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Methodological innovations in comparative political economy: an introduction

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New methods in comparative/historical research have changed the face of analysis in macrosociology. Adam Przeworski has recently stated that

> the number of recent methodological developments are profoundly affecting the practice of cross-national research and provide us with a repertoire of instruments approaching a standard operating procedure. Methodological habits and the knowledge of particular techniques are quite widely diffused among younger scholars. (1987, p. 42)

Yet he states that "all the methodological perspectives" found in the standard research volumes on comparative methods "had been articulated by 1970 and often long before" (p. 34). The problem is that the new methodological developments have not been incorporated into the pedagogic literature of readers and texts, much less integrated with some encompassing and coordinating framework. This volume fills this gap by concentrating on the broadly mathematical contingent of the new comparative/historical methods and doing so with a further focus on their application to the political economy of the nation and the welfare state.

The new methods stress sensitivity to time as well as place. Quantitative approaches to comparative research consist of cross-national, time-series, pooled time and cross-sectional, and event history techniques of analyses. *Cross-sectional* analysis has been done for over 20 years, and its methodological issues remain critical to valid analyses; however, we will not cover them in this volume. *Time-series* analysis has made its mark on single-nation studies in the past few years, but time-series analysis has only begun to be seriously used in comparative research, and it has many problems concerning comparability. *Pooled time-series and cross-sectional* analysis is opening up new vistas, despite controversy about the limits of statistical accuracy and generalizations across time and

space. *Event history methods*, elaborated for the analysis of models of pooled data that predict qualitative outcomes, are the most recent new methods now being applied to comparative analysis.[1] The more qualitative methods addressed here, although also mathematical, stand apart because of their approach to conjunctural causation that may be applied to a small numbers of cases (e.g., 5 to 10). The best example is Charles Ragin's *Boolean* approach to comparative/historical methods, which is beginning to be applied in systematic ways to welfare states and revolutions.

We, at this point, should be more precise about what we mean by "methodological innovations." None of the methods arrayed in this volume are entirely new to empirical research. Time-series analysis has been widely used in economics, event history in biomedical and labor market research, pooled methods in macroeconomics, and so on. The chapters in this volume do not radically revise, much less originate, the methods in question. Instead, our innovations consist of applications of these methods outside the contexts in which they have been familiar. In particular, they consist of applications of new methodologies to the political economics and economic politics of (largely industrialized and democratic) nation-states. Many of these methods have previously been applied to individual-level data and not to problems that mainly involve comparing societies or nations. Taking these methods into cross-national terrain is somewhat like transporting a television and VCR into the bush – there are neither electrical sockets nor cable jacks!

The difficulties with using these methods are well exemplified by some differences between persons and nations. To begin with, comparative social research inevitably has a small number of cases. Tied to this is the fact that considerable interaction, and thus interdependence, is not only possible but probable among nations. Survey research can rely on the sampling of a large number of independent cases. Inferences can then be made to populations of indefinitely large scale (e.g., 260 million people in the United States). Most comparative research cannot isolate nations, nor can it sample from millions, or even hundreds, of cases.

A further difficulty is that nations have complex histories and unique structures. Although individual histories may be extremely interesting, they are rarely recorded by the survey researcher. The law of large numbers and sampling methods presumably reduce the distortions introduced into survey samples by the presence of a Mother Theresa, a Charles Manson, a Howard Hughes, or a Henry Kissinger. However, divergent national histories cannot be ignored in a small sample: the law of large numbers no longer operates a priori, especially when extensive histories exist on each country. As a result, comparative research

must engage particular histories. For instance, the specificity of Nazi Germany may well transcend all attempts at statistical randomization (see Hicks, Swank, and Ambuhl 1989; Janoski 1990).

Thus, systematic inferences are not made to populations of nations, and researchers must live with or test diffusion effects. And other problems include the nonindependence of temporal observations within nation-states – one year's pension expenditures are much like last years' (e.g., autocorrelation, which will be discussed extensively in the time-series introduction).

A related problem is that of reconciling knowledge of often diverse pathways to common ends with homogenizing tendencies of the general linear model. The Boolean approach of Charles Ragin is an application of methodology that allows for more specific causal pathways and theoretical outcomes. Boolean results may support distinct theories with very few cases. Indeed, the same outcomes in a number of countries may be explained by different theories. Charles Ragin calls this "multiple conjunctural causation."

For the most part, the emphasis here is on the application of various methods in a rather new context, that of comparative political economy. We stress this emphasis on comparative political economy because these new methodologies are not easily accessible to social researchers and graduate students apart from substantively integrated settings and because comparative political economy is one such setting in which our innovations can make, indeed are now making, indispensable contributions. As most of the methods were developed in other areas of the social sciences, their application involves very different problems in comparative/historical research. There is a great need to present systematically the full range of these new methodologies in an integrated context so that they may reach comparative researchers and their graduate students, whatever their interests.

Prior methodology texts date back to the 1960s and 1970s, when a flurry of integrative and pedagogic activity took place among comparativists (Marsh 1967; Przeworski and Teune 1970; Vallier 1971; and Smelser 1976). The appearance of these works fully preceded the application and in some cases the discovery of the new methodologies broached here.

More recent works on comparative/historical methods have been qualitative, where they have focused more on method than substance (Smith 1991, pp. 4–6). Among the more qualitatively oriented works, Theda Skocpol's *Vision and Method in Historical Sociology* (1984) examines traditional historical and documentary approaches to comparative sociology. Charles Ragin's *Comparative Methods* (1987), with its logical, if not mathematical, formalizations, overlaps with the new

quantitative methods. Ragin uses variable-based and case-based methods to define the broad range of methods used in this area. However, his book does not extend far into each new quantitative method because he concentrates mainly on his own Boolean approach. In *Issues and Alternatives in Comparative Social Research* (1991), Ragin also examines a number of methods, but he focuses more on "case-based" methods and on synthesizing quantitative and qualitative methodologies. Melvin Kohn's *Cross-National Research in Sociology* (1989) does not discuss time-series, event history, pooled time and cross-sectional, or Boolean research. Despite some focus on Weber's comparative methods, qualitative analyses, and nations as the unit of analysis, Kohn's authors focus mostly on single-nation research outside the United States. Only one article in the book actually addresses quantitative comparisons between countries, and its comparisons are strictly cross-sectional. Another recent book on comparative research – Else Øyen's *Comparative Methodology* (1990) – focuses more on quantitative methods and does include a chapter by Rudolf Andorka on time series. However, with the first half of the book focusing on theory and sociological strategy and the second half covering methods such as content analysis, oral history, sampling, and data archives, overall the book stresses the individual as the unit of analysis.[2]

Thus, our focus on the new methodologies in the comparative investigation of nations fills a critical gap in the research literature. The diversity of new approaches to the comparative analysis of states will be integrated in this volume. Formal integration in methodological introductions will be complemented by substantive integration by including two chapters using each new method such that the formal and the substantive approaches will gain force from each other.

WHAT IS THE UNIT OF ANALYSIS IN COMPARATIVE METHODOLOGY?

The answer to this question can be elusive. From one perspective, comparative sociology is the study of nations, societies, or cultures as wholes.[3] For instance, Reinhard Bendix compared France, Britain, and Russia along with Japan and India. Max Weber studied the rise of the West. This project compared Western civilizations with East Asian and South Asian societies in order to answer the question, Why capitalism in the West and not elsewhere? He also ended up doing a major comparative study of the world's religions: Buddhism, Christianity, Islam, and Confucianism. Tocqueville studied France, Britain, and the United States on democracy. Barrington Moore also studied the course of democracy in the West (United States, Britain, and France) and the East (China,

India, and Japan). Thus, all of these scholars studied large and complex units of analysis from nations to civilizations.

Of course, comparative sociologists and political scientists may study problems that focus on the person or household (Hayashi, Suzuki, and Sasaki 1992). The most frequent unit of analysis may be the individual. Stratification researchers and election analysts are producing a great deal of work that compares individual and other microlevel patterns across countries. This may be comparative political economy, even though traditionalists would say that comparative work has mainly been done through documentary research and by sifting heavily aggregated, national materials. In any case, individual data that formerly could not be compared are now becoming increasingly available. We believe, however, that individual-based research now fits squarely into comparative political economy. In particular, it can be regarded as a variant of "internal" analyses, one facet of a Janus-faced, internal–external image of comparative analysis that we will go into a little later in this introduction. Nonetheless, the focus of this book will be on institutions, states, or societies as the unit of analysis. Despite the comparative uses and legitimacy of micropolitical economics, we stress macropolitical economy for four reasons.

First, political economy generally involves the conflict of class, status, and organizational grouping (workers, Catholics, parties, etc.) in the creation of actions, which can only be measured at the societal level. Second, comparative survey researchers, although they encounter special cross-national challenges, use methods of analysis that do not differ much from those used by single-nation survey researchers. Techniques for improving the statistical comparability of variables and strategies for prudent cross-cultural interpretation of findings are folded into their standard repertoire of techniques.[4] Comparative political economy, however, often employs very small samples from which inferences to populations are often weak or proscribed.

Third, macrocomparative research most often is embroiled in an intense theoretical dialogue with history, whereas comparative survey research often tends much more toward dialogue with social psychology. Comparative political economy more clearly focuses on groups, organizations, and institutions within nations than on individuals and their cultural context. This focus certainly is a distinctive, if not a relatively dominant or unique, mode in political economy. Fourth, using the nation as a unit of analysis pushes the research toward productive analytical complexities. For instance, Rokkan (1966, pp. 19–20) and Przeworski and Teune (1970, pp. 50–1) point to the multiple levels involved in comparative work. And in this complexity some individuals – Otto von Bismarck the prime minister or William Beveridge the planner – are

more important than others – Joseph Schmitz the worker or Elizabeth Smith the widowed mother. Sampling may be useful with the second group but not with the first. To be effectively comparative, the analyst must move from the system level to examine at least two subsystems. For these four reasons, this book will focus on the problems associated with nations and/or groups as the unit of analysis.

WHY DO COMPARATIVE POLITICAL ECONOMY?

But after stressing the connections of comparative social science to history, we must also differentiate it from comparative history because social science must be causally analytic as well as interpretive, generalizable as well as historically concrete (Ragin 1987, p. 34). This means that the researcher must not only be able to account for significant historical outcomes in a sensible chronological sequence, but also come up with some covering law and/or set of general causal mechanisms. Genetic, idiosyncratic, and even postmodern causes are discounted, if not eschewed. The social scientist must resolve the tension between nomothetic and idiographic explanations by finding generalizations, and where these two explanatory modes conflict, historians and social scientists will often part company (Semlser 1976; Ragin 1987, p. 35).

Before going into a systematic model of the comparative method, let us look at some reasons why we do comparative sociology (as discussed in Dogan and Pelassy 1990, pp. 3–44).

1. Researchers compare nations in order to find sociological rules or generalizations about societies. Social scientists typically cannot directly experiment on societies, so they are left with the comparative method (or quasi-experimentation) to sort out what has happened over time in different countries. Researchers seek to find systematic differences in class structure, deviance, politics, fertility, and so on. Social scientists, especially in the post–World War II United States, have studied their own society in detail and claim to have found universal sociological regularities. However, whether or not sociological laws exist needs to be verified. Researchers typically find that such regularities are far from being universal laws, even after revisions and replications. Yet sometimes, regularities governing societies, or at least types of societies, emerge.

2. Social scientists compare to escape cultural hegemony (or ethnocentrism), because we all wear blinders of some sort. Certainly, we wear cultural blinders especially connected to language and the society in which we were socialized. Americans readily look at other cultures and assume that their rules apply to those cultures. They are surprised when to find out that Indians from the subcontinent often do not like strawberries or that many Chinese avoid cheese. On a more political level, we

find that our class, cultural, racial, and other biases make it difficult to view the world. But this is only the first stage of the problem. We try to escape our culture's hegemony in order to understand other cultures, but we also try to escape our cultural hegemony in order to understand our own culture. When we see other ways of doing things, we then approach our own culture with new eyes, and new questions emerge: "What prevents us from having another nation's problems" or "Why can't we do it their (better) way." After time and considered analysis, the answers emerge at the level of "social facts" rather than social psychology.

THE STAGES OF THE COMPARATIVE/ HISTORICAL APPROACH TO RESEARCH

Comparative social research can be interpreted in terms of a process model that captures the overall features of this approach to research (Janoski 1991). This model describes the field of comparative research as a whole, not as particular studies; because intensive case studies of 20 or more countries by single researchers are simply not possible. However, it is done at a level that cumulates the work of case-based and variable-based researchers (Ragin 1987). This model of the field of comparative research consists of eight steps in which the middle steps tend to reflect internal analysis and case-based research, while the third and sixth steps tend to describe external analysis and variable-based research (Figure 1.1).

1. *Selection of the problem and theory.* All research starts out with "abduction," a term used by Charles Peirce to indicate the mental baggage or interests that we bring to a study (Collins 1985, p. 188). In comparative research, abduction is especially a problem because researchers are trying to overcome cultural hegemony and ethnocentrism. Thus, social scientists must be alert to their assumptions and biases. This can often be tricky, and it requires a unique degree of reflexivity for the comparativist.[5] Additional aspects of abduction include researcher career values, class position in society, and sources of funding (the National Science Foundation, political foundations, host governments, and so on). Thus, researchers face the general problem of the "sociology of knowledge." Is all knowledge relative to class position as Marxists argue, to gender position as feminists assert, or to cultural position as ethnographers contest, and so on? Comparative researchers must continually guard against such biasing factors by sizing themselves up on abduction – what are our biases, interests, and positions, and how do they might affect our work?[6] Yet elements of abduction may be essential to the posing of questions.

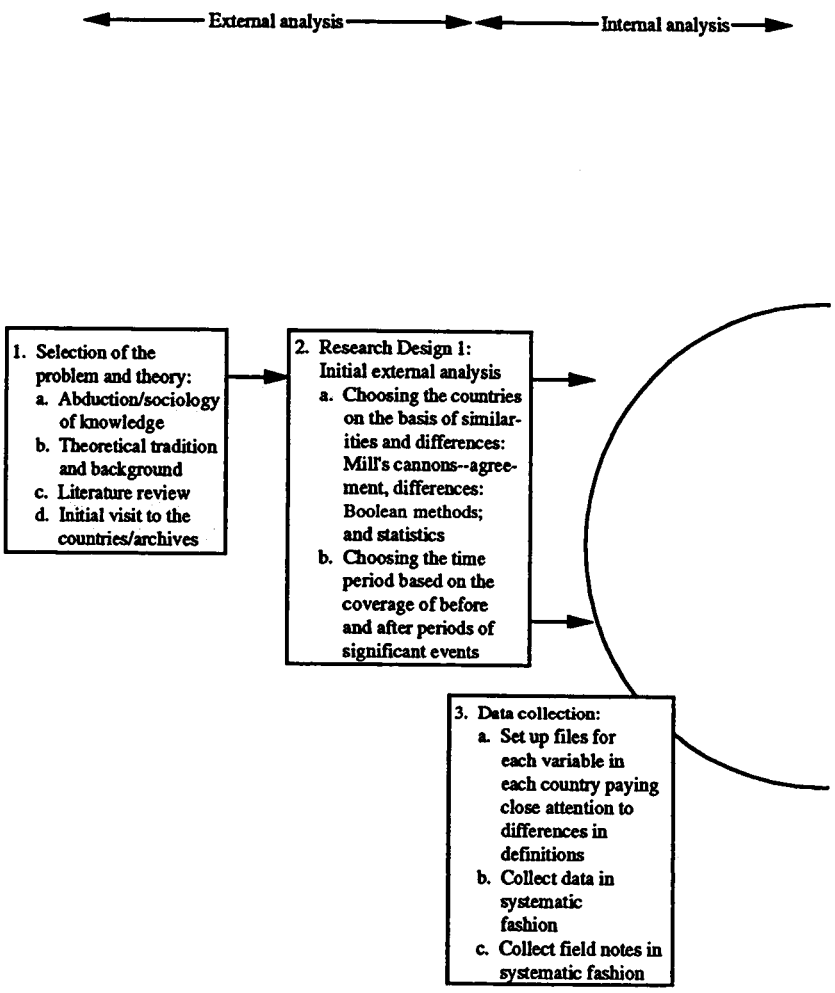
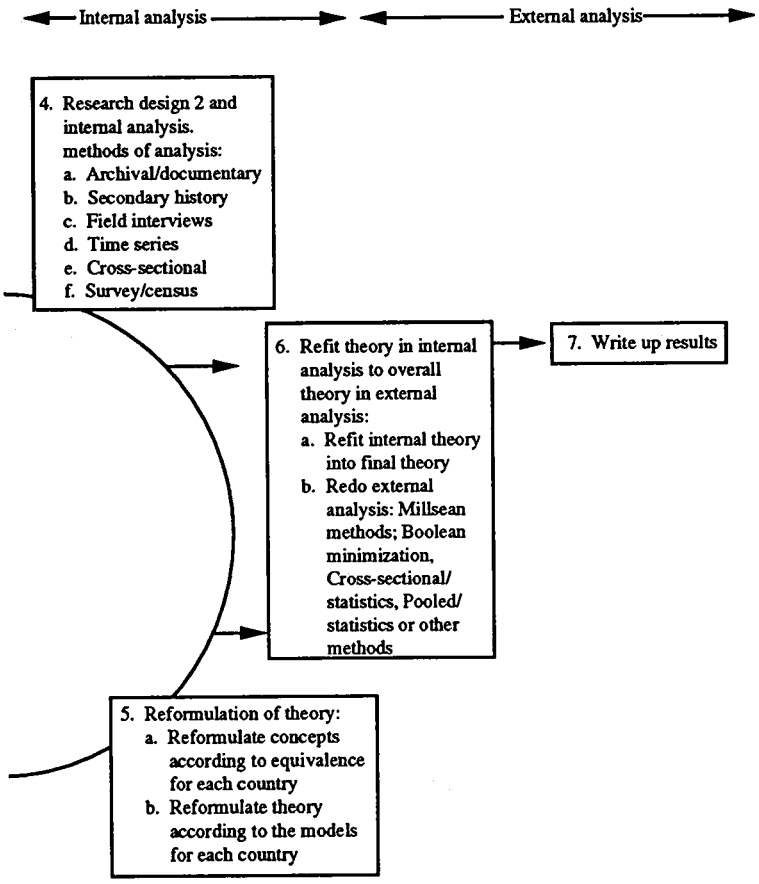


Figure 1.1. A model of the comparative research process.



Like other researchers, comparativists are immersed in theoretical and research traditions. People have done prior studies, and the researcher must access the literature to find what has been written. If the research is case-oriented, the comparative researcher often makes initial visits to the countries in question to assess the feasibility of the research problem. If variable-oriented, the researcher may visit or write to research institutes engaged in such analysis (e.g., the OECD, EEC, and some national research institutes). The social scientist inventories the relevant literatures as deep cultural texts or precise statistical portraits.

2. *Research design 1.* This first stage of research design formulates the structure of the inquiry. The researcher chooses the countries and time periods following the investments made in the first step (learning a language, surveying many literatures, being attached to a theoretical framework, surveying the availability of data, etc.). Researchers pull neither their countries nor their periods out of a statistical urn or magical hat. They choose their cases and historical periods on the basis of experimental design or the comparative method, which applies Mill's methods of difference, agreement, and concomitant variation (1930, pp. 253–66). Mill's canons help establish a structure of variables and constants that direct the research toward a convincing conclusion. Thus, comparative researchers constrain their choice of countries so that some variables can be controlled. In researching revolutions, Skocpol looked for countries that demonstrated "social revolutions," and certain countries, although somewhat similar on important variables, that clearly failed to have such revolutions. In explaining diverse responses to economic crises, Gourevitch (1986) was careful to match countries with and without government interventions in three cycles – 1873–96, 1929–49, and 1973–85. Variable-oriented studies may make an analogous selection of cases or rely on statistical control (Ragin 1987, pp. 61–7). Countries are selected on the basis of similar processes operating within each one. Studies of political economy that rest on principles of social demand – that is, when interest groups push a democratic government toward some end – must select democratic governments in which social demands have some effect. This considerably restricts the sample.

At this point, social scientists are conducting **external analysis**, that is, they compare characteristics between countries or types of countries (e.g., neocorporatist and pluralist types). This is very different from **internal analysis**, which is the analysis of variations within a country. Let us move to the internal analysis stage with its three steps, which tend to emphasize case-oriented more than variable-oriented approaches.

3. *Data collection and field notes.* The researcher has chosen variables and countries. The next step is to examine each country internally. Social scientists set up a file for each country concerning the relevant