Book review: Steffen Lehndorff, *A Triumph of Failed Ideas: European Models of Capitalism in the Crisis*

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Post-Soviet firms demonstrate a mentality that has not changed much since the Soviet era. Management prefers to sit and wait until someone comes and asks for a job. There is virtually no head-hunting in its Western understanding in Russia or Ukraine.

This book’s contribution is mainly twofold. First, it studies socially painful issues: unemployment, poverty, falling household income, gender discrimination, slowly changing social security infrastructure – all in the context of industrial restructuring. These are issues which many in Russia and Ukraine refer to as the social price of market reform, an unjustly high price according to many scholars and public opinion in general. Second, it offers a wide-ranging analysis of employment practices and labour relations in modern Russia. This book will attract those interested in social ramifications of market reforms and those who want to study employment patterns in post-transition society, including shadow employment. It may also be useful for potential foreign investors considering opening businesses in labour-intensive industries or needing high-skilled labour, with hiring decisions and social security challenges in view.

Steffen Lehndorff

**A Triumph of Failed Ideas: European Models of Capitalism in the Crisis**


Reviewed by Jamie Jordan, University of Nottingham, UK

This volume, *A Triumph of Failed Ideas: European Models of Capitalism in the Crisis*, edited by Steffen Lehndorff, begins with two contradictory quotes. The first comes from Nicolas Sarkozy, former President of the French Republic, who stated that the reign of free market fundamentalism was finished after the fall-out from the financial crisis of 2007–8. The second, from Jean-Claude Trichet, former President of the European Central Bank, extols the virtues of market mechanisms for producing strong social and economic outcomes. These are dated 2008 and 2010 respectively, a period of deep social, economic and political turmoil in Europe. This volume attempts to trace how the neoliberal ideas which had flourished until the 2007–8 period, far from withering away after an inability to serve the necessary functions required in society, have instead re-emerged as the dominant response during the crises which have swept Europe over the last half a decade.

In examining such ‘triumph’ a vast array of states have been covered: from Sweden in the north, to France in the west, Hungary in the east and Greece in the south (among others from each region). However, while these separate discussions might provide the primarily analytical focus, it is the implicit methodological foundations that satisfyingly weave together the whole volume, allowing the analysis to provide an important critique of the systemic logic of the European political economy in the current conjuncture. This is due to the fact that contra the dominant ‘Varieties of Capitalism’ (VoC) approach, developed primarily by Hall and Soskice (2001), the models of capitalism approach taken here avoids the institutional reductionism and methodological nationalism found in the former literature. While institutional change is not obfuscated from the analysis, it...
is placed alongside analysis which considers as equally important the role that ideology and production relations have to play in changing European capitalism(s). This allows the chapters to act as separate discussions, while also demonstrating how the development of national models is mutually co-constituted. Implicitly again therefore, the analysis provided is an incorporated comparison (McMichael, 1990), through which national development is internally related within the wider European political economy, allowing an understanding of how social, economic and political processes have effects across borders, being not hermetically sealed off from one another.

The above is clearly evidenced in two of the stronger chapters from the volume, namely the editor’s ‘German capitalism and the European crisis: part of the solution or part of the problem’; and Maria Karamessini’s ‘Sovereign debt crisis: an opportunity to complete the neoliberal project and dismantle the Greek employment model’. In the former, Lehndorff discusses how the export-oriented model of capitalism, which has developed within Germany, has seen the model extolled as the model par excellence, due to the perception that it is the ‘engine of growth’ for Europe. However, what this chapter provides is an articulate discussion which avoids simply focusing on an institutional matrix, like the VoC approach, to understand why this model has been successful. Instead, it also focuses on issues of ideology and production to demonstrate how heavy bouts of wage suppression have been legitimized and instigated at the expense of labour’s position vis-a-vis capital. Due to such a focus we are able in the latter chapter, on Greece, to see how Germany’s success is intimately related to Greece’s current situation. The need to sustain an export-oriented economy for the success of their model has meant that Germany has been at the forefront of creating asymmetries in competitiveness at the expense of Southern European states, particularly Greece. Due to the surpluses experienced in Germany there has been the ability to provide cheap credit to states such as Greece who have been a primary importer of German goods and have therefore further ensured the continued ‘success’ of Germany’s model. Such import-based consumption has fuelled higher levels of debt. Once the crisis of 2007–8 occurred and financial markets seized up, the financing of such debt became unsustainable without wider support. This mutually constituted development in the European political economy has been largely ignored, however, in both political and journalistic circles, with Greece now suffering at the hands of a government and the Troika, renewing a neoliberal project which had stalled since entry to the euro, and with labour market reforms being the primary target alongside a large privatization programme.

When at its best, this volume allows the reader to overcome a number of the deficiencies found in other literatures, academic or otherwise, being able to relate national dynamics to a wider set of systemic pressures which continue to negate the potential to find a progressive path out of the crisis. Such analysis also provides a strong platform for transnational strategies of resistance and change through progressive organizations such as trade unions and social movements.

References
