralization almost always produces compression. The financial penalties for accommodation are also much higher in a world of relatively more mobile capital. Second, because actors are free to redesign imperfect institutions at the margins, and substantially freer to alter their strategic behavior within a given institutional structure, Iversen predicts that

actors will shift from the accommodation/centralization structure toward nonaccommodation/intermediate centralization. In practical terms, this implies a shift toward a policy regime such as Germany's. Iversen's case studies of Sweden and Denmark show this evolution. Case studies of Austria and Norway show how Austria's lack of wage compression permits the unusual combination of nonaccommodation and centralization and how Norway's oil boom created pressures for centralization that countervailed continued tendencies toward decentralization. Iversen thus believes that social democracy is sustainable, but only with a nonaccommodating/intermediately centralized institutional format. Practically speaking, this presents social democrats with the choice between employment and wage equality that Scharpf (1991) identified.

Iversen builds on Scharpf's game-theoretic analysis of similar dilemmas in post-oil shock Europe, but he makes a clear advance in two respects. First, the imperatives posed and incentives offered by the global economic environment after ten years of financial liberalization and the diffusion of information technologies to manufacturing are much clearer. Iversen thus can make a more reasoned exploration and model of the microfoundations for worker and thus union behavior with regard to wage compression, and how that in turn relates to employer strategies. Second, Iversen confirms statistically Scharpf's discursive findings.

In other respects Iversen's analysis is a move sideways. Other intermediately centralized economies neighboring Iversen's northern Europe cases also experienced decentralization from their intermediately centralized position during the 1980s and 1990s. It would have been interesting to explore the degree to which these economies were able to continue to balance among employment, inflation, and equality and whether the decentralization of collective bargaining was as much a strategic choice there as it was in the Scandinavian social democracies that shifted away from the accommodation/centralization configuration. As well, the pervasiveness of decentralization of collective bargaining suggests that the environment facing northern Europe is itself still in flux. Insofar as the relative optimality of a given institutional configuration is a function of its fit with its environment, continued decentralization elsewhere changes the environment facing countries that recently generated a nonaccommodating, intermediately centralized structure. The optimality of that structure may be transient. Iversen himself recognizes that the reorientation of bargaining around German wage gains in a more unified Europe may change the logic she presents, particularly as unions are not centralized at a European level and continue to decentralize outside Germany.

That aside, this is a good, clear book that accomplishes all it sets out to do. Dare I say that, like most Danish products, it is spare, intelligently designed, and compelling?

**The Collective and the Individual in Russia: A Study of Practices.** By Oleg Kharkhordin. Berkeley: University of California Press, 1999. 418p. \$50.00.

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This is one of the most important books ever written about Russian politics and society. Applying a Foucauldian frame, it aims to provide an archaeology and a genealogy of Soviet civilization, focusing in particular on the production of its corresponding modal individual. The argument is layered by learned forays into many literatures. Kharkhordin juxtaposes controversies in the early Christian Church with their twen-