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Synthesis without compromise: a political economy of industries in Europe

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Panel: *Challenging 'eclectic' approaches to the EU: Melding constructivism,
institutionalism and the sociological method.*

Abstract: Studying the politics of economic activity certainly necessitates drawing upon relevant literatures from at least economics, political science, sociology and history. However, scholars of the EU's political economy all too often mix these multi-disciplinary sources of data and their interpretation into cocktails of disconnected descriptions and incoherent theory. This paper will argue instead that genuinely interdisciplinary research on the politics of Europe's economy can only be achieved by disciplining it with consistent theorizing, research design and interpretation of empirical findings. It first proposes an approach that seeks to achieve this aim by combining both constructivist and institutionalist epistemology and ontology with methodological lessons from compatible branches of sociology. This approach is then illustrated using findings from a research program on the EU's government of industries, and that of pharmaceuticals in particular. Involving economists and political scientists, this research has consistently shown this government's drivers to be conflict and cooperation over values (i.e. politics). Overall, the argument developed throughout this paper concurs that theories of European integration, its causes and its effects should mobilize syntheses of literatures inspired by different social science disciplines and paradigms. However, for the theory ultimately proposed to be heuristic and socially relevant, it cannot contain compromises over key concepts and their articulation within coherent analytical frameworks.

Introduction

Studying the politics of economic activity certainly necessitates drawing upon relevant literatures from at least economics, political science, sociology and history, all disciplines which are of course cleaved by paradigmatic and theoretical debates. One can therefore certainly empathize with the goal set for research in this area by Sil and Katzenstein (2011): to go beyond ‘inter-paradigmatic warfare’ (p. XV) and avoid the twin ‘danger(s) of artificially segmented problems’ (p. 9) and ‘self-referential academic debates’ (p. 2). However, this paper seriously questions the ‘analytical eclecticism’ these authors propose as an antidote to this problem in general and the study of Europe’s political economy in particular (Katzenstein and Sil, 2011). Scholars of the EU’s political economy already, and all too often, mix multi-disciplinary sources of data and theory into cocktails of disconnected descriptions and incoherent analytical frameworks. Indeed, the eclecticism advocated by Katzenstein and Sil symptomatically mixes elements of rational choice and constructivist theories in confusing ways which exacerbate the ‘obscuring’ of ‘the complexities and messiness of everyday political economy’ (2011: 29) that they initially set out to reduce. Rational choice theory and constructivism are antonyms, both epistemologically and ontologically (Hay, 2007). From an analytical point of view, it therefore makes no sense to endlessly strive to combine them for reasons of infra and inter-disciplinary conflict mediation.

This paper will argue instead that genuinely inter-disciplinary research on the politics of Europe’s economy can only be achieved by disciplining it with consistent theorizing, research design and interpretation of empirical findings. Its first section proposes an approach to achieve this aim by combining both constructivist and institutionalist epistemology and ontology with methodological lessons from compatible branches of sociology. This approach will then be illustrated and tested using findings from an inter-disciplinary research program on the EU’s government of industries¹ which has consistently shown its drivers to be conflict and co-operation over values (i.e. politics). More precisely, section B of this paper will focus upon the political economy of the pharmaceutical industry as illustration of the advantages of synthesizing compatible concepts, claims and research techniques drawn from institutionalism, constructivism and Weberian sociology.

Overall, the argument developed throughout this paper concurs that theories of European integration, its causes and its effects should mobilize syntheses of literatures inspired by different social science disciplines and paradigms. However, for the theory ultimately proposed to be heuristic and socially relevant, it cannot contain compromises over key concepts and their articulation within coherent analytical frameworks.

A. Melding constructivism to institutionalism

The approach presented below builds upon a wealth of literature about economies and how they are structured by politics. Particular emphasis has rightly been placed upon

¹The *Gouvernement européen des industries* (GEDI) project was financed by the French *Agence nationale de la recherche* and ran from 2009 to the end of 2012. Its 14 members studied the EU scale government of four industries (cars, wine, pharmaceuticals and aquaculture) and four ‘trans-industry regulations’ (competition, sustainable development, employment and trade policy). Its overall findings will shortly be published in Jullien and Smith (2013).

the role played by institutions within markets, public policies and interest representation. However, this literature also features a number of weaknesses which stem from underspecification of two key concepts -‘economies’ and ‘politics’- that are constantly evoked but rarely used as analytical tools (part 1). Drawing upon sociological approaches to political science (Mangenot & Rowell, 2010) and lengthy collaborations with industrial economists (Jullien & Smith, 2008 & 2011), part 2 of this section sets out a generic approach to the governing of economic activities designed to equip research with theory-driven acceptations of both economies and politics and, above all, a line of questioning which coherently and consistently melds them together.

1. Existing approaches to the politics of economies: strengths and limitations

Existing research has invested heavily in defining this approach’s dependent variable: the governing of economies (1.1). Despite tantalizing appearances to the contrary, the same cannot however be said for the role politics plays in this process (my independent variable: 1.2).

1.1 Governing what? ‘The economy’, economic policies and the state

One might have thought that the discipline of economics would provide the most robust and operational definitions of the government of economies. Unfortunately, this is not the case for two reasons. Firstly, since the 1980s, this discipline has become increasingly dominated by a ‘neo-classical’ variant which considers that the co-ordination of economies occurs via markets as ‘invisible hands’ which achieve ‘a general equilibrium’ between the heterogeneous interests of producers, consumers, financiers, etc. The very existence of markets, technologies, as well as the resources and the rationality of actors, are taken for granted (Lebaron, 2000)². Secondly, even those economists who have devoted their careers to opposing neo-classical hegemony by highlighting the many other institutions that structure economies, use and promote conceptualizations of institutional creation and its effects which end up reducing economic government to a disincarnated process wherein material determinism continues to prevail (eg. the regulationist economics developed by Robert Boyer (2004) or Bob Jessop (with Sum, 2006), as well as its Bourdieusian derivative advocated by Bruno Amable: 2003).

Fortunately the poverty of economics’ thinking about the government of economies has been partly compensated by scholars trained in sociology and political science. Both sets of researchers draw on the concept of institution and debates within historical and sociological institutionalism, both are diametrically opposed to material determinism and both theorize a significant role for the government of economies and its actors. Nevertheless, this government is rarely studied explicitly and directly. The result is truncated conceptual frameworks and research programmes, as well as sub-optimal relationships between sociologists and political scientists.

² Economists who have extended this theory admit that asymmetries of information, transaction costs or the role played by public agencies often reduce the capacity of markets to efficiently attain economic co-ordination (Williamson, 1985; North, 1991). They have therefore included in their theories the role of contracts of varying natures. However, they retain the assumption that actors in economies reason solely in terms of their material resources and contractual constraints.

In the case of sociology, since the 1980s this discipline has invested heavily in studies and theories of the economy. In particular, sociologists have shown in detail why markets are structured by socially constructed sets of institutions, as well as how they are produced and change. In this vein Neil Fligstein (2001) in particular has shown that markets would simply not exist in any durable form without the 'architecture' provided by institutions. More precisely, he conceptualizes markets as 'fields' which are social structures that cause economic activity to be relatively predictable, and this because firms above all seek stability and survival rather than simply the short-term maximization of their profits. These fields are in turn shaped by their institutions conceptualized as the products of culture and history – a contention that has also been developed and extended by a wide range of other economic sociologists (e.g. Dobbin, 1994).

Notwithstanding the *acquis* of contemporary economic sociology, some important limitations remain. Firstly, authors like Fligstein rely solely upon quantitative methodology and data. This leaves the actors who build, implement, reproduce and change market institutions virtually unexplored. Secondly, those sociologists who, on the contrary, do examine the role of agency (François, 2011), often tend to focus upon actors within firms, thus neglecting collective actors such as interest groups and 'interprofessions', as well as representatives of public authorities.

One of the reasons sociologists neglect such actors is that many still consider this to be the province of Political Science. Indeed, research in this discipline has a fine track record in generating knowledge about both the aggregation of the interests of labour and capital on the one hand, and that of states on the other. Over the last 15-20 years, rather than pursue a 'realist' programme within International Political Economy that simply equates states with their so-called 'economies' (Gourevitch, 2005), these questions have most often been researched around the making of public policy in different national economies. Synthesized within a literature known as 'Varieties of Capitalism' (Hall & Soskice, 2001), the overarching problematic has been the extent to which nation states continue to possess singular modes of governing their economies. More precisely, the dependent variable most often used is 'globalization' whilst the independent variable contains competing hypotheses regarding the degree of convergence or singularity experienced by national economies and their respective sectoral policies (eg. professional training (Culpepper, 2003) or social protection (Thelen, 2010)). Findings in support of the convergence hypothesis often point to the diffusion, and even 'homogenization', of regulatory practices such as 'agencization' (Büthe & Mattli, 2011). In contrast, supporters of the singularity hypothesis stress instead important differences between the organization of each state (Thatcher, 2007) or of national systems of interest representation (Eising, 2009).

Despite the undoubted quality of much of the research conducted by such political science, it possesses two important limitations. Firstly, although apparently united under the flag of institutionalism, many of its proponents hesitate between ontologies of economic activity derived from 'rational choice' theory (eg. Thatcher, 2007) and those who although closer to constructivism, do not completely and explicitly commit to this epistemology (eg. Thelen, 2010). The overall result here is theoretical confusion and inconsistent or vague causal claims, particularly over the 'rationality' of actors and its supposed impact upon the governing of economies (Mahoney, 2008).

The second problem with this literature on varieties of capitalism is that by making 'globalization' a dependent variable, not only does this phenomenon remain underspecified and understudied (Hay, 2006a), but also, and more fundamentally still, this perspective reifies the nation state as a universal and perennial category of thought and action. Indeed, this literature's central question is actually not how economic activities are governed *per se*. Instead, it asks whether the political and administrative apparatus of nation states are evolving in the face of increased international interdependence? The issue of what nation states have become is of course a more than legitimate object of study. However, it has contributed to political science largely neglecting the more fundamental question of just what is now structuring economies? i.e. the multiplicity of institutions, many of them not national, through and around which economic opportunities, resources and constraints are built, allocated or withheld.

In summary, institutionalists within Economics, Sociology and Political Science have made important strides towards defining the governing of economies in ways that structure stimulating research. There is indeed a wide consensus that '*the process of market development and market reform is (...) a positive endeavour of building market institutions rather than a negative endeavour of removing obstacles to market activity*' (Barma & Vogel, 2008:3). Nevertheless, the politics of this institution-building almost invariably remains a black box, thus leaving considerable room for conceptual development and empirical testing.

1.2 'Politics': analytical variable or descriptive catch-all?

Indeed, when one examines the definitions of politics used within research on the governing of economies, it is difficult to remain positive about what social science has thus far had to offer. Despite the fundamental character of this concept, institutionalists studying economies still define it in two problematical ways.

For 'formalist' institutionalists, politics is reduced to governing political parties and the 'economic' policies they publicly develop (Molina and Rhodes, 2006). This definition of politics is simply extended by those who consider that national economies are regulated by 'dominant social blocs' and 'socio-political compromises' (Amable and Palombarini, 2009). Such definitions of politics can include leaders of collective action and large firms. Emphasis is thus placed upon 'the political organization of policy-making' using neo-corporatist notions of state-led imposition or pluralistic participation (McDermott, 2007). More generally, this anthropomorphic definition of politics pervades analysis of public policy-making which, despite its many other qualities, also assumes that such policies are what first and foremost structure the government of economies. This assumption might occasionally hold true, e.g. the role recently played by the Chinese state within the cotton industry. However, the government of industries and their institutions are much more likely to be shaped by sets of rules and norms developed by varying combinations of private, collective and public action (François, 2011). It is therefore more theoretically and methodologically coherent to consider 1) that public policies are just one of several variables to be analysed, and 2) that politics is a related yet distinct social phenomenon.

Secondly, many institutionalists simultaneously and confusingly define politics as 'conflict'. Hall and Thelen for example theorize that 'coalitions' of actors contribute to 'a stream of action that is political in the sense that it entails conflict designed to test the limits of cooperative arrangements and mobilization to bring other actors in line with those arrangements' (Hall and Thelen, 2009: 13). Here politics is thus reduced to actors willing to engage in conflictual activity to reproduce or change institutions. However, this definition is so imprecise as to make the rigorous study of politics' role in governing economies impossible. More fundamentally still, this means that the interdependent relationship between economies, their government and politics remains underspecified and therefore understudied.

In summary, notwithstanding the considerable contribution of existing research to knowledge about the governing of economies, to date its primary focus has not been upon the forms of argumentation and material, relational or positional resources which enable certain actors to dominate both commercial activity and its government. In short, more direct attention needs paying to how economies and their institutions are *politically* built and governed.

2. The Politics of Governing Economies (POGUE) Approach

The foundations of my alternative approach to studying the politics of governing economies are built around a constructivism that is inextricably linked to key lessons from historical and sociological institutionalism (2.1). Upon this solid base, I then present a central hypothesis concerning what defines and discerns the politics of this government (2.2). More precisely, by refining my concept of 'political work', causal claims will be developed.

2.1 Theoretical Foundations: Constructivism, Historical Institutionalism and Political Sociology

In line with a range of leading political scientists (Hay, 2006 & 2007; Mangenot & Rowell, 2010; Parsons, 2012; Abdelal, Blyth & Parsons, 2010), economic sociologists (Dobbin, 1994; François, 2011) and the occasional economist (eg. Robert Boyer, 2004), I explicitly and consistently adopt a constructivist epistemology which refutes claims made by material determinists that the government of the economy is simply the result of the 'interests' they assume actors to hold (Gourevitch, 2005; Amable & Palombrini, 2009). Instead, constructivism guides my research to closely examine the role of 'social representations' within key components of economic activity: the industries within which goods and services are produced and marketed. My focus is thus upon representations of reality and how actors seek to 'naturalize' them through social interaction within and between firms, interest groups and public authorities. Crucially, however, the perceptions, preferences and positions developed within and through such a process do not take place in a social or political vacuum where the possible framings of an industry's difficulties and antidotes are limitless. On the contrary, at individual, intra-organisational and organisational scales, these perceptions, preferences and positions are all heavily structured by institutions, ie. by sets of norms, rules and conventions (Hall and Taylor, 2009). Here, the key contribution of allying constructivist epistemology to compatible institutionalist theory (Hay, 2006b) is to stress that such

institutions not only constrain what actors are able to do when establishing their perceptions and preferences; they also set parameters on how they think and/or allow themselves to express their thoughts. More precisely, a constructivist *and* institutionalist approach to governing economies is essential. This ontology postulates:

- that the 'issues' dealt with when governing economic activity are contingent and thus need studying as the products of agency, choice, deliberation and power struggles;
- such contingency is structured not only by institutions backed by the threat of sanctions (notably the law), but also by institutionalized cognition and symbols (the 'thinkable' and 'unthinkable');
- and that the actors involved in all the above are also deeply affected by the interactions and webs of interdependencies through which they operate.

In order to systematically study and compare processes of institutionalization in specific industries, across different polities and over time, the conceptual framework proposed here is structured around three key concepts: Institutionalized Relationships, Institutional Orders, and Scales of Government.

Institutionalized Relationships: The institutions which emerge around the production and sales of goods and services always concern four sets of constraints and opportunities –labour, finance, sourcing and commercialization- which, through being stabilized, give rise to their corresponding Institutionalized Relationships (IRs). These IRs not only durably connect the actors involved (eg. for finance: companies, their shareholders, banks, ministries of finance), but also the collective action and public policy instruments through which orientations of business activity are sought (eg. for the wine industry's Sourcing IR bans on irrigation). IRs are thus institutions in that they simultaneously limit and render possible the action of individual producers or merchants by ostensibly reducing uncertainties, and this via collective or public action (Jullien & Smith, 2008; Commons, 1934). For example, the Labour IR typically sets limits upon the hours of work, the training and often even the pay of a company's employees.

The second lesson built into the concept of IRs concerns 'market transactions'. Contrary to the 'New Institutional Economics' inspired by Williamson (1985), business-to-business transactions cannot be reduced to contracts and 'rational' calculations of 'transaction costs'. If goods or services are of course transacted and organizations partially depersonalize these processes, commerce is still fundamentally driven by human beings located and socialized within societies which bestow rights, duties and norms upon them. In each IR of each part of economic activity studied, it is therefore vitally important first to reconstitute the forms of social interaction -be it co-operation, co-ordination, conflict or coercion- through which its institutions and their inter-connectedness have arisen and continue to exist.

Institutional Orders: Most industries have been institutionalized for decades (eg. cars), if not centuries (eg. wine), so it is easy to forget that their very existence depends upon possessing their own durable set of the four IRs. Indeed, despite the relative independence of each of these relationships, the very categorization of an industry as a distinct entity only stabilizes when it becomes an Institutional Order (IO). The defining feature of IOs is that they possess a centre wherein certain issues which overlap its IRs can be debated (eg. intellectual property rights for pharmaceuticals). At first sight, IOs

thus resemble the metaphoric notion of ‘institutional complementarity’ much used in contemporary political economy (Hall and Soskice, 2001). However, the IO concept goes beyond this underspecified notion to guide research towards discovering precisely what sets of institutions are made to fit with which others.

In so doing, an additional aim of the concept of IOs is to rebalance research on the political economy of industries away from analysis of the Employment and Finance IRs and towards the too frequently neglected institutions of sourcing and commercialization. Much existing research into the political economy of industries emerged from the field of ‘industrial relations’ during the ‘crises’ of the 1970s. This is why so much attention has since been paid to the question of employment (Lehmbruch and Schmitter, 1982; Hollingsworth et. al., 1994; Hall & Soskice, 2001). Subsequent to the waves of privatizations and changes in the organization of capital that have occurred throughout the world since the 1980s, great attention has also rightly been devoted to the Finance IR (Froud, 2006; Posner, 2009; Büthe & Mattli, 2011). Nevertheless, many of the key institutions of any economy also reside within the Sourcing (eg. environmental standards) and Commercial (eg. Intellectual Property Rights) IRs of the industries it encompasses. Although these have occasionally been studied by economic sociologists (McKenzie, 2009; François, 2011), or specialists of international trade (Murray, 2007), our conceptualisation of IRs and IOs brings them centre stage alongside issues of employment and finance. Rather than simply assuming that issues of labour and capital automatically dominate product sourcing and commercialization, the concept of an IO ensures that discovering inter-IR hierarchies and mediations is always a question to be answered through empirical research.

Scales of Government: When moving towards empirical applications of the concepts of IRs and IOs, however, one must immediately address the ‘reach’ of their respective institutions. For example, is the pharmaceutical industry’s Finance IR ‘global’ in its setting and scope? This question can however only be carefully posed then answered by defining precisely what is meant by ‘scale’ for an economy and its government. Rather than simply caricaturing the national scale as ‘France’ or ‘Germany’, or reducing this question to the formalist and simplistic notion of ‘multi-level governance’ (Bache & Flinders, 2005), it is necessary to think more deeply about what scales of government are and the effects they have upon economic activity. The first step in this direction is to consider that despite its legitimizing rhetoric, even national public action in the economy has almost invariably been ineffective in achieving complete closure of its frontiers and protection for ‘its’ economic actors. This reflects the perennially multi-scalar character of economic activity and, consequently, reveals why actors engaged in institutional creation, maintenance or change have for centuries sought to produce and trade simultaneously within and across several scales of government (Wolfe, 2005). Economic practices associated with ‘globalization’ (notably the easing of frontiers, increased exports and imports, the fluidity of capital), have certainly increased the multi-scalar character of economies. However, this development is best conceptualized as an accentuation of pre-existing phenomena, not something that is unique or singular.

Having clarified this ‘ontology of interdependence’ (Hay, 2010), my definition of scales of government consequently has two criterion (Smith, 2011):

- such scales are made up of groupings of institutions, some of which ostensibly apply only to one industry (eg. categories of pharmaceuticals), while many others apply

'horizontally' to several or all industries (eg. labour or banking laws). As such, a scale of government is necessarily a 'jurisdiction' which typically applies to part of an industry's IR;

- however, these scales are not exogenous to production and trading activities. On the contrary, because their institutions render possible the durable production and commercialization of goods and services, they are an intrinsic component of both (Wolfe, 2005).

Scales of government thus need studying as spaces for both economic calculus and political legitimation:

- Firms fundamentally hesitate about the jurisdictions in which they should operate and work politically. For example, representatives of truck manufacturers such as Volvo certainly see the EU as a jurisdiction which sets limits upon their liberty to compete and to sell their products (the Commercial IR). At the same time, they constantly make calculations about how to use economically, and support politically, the institutions at national scales that relate to employment and sourcing. In short, and without this being by design, the co-existence of scales of government generates a certain amount of strategic 'slack' within an industry which impacts upon how firms make their respective calculations regarding business strategy;

- The arguments used to make a firm's strategies are nevertheless inseparable from those used to bolster the social and political legitimacy of the jurisdictions under question. Indeed, these arguments are not purely of a cognitive nature. On the contrary, they invariably mobilize symbols which seek to seduce the target audience concerned by appealing to their emotions (Braud, 1996). For example, politicians and public administrations often couch their propositions in terms sensitive to the regional impacts of their respective policies (eg. reassuring European wine producers that all traditional wine regions will be preserved). Some of this political communication is pure rhetoric empty of social meaning. But other such discourse has considerable causes and effects which need studying as a vital dimension of institution creation, maintenance or change (Carter & Smith, 2008).

In summary, the research proposal developed here seeks to coherently combine the concepts of scale, IOs and IRs in order to provide a firm theoretical basis from which to develop its two key variables and, secondly, the central hypothesis it will test through empirical enquiry

2.2 Values as the politics and driver of economies

If agency causes how economies and their component parts are governed, the independent variable developed to coherently explain actor power and behaviour must contain a dynamic definition of politics. Indeed, as Colin Hay sets out so clearly (2007:66-67), 'the capacity for agency' (i.e. 'actors doing things with consequences' that may 'at any point become strategic') is one of the defining features of politics in general. This capacity for agency 'counterposes politics and fate' and thus underpins a 'realm of contingency and deliberation' rather than one of 'necessity' (Hay, 2007: 79). Consequently, far from being simply 'what politicians and governments do', politics is fundamentally about collective choices around the allocation of scarce resources which, in differing forms, have entailed reflexion, strategic action and deliberation.

Of course, the human beings who strive to become participants in politics are armed with asymmetric sets of resources, interpretations of their respective interests and of the collective good. This is particularly obvious within the governing of economies where differing representations of their institutions and levers of power are particularly abundant. Nevertheless, starting from the premise that such governing is always contingent clarifies the goal of research as being the discovery of what has driven the choices of the actors involved. Rather than reduce this question of choice to the assumed 'interests' of individuals, however, this research proposal considers that 1) such choices are social and collective and 2) their driver is ultimately values, i.e. the principles that cause an actor to define what is 'good' or 'bad' (Muller, 1995). This point is important because if innumerable social scientists have sought to define and assess the role of 'ideas' within social, economic and political action (Blyth, 2002; Parsons, 2003), few if any of these valuable theories state clearly that values lie at the heart of any cognitive and symbolic 'map'. Drawing upon Weberian sociology, the claim made here is that, at least within the governing of economies, it is values that set the explicit and implicit criteria that are constantly used for establishing not only priorities and the hierarchy between them, but also links in chains of reasoning that add up to arguments for stasis or change. This is precisely why we reserve the adjective 'political' for actions that *in the name of values seek to institutionalize or deinstitutionalize IRs, IOs and TIGs and their component rules, norms and conventions* (Jullien and Smith, 2011). More precisely, economies are affected by politics whenever actors seek to change or reproduce their respective institutions on the basis of what Weber called their 'substantive rationality', i.e. their points of reference and judgements about what is 'good' or 'bad' (Kalberg, 2010: 128-131).

Linking institutional change or stasis to values underlines that the latter do not simply float freely within the economies and polities they criss-cross. In order to be marshalled within activity seeking to reproduce or change institutions, instead values are worked into the mobilizations that their holders consider it appropriate to undertake. For this reason I developed the concept of 'political work' in order to capture the causal role played by the mobilization of values within economies where actors constantly seek to influence the constructions of social reality, 'as it is' and 'as it should be'. Within these economic and social spaces, values prompt actions that either justify the institutions actors are seeking to establish or reproduce or, on the contrary, advocate their destruction and replacement. In so doing, these same actors are also constantly attempting to build or reinforce their own legitimacy to be involved in institutionalization or reinstitutionalization. Consequently, they seldom, if ever, can simply impose their views upon other participants in their respective economy. Instead, the constructions of reality proposed by one actor are also a means of allying it to others. In short, the building, the change or the reproduction of institutions is the result of argument and alliance-making within which politics as values plays a central role. In order to study this political work, three processes –*problematization, instrumentation and legitimation*– will be targeted.

Problematization: As a range of research in sociology (Gusfield, 1981) and political science (Rochefort and Cobb, 1994) have convincingly shown, difficulties experienced by private actors (i.e. firms) do not spontaneously become the 'problems' which collective and public organizations seek to tackle. Instead a major part of political work concerns the social construction of public problems, i.e. not only the values mobilized in

order to define and present an issue as demanding intervention by public authorities, but also the way this construction of reality and its hierarchy of values is made social through argument and alliance-making. This is particularly clear when one examines the IRs of an industry and discovers that their respective sets of actors are constantly debating whether tensions over employment, finance, sourcing and commercialization demand new, renewed or perhaps even less collective or public intervention. For example, certain actors see the ever-increasing concentration of the global truck industry as a public problem, whereas others do not. Within industries, problematization is thus an incessant activity that occurs alongside that of analysing and discussing 'market conditions'. However, this co-existence is more or less harmonious depending upon the range and intensity of values it incorporates.

Instrumentation: Defining a problem is one major part of institutional reproduction or change, but it remains largely ineffectual if it does not accompany political work aimed at a second aspect of an industry's IRs: its policy instruments. Be they legal regulations forbidding certain practices (eg. child labour), subsidies encouraging others (eg. grants for biotech 'start ups') or finer technologies of government such as statistical indicators or categories, instruments often themselves become institutions and thereby durably impact upon the way an industry's IO and IRs are calibrated (Lascoumes and Le Galès, 2007). Some of these instruments are purely tools of collective action which entail neither the law nor representatives of public authorities (eg. food quality labels). Many other instruments, however, certainly do heavily involve civil servants and politicians, even if they do not necessarily dominate instrument-setting and implementation. More fundamentally still, all policy instruments are never ideologically neutral. Rather they are always built around value-driven choices (Rowell, 2012).

Legitimation: Although public problems and policy instruments are most often specific to a single industry, in order to obtain sustained public support they must also be legitimized within trans-industry governmental spaces such as interministerial committees, parliaments or 'social dialogues'. Practices of legitimation are thus deployed which tend strongly to take one of two forms. In some instances the proponents of a particular public problem will seek to politicize it by explicitly evoking the value judgements upon which it is based and engaging in activities that mediatize the problem and encourage its public debate (Lagroye, 2003). For example, large companies in the pharmaceutical industry defend high prices and high profit levels as the 'just returns' for their investment in 'innovation', a principle that is frequently defended as a moral value more than as a means of achieving economic effectiveness. In other cases, however, actors prefer to depoliticize, or technicize, their problematization by referring instead to experts' reports on the 'efficiency' of its projected outcomes. Here functionalist language dominates and actors seek to restrain discussion within closed and discrete arenas (Radaelli, 1999), eg. the case of corporate concentration in the truck-manufacturing industry. At least publicly, the terms of debate are thus restricted to the realm of 'economic efficiency' and open discussions of values become less likely. The legitimation of public problems and instruments can thus invoke values in sharply contrasting ways. What is vitally important to grasp is that an economy's 'problems' or instruments are never 'technical' or 'political' *per se* (Hay, 2007: 78). Rather, such labels become attached to them over the course of their construction and their legitimation. Indeed, as my concept of 'political work' asserts and facilitates, it is through combining the concepts of

problematization, instrumentation and legitimation that research is best equipped for studying the values that lie behind institutional creation, maintenance or ‘disruption’.

In summary, based upon extensive engagement with existing research within several disciplines and paradigms, my approach’s concepts, hypotheses and claims seek to break new ground for research on the relationship between politics and economics.

B. Illustration: Governing the Pharmaceutical Industry

To provide an empirical example of the added value of the analytical framework proposed above, and thence how it differs from ‘analytical eclecticism’, this section focuses upon ongoing collective research conducted on the pharmaceutical industry³. The framework is first used to set out in a disciplined manner how this industry is governed as the dependent variable of our empirical studies (section 1). From this base, the concept of political work is then mobilized as the independent variable which explains why parts of this industrial government have recently been challenged, as well as why most of it has essentially been reproduced (section 2).

1. The dependent variable: the government of pharmaceuticals

Pharmaceuticals is often described in the media as a quintessentially ‘global’ industry, and this because it features huge multinational firms (e.g. Pfizer, GlaxoSmithKline, Sanofi-Aventis), products marketed throughout the world and apparently convergent rules set either multilaterally via the WTO or bilateral agreements. However, a closer look reveals that the government of this industry remains deeply multi-scalar and its markets continue to be structured nationally. In order to capture this *Institutional Order’s* (IO) partial convergence and continued differentiation, it is necessary to focus upon the industry’s four *Institutionalized Relationships* (IRs). As will be highlighted throughout, over the course of the 20th Century, the pharmaceutical industry both grew in size and became governed around a set of institutionalized practices. By the mid-1970s, these were stabilized throughout OECD countries by legislation and policy instruments, but also by norms and expectations deeply rooted in societal constructions of problems and legitimacy.

- Beginning with US Federal legislation in 1902, a *Sourcing IR* emerged as a means of defining legitimate medicines, encouraging constant improvement in their safety and, consequently, providing a durable structure for markets around which firms developed long-term investment, production and commercial strategies. Specifically, the principal regulatory instrument of this IR entails the according (or not) of a ‘Market Authorization’ following an application procedure that involves clinical trials, then therapeutic assessment by panels of medical experts – a process which can take ten years or more. In European countries this instrument was only formalized and tightened in the 1960s and 1970s along lines first developed in the US and after a series of ‘scandals’ (notably concerning the drug thalidomide). During the 1980s and early 1990s,

³ This research is being carried out with Matthieu Montalban, Philippe Gorry from the GREThA economics research centre in Bordeaux University and Cyril Benoit from the Centre Emile Durkheim. Current work is being funded by the University of Bordeaux.

most West European states then proceeded to distance the assessment and approval of medicines from ministers and ministries of health through the creation of agencies akin to the US's FDA (Food and Drug Agency). Moreover, in 1995 a national scale of government was largely replaced by the introduction of a European Medical Agency (EMA) based in London (Permanaud, 2006; Hauray, 2006). Notwithstanding this 'agencization' and partial EU governmentalization, nor the sporadic emergence of further therapeutic scandals (e.g. the French 'Mediator crisis' of 2010/11), over the last four decades the industry's Sourcing IR has nevertheless remained remarkably stable.

- Pharmaceutical markets have of course been even more directly shaped by this industry's *Commercial IR* and its two principal sets of regulatory instruments concerning patents and pricing. Since the late 19th century, firms have sought to protect and enhance their investment in research and development through an industry-specific system of Intellectual Property Rights (IPR). The registering of a patent for a medicine forbids competitor firms from copying it for up to 20 years (including ten years after its initial marketing). Since 1995, the World Trade Organization (WTO) has consolidated a global scale of government for this IPR through its TRIPS agreement (on Trade related Intellectual Property and Services). Moreover, over the last two decades repeated attempts have been made to create a European patent. Nevertheless, the actual registering, policing and judicial review of patents still occurs essentially at the national scale. This is also the case for the setting of medicine prices, and this chiefly because the pricing of prescription medicines is actually an administered process within which ministries of health and social insurance organizations play major roles. More specifically, because the price of medicines overlaps with the setting of rates of reimbursement by insurance that is public or private, and thus impacts directly upon national health costs and budgets, in each European state representatives of the civil service and insurance intervene heavily in pricing. Moreover, many states have used pricing as a means of encouraging the development of indigenous production, and thus as an industrial policy. As will be shown below, over the 2000s both the key instruments of the pharmaceutical industry's *Commercial IR* –patents and pricing– have been increasingly challenged. Nevertheless, it is important to underline that the IR itself both institutionalized and remained particularly stable throughout the period 1945-2000.

- Of course, the development of pharmaceutical firms and their invention of medicines could not have occurred without capital. At least in Europe, initially a myriad of small, family-owned firms emerged, often alongside chemical producers in search of diversification (Chauveau, 1999). After WW II, many of these firms progressively merged or were taken over, often benefiting from financial injections from national governments (e.g. Rhône Poulenc in France, the precursor of today's Sanofi-Aventis). Since the 1990s, however, the *Financial IR* of this industry has been considerably affected by a trans-industry regulation –the liberalization of financial markets (Froud et. al., 2006; Montalban, 2008)– that has encouraged mergers and takeovers which have increasingly criss-crossed national borders (e.g. GlaxoSmithKline in 2000). Another main effect of this 'financialization' (Montalban, 2008) has been to increase the power of large shareholders within the governance of these large corporations and, consequently, to change the profile of their managers (priority for those trained in finance) and accelerate a quest for shorter-term investment to secure more rapid returns on investment. The liberalization of financial markets has certainly been encouraged by EU scale discourse, initiatives and legislation (Posner, 2009). However, government at the

European scale of this trans-industry source of capital is less evident. Indeed, as the case of pharmaceuticals testifies, the generation and mobilization of capital now depends upon a plethora of policy instruments set at varying scales and without consistent hierarchy between them.

- By contrast, this industry’s Employment IR continues to be governed essentially at the national scale. Most if not all producer state governments proclaim to be committed to retaining qualified personnel, in particularly scientists, in order to encourage the retention of medical invention and clinical trials within their borders. Various instruments are used to address this ‘problem’ which include education and training policies, tax credits, subsidies for bio-tech start ups, and hospital research grants. Meanwhile each country’s general employment laws and social protection systems are also invoked either to attract trained personnel from abroad, or as an argument for more government interventions in order to compensate for the supposed comparative advantage enjoyed by lower wage countries, particularly for clinical trials (e.g. Poland or the Ukraine). However, and in contrast to other industries such as automobiles where massive ‘delocalization’ has objectively occurred, within the pharmaceutical industry the Employment IR is not where a great deal of political work has taken place. In a nutshell, the prevalence of an essentially stable national scale of government is viewed as a given.

In summary, the Institutional Order (IO) of the pharmaceutical industry at the EU scale currently fits relatively seamlessly with its global and national ones (see table 1). Its Sourcing and Employment IRs have remained remarkably stable and unchallenged since the 1970s, and this despite the addition of EU-scale government during this period. The industry’s Finance IR experienced considerable upheaval in the 1990s, but again this did not challenge either the setting of problems and instruments, nor the registers of legitimation typically deployed. Finally if, as section 2 highlights, this industry’s Commercial IR has recently experienced deeper threats to its institutions, the IO as a whole has been almost totally reproduced.

Table 1: The Institutional Order of the Pharmaceutical Industry in 2005

	<i>‘Problems’</i>	<i>Instruments</i>	<i>Legitimacy</i>	<i>Scale of govt.</i>
<i>Sourcing IR</i>	Safety, therapeutic quality	Market Authorizations	‘Medical science’	EU & national
<i>Commercial IR</i>	Effectiveness	Patents (IPR), prices and rates of reimbursement	‘Innovation’	National and partly global (IPR)
<i>Financial IR</i>	‘Free’ capitalization	Stock exchanges	‘Free movement of capital’	Global and partly EU
<i>Employment IR</i>	Qualified labour	Labour law, social insurance, training	‘Maintaining industrial capacity’	National

2. The independent variable: politics as the cause of reproduction

The construction then reproduction of this industry’s IO since WW II can be explained broadly using Neil Fligstein’s analysis in terms of ‘conceptions of control’. For Fligstein ‘a conception of control is a story about what the organization is and its location *vis à vis* its principal competitors. It is also an interpretive frame used to interpret and justify

actions *vis à vis* others' (2001: 69). As of the generalization of Market Authorizations based upon systematized clinical trials in the early 1970s, this industry's conception of control became dominated by large firms capable of:

- protecting each 'innovation' with a patent;
- developing a continuous 'pipeline' of new products undergoing trials then applying for Market Authorizations;
- marketing the product throughout the world so as to make the most of its protection from imitations;
- financing all these processes through recourse to stock markets;
- concentrating research on the production of 'blockbuster medicines' that generate sales of more than \$1 billion per year;
- attracting the support of public health authorities (through high prices) and financiers (through investment).

As Pignarre (2004) recounts in fascinating detail, although this model took much of its legitimacy and support from its supposed dependence upon rigorous 'science' and 'original' medicines, very quickly it routinized and came to actively discourage much fundamental research and a striving for innovation. However, given the institutionalized character of the IRs underlined above, and the resources developed by the organizations who by then had been built to defend this state of affairs (e.g. the ABPI in the UK, the LEEM in France and the EFPIA in Brussels⁴), at least in Europe, the domination of this 'blockbuster model' rolled on virtually unchallenged into the 1990s.

Indeed, despite a noticeable slowdown in the development of new medicines, it is only over the past two decades that the blockbuster model has begun to be challenged from two angles: patents and pricing. As will be shown, a certain amount of change has been sought for each. However, rational choice institutionalism-inspired accounts of this challenge are of little help in understanding the politics of these mobilizations. When analyzed instead around the concepts of problematization, instrumentation and legitimation a much deeper causal account can be made. As these concepts reveal in particular, the industry's IO and IRs have nevertheless remained fundamentally stable. The causal stories revealed below are therefore above all concerned with identifying the politics of this institutional reproduction.

2.1 Patents: politicized but still protected

As highlighted above, since the 1960s, in Europe patents have been consistently used as a legal and policy instrument with which to protect both commercial rents and the political supremacy of 'originator' producers. Since the late-1990s, however, the legitimacy of patents for medicines has been increasingly contested. Nevertheless, and notwithstanding the sustained character of this challenge and the considerable resources of its supporters, this instrument remains very much intact and at the heart of the industry's Commercial IR and thence its IO.

Problematization – Two sources of challenges to the place of patents within the pharmaceutical industry have emerged over the last twenty years, each with its alternative definition of the public problem these policy instruments ostensibly remedy.

⁴ ABPI = Association of the British Pharmaceutical Industry; LEEM = *Les Entreprises du Médicament*; EFPIA = European Federation of Pharmaceutical Industry Associations.

The first of these challenges emerged in the global south in the late 1990s around the treatment of AIDS in Africa and in South Africa in particular (Muzaka, 2011; Benoît, 2012). By this period, a range of patented antiviral drugs had been developed and had begun to be used widely to treat patients diagnosed with HIV or AIDS in wealthy countries. However, the cost of these drugs was very high, prompting governments in Brazil and South Africa to support the production of 'illegal' generics within their respective frontiers. Large pharmaceutical companies and their interest groups reacted to this strategy immediately through legal challenges and the WTO. More specifically, the politicized dimension of this challenge was mounted at the global scale within the arena of the World Intellectual Property Organization (WIPO) – the body charged with administering the TRIPS agreement. In short, on the one hand 'Big Pharma' sought to frame the problem of intellectual property as a purely legal issue, whereas their challengers sought instead to highlight both the economics of the pharmaceutical industry, together with the moral choices upon which they claimed this was based. Following further politicization around the Doha Round meetings of the early 2000s, Big Pharma eventually made a number of concessions, articles of TRIPS were amended and a compromise was reached. However, the economic theory foundations upon which patents were based emerged relatively unscathed from this episode.

Meanwhile, within Europe itself, a second challenge to the dominant view of patents was being raised. Although this challenge was again mounted by supporters of generic medicines, here the main line of argumentation was financial rather than moral or even one of economic theory. Quite simply, a range of actors from health and finance ministries, national health services, insurance organizations and consumer groups came to represent generics as a means of cutting medicine prices and thence health budgets. This problematization was first taken up with vigor in a certain number of member states (notably the UK) then spread quite rapidly even within initially recalcitrant administrations (notably that of France). However, this movement has not fundamentally challenged the place of patents within 'the problem' of ensuring an adequate supply of medicines. Instead, the goal for supporters of generics has now become one of 'fairly' administering the patent system in its current form. This problematization of fairness stems partly from the reaction by Big Pharma to what they saw as the cost-cutting drives that began in the late 1990s. To slow the actual market entry of generics, this entailed in particular an intensification of their legal challenges to specific competitors and, upstream, the multiplication of separate patents for highly similar medicines ('patent thickets'). Indeed, in 2008 such practices even prompted the European Commission's DG Competition to conduct a lengthy 'sector inquiry' in the name of fighting 'antitrust' corporate behavior (Montalban, Ramirez Perez & Smith, 2013). Once again, however, no sustained challenge was mounted to the economic theory, legal and, in this case, moral foundations of a problematization of patents which sees them as essential for encouraging 'innovation'.

Instrumentation – If alternative theories of innovation, together with conceptions of legal and moral rights, have been marginalized and largely silenced within the government of pharmaceuticals at global, European and national scales, this is largely because patents are deeply institutionalized instruments of policy that have consistently been protected by actors whose resources stretch way beyond the pharmaceutical industry. As many scholars have highlighted (Muzaka, 2011), patents are the principal

tools of an approach to property rights that goes back hundreds of years. The standard version of this history nevertheless highlights the formalization and internationalization of intellectual property rights that occurred in the 1880s (notably via the Paris Convention in 1883) and how this spread throughout industries thereafter. What such a narrative tends to ignore, however, is that in the case of medicines in Europe patents only institutionalized in the late 1960s. Indeed, as Pignarre (2004) underlines, the double-digit growth experienced by this industry until 1975 stemmed largely from the refusal of European firms, civil servants and politicians to apply patent law to their respective national actors. The profusion of medicines invented and put on the market during this period stemmed only partly from technological breakthroughs and scientific 'geniuses'. More fundamentally, it was driven by a virtual absence of legal and administrative barriers to the copying of existing medicines (allied to lax controls over clinical trials and relatively high prices). In short, a lack of protection for intellectual property was partly what drove companies to innovate more deeply, widely and rapidly.

However, since the slowdown in medical inventions of the 1970s together with the introduction of MAs and systematized clinical trials, the role of patents in governing the pharmaceutical industry has been completely recast. Moreover, its history has been largely rewritten in order to stress their foundations in law and economic theory. In so doing, patents as a policy instrument have been bolstered by two professions –law and economics- and their respective influence over the majority of civil servants and politicians involved in the industry.

Lawyers tend strongly to see patents as vital components of the part of law devoted to intellectual property that, in their eyes, had remained unstable for far too long. Academics in this field have been overt supporters of national patent systems, WIPO and the TRIPS agreement. In the case of pharmaceuticals, this can be illustrated first by their mobilization against DG Competition's incursion into 'their' field via its Sector Inquiry⁵. More generally, commercial lawyers make a great deal of money fighting lawsuits for Big Pharma over 'patent infringements'. Little surprise, therefore, that such lawyers and their academic colleagues have frequently opposed the introduction of a European patent that, in theory, would lead to fewer legal actions in this subject area.

But this enthusiasm of lawyers for patents cannot be divorced from developments within the discipline of economics which have formalized other foundations of this policy instrument. It is well known that since the 1970s economics as a whole has become increasingly dominated by the theories and methodologies of a revamped form of neo-classical scholarship known as 'the Chicago school' (Lebaron, 2000; Fourcade, 2009). One of the key postulates of this approach has been to refute the hypothesis that concentrations of capital, property and production are intrinsically anti-competitive and morally unfair (Montalban, Ramirez Perez & Smith, 2013). Instead, using game theory and modeling, this approach asserts that only exploitative abuse of market dominance should be sanctioned. Consequently, patents have once again been stridently justified, this time as a 'rational' means of achieving 'efficiency gains'.

⁵ On this point see the edited book entitled *Concurrence, santé publique, innovation et médicament* produced under the leadership of Marie-Anne Frison-Roche (Professor at Sciences Po Paris) in 2010. Over and above its legal positivist criticisms of DG Competition and eulogy of patents, this enterprise was openly financed by the French pharmaceutical industry's interest group: the LEEM. Such 'academic' expertise spills over into the world of consultancy within which lawyers can always be found to write reports in favour of patents. Indeed, the EFPIA commissioned two such reports to contest The Sector Enquiry in 2008.

In short, patents have become a policy instrument that is highly difficult to contest not only as a technology of government, but as a central part of both public problem definition and of the social groups which dominate it. Indeed, as Rowell (2012) underlines, the challenge for research is to bolster and enrich this constructivist and institutionalist finding with sociographical evidence concerning the structuring and power dynamics of such groups.

Legitimation – Indeed, reinforced by the arguments developed within economics and law, the civil servants and politicians charged with governing the health and pharmaceutical industries have largely come to see patents as a ‘natural’, and therefore totally legitimate, institution within their respective fields of intervention. Importantly, however, this ‘naturalness’ has not come about ‘naturally’ by any means. Instead, it has been constructed deliberately by representatives of Big Pharma and their supporters using both a further set of arguments and, above all, a series of powerful symbols.

Other than those related above, the main arguments used to legitimate patent-based medicine relate to national economic performance, ‘industrial capacity’ and employment. In countries like France, the UK and Germany, pharmaceutical companies contribute sizeable amounts to GDP and trade balances. Because the largest of such companies are now multinationals, many civil servants and politicians have become increasingly concerned that their R & D and production will be transferred to lower cost countries, thus resulting in job losses and other negative ‘economic’ effects. Despite the fact that little concrete evidence of such a shift has actually been marshaled, this fear has driven many such actors to simply accept at face value the arguments for increased protection through patents made by their corporate opposite numbers.

If such arguments are accepted so readily, however, this is also because representatives of firms like GlaxoSmithKline or Sanofi Aventis have also built an image of themselves as the only ‘innovators’ and even ‘scientists’ in their industry. Contrasting themselves to producers of generics, they even claim to represent a different industry –that of ‘originator drugs’- wherein the scientist in his or her white coat continues to predominate, and this in contrast to ‘the suits’ of generic producers they claim are only interested in profits. By ‘enobling’ themselves in this way, and despite considerable evidence to the contrary (Pignarre, 2004), such actors have successfully attached an image of purity to patents and a stigma of impurity to the products of their competitors.

Overall, this brief excursion into the world of intellectual property for medicines has shown both the crucial importance of patents for the government of an industry and its political causality. Patents are institutions that have been built simultaneously to the construction of a definition of the public problem that has itself become an institution. This co-construction is political because it has been driven all along by value judgments and choices which, moreover, have gained power by being presented as a-political. Because here, as always, the building of institutions and social constructions have occurred ‘hand in hand’, social science can only grasp this politics, and thus be ‘relevant’, when it is concurrently institutionalist and constructivist.

2.2 Pricing, Evaluation and 'National Sovereignty'

The second set of institutions within the pharmaceutical industry's Commercial IR to become challenged over the last 15-20 years concerns their pricing. Far from being the direct consequence of the so-called 'play of market forces', however, since WWII the setting of prices in Europe has essentially been an administered process. More precisely, firms have requested prices for their products which differing configurations of civil servants and representatives of insurance organizations have analyzed, debated and reaches compromises over. For example, in France this process takes place within and around meetings of the *Comité économique des produits de santé* (CEPS) within which representatives of the ministries of health and industry, together with those of social and 'mutuelle' insurance, possess institutionalized places and roles. Since the late 1990s, most of such actors have sought to reduce pharmaceutical prices in order to lower the cost of health care. If the exception to this rule concerns representatives of ministries of industry (who argue instead for higher prices in order to satisfy 'their' firms), a general consensus has nevertheless been built across Europe that medicines should cost less but also that their cost-effectiveness should be examined more closely. However, despite this consensus and the emergence of a profession (Health Technology Assessment: HTA) explicitly wedded to achieving its goals, national pricing systems in Europe for the most part remain inflationist and largely in line with the wish list of Big Pharma. Once again, the story of institutional reproduction revealed below can only be fully told by simultaneously drawing upon constructivist and institutionalist concepts, hypotheses and research methods.

Problematization – The conception of control that has dominated Europe's pharmaceutical industry since the early 1970s defines the public problem of pricing as follows: prices must be set high enough to encourage 'innovation' by guaranteeing a sufficient return on investment. When unpacked, this theory is nothing less than a form of active industrial policy which, far from being restricted to 'the usual suspects' like France, is present within all European states where pharmaceuticals continue to be produced. As a civil servant from the British Department of Health stressed on interview: 'we have an approach that is surprisingly Colbertist!'⁶. This problematization of pricing has nevertheless recently been challenged from two angles.

The first features representatives of health ministries and insurance organizations who have all sought to lower prices and, in general, to achieve this by introducing processes of evaluation between the moment a Market Authorization is awarded to a medicine and before its price is set. In some national cases (eg. the UK) the problematization advanced here is most definitely one of only rewarding medicines that can prove their added value in terms of therapeutic advances but also in terms of 'value for money'. In others, notably France, problematization in this area is less formalized and, in any case, focused essentially upon identifying therapeutic added-value rather than cost-effectiveness.

Alongside this first potential source of reprobematizing prices in the pharmaceutical industry has emerged a second in the shape of a movement of experts in HTA. Containing physicians, epidemiologists, health service managers and economists, the HTA movement has become a consistent advocate of pricing reform since as early as the mid-1970s (Benoît, 2013). However, their coalition has only institutionalized since the

⁶ Interview, December 2010.

early 1990s, notably around projects financed from the unlikely source of the EU, and more precisely the European Commission's DG SANCO (Health and consumers). Although differences of opinion and approach exist within the HTA movement, the reproblematicization of medicines pricing proposed from this angle consists of beginning with both an assessment of societal needs and a questioning of the supposed novelty of the medicine in question. Sometimes labeled a 'value-based' approach to pricing, HTA problematizations always strive towards the 'evidence-based decision-making' that has so frequently been sought in other sectors over the past two decades.

Despite the increasingly cohesive character of HTA alliances and their deepening linkages with ministerial and insurance representatives, however, a fundamental reframing of prices in this industry has yet to eventuate. As alluded to earlier, an initial explanation of this reproduction of problematization lies in the support given to previous framings by ministries of industry and other allies of Big Pharma (patient associations, centrist and right wing MPs or MEPs, local politicians, etc.). Deeper explanation, however, lies in the institutionalized character of the high price theory of action that has dominated public problem setting, together with the policy instruments and registers of legitimation it has fed into and fed upon.

Instrumentation – Although decision-making arenas such as the French CEPS possess sets of criteria for grading the social worth of new medicines (e.g. in terms of '*service médical rendu*'), even omnipresent actors within such bodies recognize that they do not know how to evaluate the cost-effectiveness of medicines⁷. Instead, they depend upon statistics on the existing usage of competing medicines and their costs, an opinion on the therapeutical value of the medicine provided by the agency *La Haute Autorité de la Santé* (HAS), data from the Market Authorization procedure and any statistics the Ministry of Industry cares to mobilize (often provided by pharmaceutical firms and/or the LEEM).

By contrast, the UK possesses the one price decision-making procedure which has systematically used wider economic data and methods from economics in order to calculate the cost-effectiveness of each new medicine. Run within the National Institute for Clinical Excellence (NICE), these calculations have been formalized as a policy instrument known as 'Quality life years' (QUALYs) which have since become central parts of the British pricing system (Drummond, 2007; Drummond and Sorenson, 2009). Indeed, this instrument and, more generally, NICE's involvement in pricing have clearly modified the problematization of pricing in that country.

The HTA movement in general, and that part financed and encouraged by the European Commission in particular, has largely taken on board the instruments developed by NICE. However, their success rate in terms of encouraging other national decision-making systems to shift their policy instruments towards the British model has thus far been limited. As the French case testifies particularly clearly, the pricing of pharmaceuticals was initially institutionalized at a time when cost savings were not a priority and when doctors dominated decision-making. Since then, the medical

⁷ '*Le gros inconvénient de la logique française de la fixation des prix c'est que c'est un système purement comparatif qui donc, par nature je dirai, est inflationniste parce qu'un moment donné un produit est vu comme meilleur qu'un autre donc il sera plus cher. Il faut aussi apprécier la difficulté des industriels à faire de la recherche. Alors, pourquoi pas ... mais c'est inflationniste aussi. C'est pas très satisfaisant. Donc à un moment donné on met en face d'une pathologie un paquet d'argent mais quand même de temps en temps on ne peut pas se poser la question de l'adéquation entre cette quantité d'argent et la qualité des soins qui est en face*'. Interview, French Health Ministry, January 2012.

profession may have lost its aura in some countries, but in order for its expertise to be replaced, competing sources of knowledge need to emerge. In the British case, this has largely been provided by the growing (sub)discipline of health economics, itself a by-product of changes to the UK's higher education system initiated in the 1980s. The latter encouraged 'applied' economics and systematic grant-seeking by its academics in particular. Indeed, to some extent British health economics can be seen as a policy instrument which contributed significantly to reshaping the problem of health care in ways which perpetuate its very existence. At least in countries like France, this phenomenon has not emerged to anything like the same extent. Indeed, 'a lack of expertise in health economics' is often cited by actors in ministries and insurance organizations as one of the reasons why, over the last twenty years, the instruments of French medicines pricing have been reproduced. We are now undertaking research on the social groups involved in this process in order to deepen and objectify this assertion.

Legitimation – Professions therefore not only support the instrumentation of decision-making over issues like drug prices, they also more fundamentally can participate in legitimizing or delegitimizing both policy instruments and public problems. Meanwhile, however, the actors who, at least in the health sector, continue to hold the most resources for legitimizing policy reproduction or change are either national civil servants or politicians. Both these sets of actors readily brandish 'the general interest' and 'national sovereignty' as justifications for not changing pricing practices in line with what either the HTA movement or representatives of the European Commission advocate.

Indeed, 'the general interest' is generally used alongside arguments along the lines of 'our population would not accept', and this in order to present each national case as singular and incomparable. Here, some national civil servants are aware that this discourse often puts them in a schizophrenic position: on the one hand they claim to be open to ideas from the rest of Europe, on the other they consider that they alone know what their national public will accept. Nevertheless, this claim to monopolize knowledge over what constitutes 'the general interest' provides powerful support to those who would rather not take the risk of institutional change and, consequently, prompt the ire of 'their' pharmaceutical companies.

Such positionings take even more strength from legitimation based upon 'national sovereignty' which, notably by invoking clauses on health in the Lisbon treaty, consistently minimize the importance of exchanges over HTA at the scale of the EU while reiterating that only national administrations are authorized to structure and spend health budgets. Notwithstanding the effects prices in one member state have upon those in others, nor the increased interest of DG ECFIN in this subject area, pharmaceutical pricing continues to be legitimized as a '*régalien*' national competence and, thus, as belonging in the same category as fiscal and defense matters. Faced with this discourse, opponents of the status quo currently consider that they have little option than to refocus HTA development on the therapeutic (i.e. quality and safety) dimension of the evaluation of medicines. Having built legitimacy using the register of universal science, some forecast they will subsequently be in a better position to ensure that issues of cost and efficiency become part of what can be debated around the pricing of medicines.

In summary, the case of pharmaceuticals' pricing illustrates once again the heuristic

value of analyzing the processes of problematization, instrumentation and legitimation that make up the political work which has caused the institutions and substantive outcomes outlined above. More generally, together with the same perspective on patents developed earlier, this analysis has shown not only how and why this industry's Commercial IR has been reproduced over the last 15-20 years. It has also revealed why this IR has been so central to the pattern of domination of pharmaceuticals' Institutional Order as a whole. Although some scalar shifts have certainly occurred, to date the representatives of Big Pharma have successfully 'tamed' such displacements and, in most cases, bent them to their own ends. Far from the fatalism of structural determinism, these case studies have underlined that in each instance contingency has existed. However, thus far Big Pharma domination has also been fostered by public authorities not giving themselves the capacity to contest, or even seriously question, institutionalized prisms, arguments and symbolic action.

Conclusion

It goes without saying that a fully documented account of change and reproduction in an industry like pharmaceuticals would require a great deal more space to present data than that taken here. Instead, this paper's intention has been to highlight the heuristic value of avoiding confusing 'eclectic' analytical frameworks when analyzing economic activity in general, and the political economy of industries in particular. The constructivist *and* institutionalist approach developed here enables research to reject images and implicit ontologies of economics as 'messy', 'anarchic' and unordered. On the contrary, this approach firstly guides research to discovering the institutions and other socio-political constructions which structure and shape economic activity. Secondly, it encourages identification of the political work which has been their cause.

Sil and Katzenstein are of course right to stress that political scientists have much to gain from drawing upon literatures derived from a wide range of disciplines and paradigms. However, when constructing solid analytical frameworks, eclecticism is a distraction political science cannot afford. Instead, all one's energies need devoting to combining elements of commensurable epistemologies and ontologies, and this in order to forge robust concepts that guide research towards the generation of new and socially pertinent information. Here this has been striven for by melding constructivism, (historical and sociological) institutionalism and Weberian sociology. To take the metallurgical metaphor of melding one stage further, a durable and useful alloy cannot be made out of incompatible materials. Combining tin and copper makes bronze, but adding incompatible materials undermines both the mixture and the strengths of its original elements.

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