

and socially damaging direction. Argy was one who publicly criticised Pusey's study. Here, however, we have a carefully worded restatement of Argy's critique (which he rather defensively suggests is still valid), followed by a rather tortured 'acknowledgment' that history has proven Pusey correct. The upper echelon, says Argy, is pervaded by an 'economic correctness' in which hard liberalism is dominant. This pressure to conform to a monolithic viewpoint is exacerbated by recent events where departmental heads have been removed from office by politicians and the increasing use of contracts and performance pay in the Senior Executive Service (p. 236). This 'economic correctness', says Argy, affects recruitment and redundancy processes, mutes the social voice, and eliminates an essential diversity of opinion from the bureaucracy (p. 235). Viva Pusey!

The strengths of this book then lie not only in the careful scholarship, the tight and consistent focus, and the skillful crafting of the argument, but in the extremely honest approach to economic policy-making with its strong message that all policy is based on a value position and that we must choose our policy direction from a standpoint which is ethical, not just technical.

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THE MYTH OF THE POWERLESS STATE

Linda Weiss

Ithaca, Cornell University Press and London, Polity Press, 1998, xvii, 260 pp., \$37.95 (paperback).

This book provides a useful and forceful polemic against the versions of the globalisation argument which profess that 'the state is dead' and 'all economies must conform to one (neo-liberal) model'. Weiss argues that state capacity matters for the competitive position of firms in world markets, and that state action is essential for the continual transformation of any economy along a high value-added path. Weiss under-

stands capacity as the state's ability to transform both the supply and distribution sides of the economy. She argues that states which have the ability to positively transform their economies and actively shape responses to global market pressures are characterised by a state of governed interdependence. Governed interdependence involves institutionalised negotiation between the state and, preferably, sectorally coherent business organisations where each side maintains their autonomy but the state sets broad developmental goals and monitors the achievement of those goals by businesses. Furthermore, the state plays a large role in constituting these sectoral organisations. Because state-society relations vary across countries, a single model of 'best practice' governed interdependence is meaningless.

Governed interdependence works through political exchange between the state and private business. Business organisations provide the information and cooperation needed by the state to transform the economy. In return, the state legitimates these organisations, ameliorates the social risks which surround investment, and provides a focal point solution to struggles among firms and sectors. Weiss makes a major theoretical contribution to the literature by absorbing and recasting much of the existing work on economic development and applying it to developed as well as developing countries. She is surely right that continual industrial transformation is a goal for developed countries as well as developing ones.

Weiss builds on Peter Evans' concept of embedded autonomy (*Embedded Autonomy*, 1995, Princeton University Press, Princeton). Evans used this concept to explain differing degrees of success in third world information technology industries. However, differences between embedded autonomy and governed interdependence remain somewhat opaque in Weiss's discussion. Evans argues that embedded autonomy is self-liquidating: successful development creates successful firms whose large profit streams, access to international capital markets and strategic alliances weaken the state's ability to use discretionary access to capital markets and R&D support as

tools to discipline firms. Weiss argues that governed interdependence differs from embedded autonomy because it is not self-liquidating. States can generate new inducements for cooperation. But if embedded autonomy or governed interdependence describe situations in which states and firms symbiotically resolve the collective action dilemmas faced by firms, it is no more natural that governed interdependence should persist than that it should dissipate. A more precise delineation of the collective action problems faced by firms now and how they differ from those in the past would help to resolve the questions of why governed interdependence persists and why it is the appropriate solution.

Weiss illustrates her argument with surveys which show how governed interdependence, or its lack, affects East Asia, Sweden and Germany, and how it affects outcomes. Differences between Taiwan and South Korea illustrate the importance both of input from firms and of a well-informed bureaucracy. The example of Sweden illustrates the problems that arise when governance institutions are oriented only towards the distribution side of the economy. Japan and Germany provide counter-intuitive examples of the governance of distribution and supply respectively, illustrating the virtues of a balanced capacity to manage both the supply and distribution side of the economy.

Weiss closes the book by considering and dismissing the standard globalisation arguments in light of her findings. Weiss points out that (at least some) states are active generators of 'globalisation' as a phenomenon, rather than merely passive recipients of whatever pressures and problems globalisation creates. Further amplification of this relationship between states and globalisation would have helped clarify Weiss's argument and bolstered her assertion that the transformative capacity of states is now more important than ever.

Now for the inevitable carping. Two things particularly trouble me. First is the conflation of governed interdependence and of economic success for the inductive argument of the book. Weiss locates states with governed interdependence by looking for cases of economic success defined using

aggregate growth and income distribution statistics over a short time period. Her argument that Sweden lacks the right kind of governed interdependence does not constitute a real test that governed interdependence matters causally, because Weiss fails to show that the liberal, allegedly un-governed, non-interdependent economies—which, therefore, lack governed interdependence—in fact perform poorly. OECD statistics show that American industry possesses relatively uniform and high levels of productivity and profitability compared to other OECD countries. Logically then, four things are possible: if Weiss is correct that governed interdependence matters, then it must exist in some subterranean way in America; or second, governed interdependence is not the only path to industrial vitality. Third, the causal connection between governed interdependence and industrial vitality may be an artefact of the cases Weiss uses; or finally, the OECD data are wrong. I suspect that an examination of the US economy would most likely point towards one of the first, but not the last two possibilities.

The second troubling feature of the book is that the 19th century experience of globalisation is treated as irrelevant after it is used to dismiss current globalisation arguments on the grounds that greater levels of financial and trade integration were exhibited in the 19th century than currently. Globalisation is nothing new; this surely is true. However, it does not follow logically from this that 'globalisation' or system level pressures do not define our own period. The 19th century saw massive social and political upheavals, increased class conflict, recurrent global financial crises, urbanisation and the liquidation of traditional agriculture, the homogenisation of cultural forms through new mass media, tourism, and universal secular education, and, most troubling of all, the emergence of modern social science. Are not these things associated with globalisation today? Also governed interdependence characterised states in the 19th century, as Weiss herself implies in an earlier co-authored book (Linda Weiss and John M. Hobson, *States and Economic Development*, 1995, Polity Press, Cambridge). The activities of the 19th cen-

tury US Congress and Department of Agriculture sound quite similar to Weiss's descriptions of the successful developers of Germany and Asia. The 19th century US state constructed specific patterns of land and income distribution; it used state personnel (the county extension service) to create an organisational voice for farmers (the Farm Bureau Federation); it applied pressure for them to export and upgrade process technologies and products; and pioneered their market. If we are in a new era of globalisation, albeit less 'global' relative to the 19th century, is the kernel of the globalisation argument wrong?

Let me end by saying that I largely agree with Weiss's arguments. State-societal relations powerfully shape economic outcomes; global market pressures do not force conformity with some mythical single best model; global market pressures are not seamless and uniform but on closer inspection resolve themselves, like one of Seurat's pointillist paintings, into specific pressures from locally rooted sectors and firms. Resolving some of the problems noted above would have turned a good book into a more nearly great book by convincing us even more firmly that these arguments are correct.

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THE INFORMATION AGE: ECONOMY, SOCIETY AND CULTURE

Manuel Castells

*Volume I, The Rise of the Network
Society, 1996, xvii, 556 pp.,*

*Volume II, The Power of Identity, 1997,
xv, 461 pp.,*

*Volume III, End of Millennium, 1998, xiv,
418 pp.,*

Oxford, Blackwell, \$45.00 per volume (paperback).

The 'information age' remains the most enduring label for the distinctiveness of our times, particularly the sense of widespread and interconnected transformations which we dimly grasp. Castells' title seems to indicate a desire to re-invent a concept which has come to lack scholarly purchase by

claiming a distinct and universal periodicity beginning in the late 20th century. In this sprawling trilogy he attempts to produce an 'empirically grounded, cross cultural, sociological theory of the Information Age' (III, p. xii). He brings his formidable social science skills (and those of collaborative cross-cultural research) to the presentation of the economic and social landscapes in diverse parts of the world. The analysis is multidisciplinary, with chapters variously emphasising economics, technology, politics, social movements, the family and everyday experiences of space and time. Methodologically, Castells asserts a perhaps unfashionable rationalist hypothesis: 'that all major trends of change constituting our new, confusing world are related, and we can make sense of their interrelationship' (I, p. 4).

The breathtaking scope of the work immediately distinguishes it from previous analyses of 'the information age', showing up the economism and ethnocentrism that conflates technology with capitalism and assumes that there is a single linear path through which all societies pass. Castells is at analytical pains to distinguish 'informationalism' from capitalism and to emphasise the diverse and unpredictable forms of both which actually exist. I can, of course, only hint at some of the threads of his analysis here, paying particular attention to the questions of determinism (what caused it all?), resistance (is there any way out?), and coherence (do all the parts fit together so as to justify proclaiming a new age?).

To some of us, Castells, the urban sociologist, is best known for his 1989 book *The Informational City* (Blackwell, Oxford), in which he studies the way informational work is being distributed differently within and between American cities, causing new urban landscapes and a new urban system. The geographic framework is drawn on in *The Information Age*, especially Volume 1, *The Rise of the Network Society*, which is a careful and comprehensive update of Daniel Bell's postulation of a post-industrial age, recast in terms of informationalism, empirically elaborated (sometimes excessively so) and globally aware. The analysis is not evolutionist like Bell's, for there is a clear recognition of the polar-