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Author(s): Peter Cocks

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# Towards a Marxist theory of European integration

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Peter Cocks

The significance of the European Communities (EC) remains obscure. The reason is that orthodox integration literature is fundamentally ahistorical: it fails to give an adequate account of the roots of modern European integration. And however admirable the project might be in itself, we cannot rectify the failure simply by chronicling the admittedly much ignored origins of the EC in the 1950s.<sup>1</sup> For the EC is systematically connected to earlier cases of integration in Europe. Only by understanding the evolution of these integrational forms—from early modern Britain, to nineteenth century Germany, to contemporary Europe—can one begin to make sense of the EC. In brief, one must seek to understand the “present as history,” a task that few writers on regional integration have yet attempted, and none with any success.<sup>2</sup>

At various stages in writing this article I have been helped greatly by Bob Higgins, Peter Katzenstein, Jonathan Knight, Addie Napolitano, David Nichols, Paul Raskin, anonymous reviewers of *International Organization* and, especially, Joan Cocks.

<sup>1</sup> See Henry R. Nau, “From Integration to Interdependence: Gains, Losses, and Continuing Gaps,” *International Organization* 33 (Winter 1979): 141–142.

<sup>2</sup> See, however, from differing classical liberal points of view, Gottfried Haberler, “Integration and Growth of the World Economy in Historical Perspective,” *American Economic Review* 54 (March 1964): 1–22; W. O. Henderson, *The Genesis of the Common Market* (London: Frank Cass, 1962); and Wilhelm Röpke, “Le Zollverein et le Marché Commun,” in *Mélange d'Histoire Economique et Sociale en Hommage au Professeur Antony Babel*, Vol. 2 (Geneva: n.p., 1963), pp. 449–457. Two studies of British national integration have taken a historical viewpoint: Michael Hechter, *Internal Colonialism* (Berkeley and Los Angeles: University of California Press, 1977); A. H. Birch, *Political Integration and Disintegration in the British Isles* (London: Allen and Unwin, 1977), and idem, “Minority Nationalist Movements and Theories of Political Integration,” *World Politics* XXX (April 1978): 325–344, which supplements some of the arguments in the book.

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The major historical studies of integration remain Deutsch's *Political Community and the North Atlantic Area* and *Nationalism and Social Communication*.<sup>3</sup> But these works are historical only in the sense that he and his co-workers have used history as a data bank to provide generalizations applicable irrespective of space or time about the necessary conditions for integration. Consciously or not, they avoided the questions of whether integration is qualitatively different in different socio-economic formations, why it emerges at some historical periods and not others, and what the connection is between different levels of integration in distinct social systems. In short, they gave no indication of the dynamic that connects or disconnects past and present cases of unification.

The bulk of integration theorists deal with only the contemporary world. They argue at some length about the appropriate definition of their dependent variable, whether there is more or less (usually European) integration, how one is to measure it, whether different dimensions of integration change at different speeds, and whether some measures are better predictors of the future of the phenomenon than others.<sup>4</sup> Michael Haas has summarized the objectives of the various approaches as an

attempt to discern preconditions for the achievement of higher levels of integration, variables that account for the maintenance of existing levels of integration, and factors that promote increases from present to future levels of integration. Key variables in all three research avenues, when reversed, may tell us about factors accounting for backsliding in integration.<sup>5</sup>

Two more recent contributions to the debate, the one by Ernst Haas, the other by Keohane and Nye, offer some relief from the more arcane features of such process-oriented theorizing. Haas's claim is nothing less than that existing regional integration theory is obsolete as far as Europe is concerned.<sup>6</sup> As long as European elites saw integration as a helpful way of dealing with the in-

<sup>3</sup> Karl Deutsch, *Political Community and the North Atlantic Area* (Princeton, N.J.: Princeton University Press, 1957); idem, *Nationalism and Social Communication*, 2nd ed. (Cambridge, Mass.: M.I.T. Press, 1966).

<sup>4</sup> See e.g., James A. Caporaso, "Theory and Method in the Study of International Integration," *International Organization* XXV (Spring 1971): 228-253; Peter J. Katzenstein, "Hare and Tortoise: The Race Toward Integration," *International Organization* XXV (Spring 1971): 289-295; Roger D. Hansen, "European Integration: Forward March, Parade Rest, or Dismissed?" *International Organization* XXVII (Spring 1973): 225-254; Joseph S. Nye, "Comparative Regional Integration: Concept and Measurement," *International Organization* 22 (Autumn 1968): 855-880. [A revised version of this article is in idem, *Peace in Parts* (Boston: Little, Brown, 1971), ch. 2.]; Leon N. Lindberg, "The European Community as a Political System: Notes Toward the Construction of a Model," *Journal of Common Market Studies* V (June 1967): 344-387; and the bulk of the contributions in Leon N. Lindberg and Stuart A. Scheingold, eds., *Regional Integration: Theory and Research* (Cambridge, Mass.: Harvard University Press, 1971).

<sup>5</sup> Michael Haas, "International Integration," in *International Systems: A Behavioral Approach*, Michael Haas, ed. (New York: Chandler, 1974), p. 207.

<sup>6</sup> Ernst B. Haas, *The Obsolescence of Regional Integration Theory* (Berkeley, Calif.: Institute of International Studies, 1975).

creased sensitivities of one country to another and remained in agreement on integrational objectives, he argues, integration could proceed via incremental decision making. Rapid changes in technology and communications have thrown the process of integration itself into doubt. Growing international interdependence has created a turbulent world with crucial problems whose solutions are international rather than regional, global rather than European.<sup>7</sup> Small wonder that the EC's decision makers, attempting to find European answers to what are effectively much wider international questions, have found it more and more difficult to deal successfully with the items highest on the EC agenda. In brief, the integration theories that describe and analyze a situation that has changed beyond recognition are themselves outdated. Keohane and Nye take a position complementary to that of Ernst Haas.<sup>8</sup> They argue persuasively that integration is a response to interdependence.<sup>9</sup> But rather than criticizing extant integration theory, they show its possible utility for understanding the wider context of international interdependence.

Although all three enlighten our comprehension both of the stagnation of the EC and of the failures of existing theory to capture the essence of the integration process, they do not tell us very much about the locus of political integration at the crucial *intersection between international relations and political development*.<sup>10</sup> To understand the EC as a response to interdependence, as the institutionalization of policy interdependence, does not inform our understanding of why given kinds of interdependence occur at one point in history and why, therefore, new levels of integration are possible/probable at one juncture in the past and not at another. Such problems can be resolved, I think, only by understanding the historical patterns of European integration in the context of different phases in the development of regional and international interdependence, visualized as a distinct capitalist phenomenon.

While some Marxist authors have made signal contributions in this direction—none of which, I am bound to say, have found their way into the most widely-known reviews of the literature—neither have they yet produced a satisfactory analysis of the EC.<sup>11</sup> In order to overcome the shortcomings of

<sup>7</sup> Haas, *Obsolescence of Regional Integration Theory*, pp. 18–20.

<sup>8</sup> Robert O. Keohane and Joseph S. Nye, "International Interdependence and Integration," *Handbook of Political Science*, vol. 8, Fred I. Greenstein and Nelson W. Polsby, eds. (Reading, Mass.: Addison Wesley, 1975), pp. 363–414. Cf. Haas, *Obsolescence of Regional Integration Theory*, ch. 5.

<sup>9</sup> Keohane and Nye, "International Interdependence and Integration," esp. pp. 371–372.

<sup>10</sup> In general on this issue see Edward L. Morse, *Modernization and the Transformation of International Relations* (New York: Free Press, 1976).

<sup>11</sup> For reviews of the literature, see Reginald J. Harrison, *Europe in Question* (London: Allen and Unwin, 1974); Charles Pentland, *International Theory and European Integration* (New York: Free Press, 1973); Marie-Elisabeth de Bussy, Helen Delorme and Françoise de la Serre, "Approches théoriques de l'intégration européenne," *Revue Française de Science Politique* XXI (June 1971): 615–653, reprinted in translation in *European Integration*, F. Roy Willis, ed. (New York: New Viewpoints, 1975), pp. 84–129. There is a similar omission in two more recent critiques of the general directions of research on European integration—see Nau, "From Integration to Interdependence," and Steven J. Warnecke, "The Study of the European Community: A Critical

both orthodox and Marxist writers, we must investigate why particular patterns of integration, the EC among them, emerged in Europe in specific eras. I argue that integration evolved as a policy response to certain problems endemic to the growth of capitalism. I conceive successful political integration in Europe since the sixteenth century as a method of state-building at the national and international level. It has performed two critical state functions: provision of the political infrastructure for the expansion of productive forces in protocapitalist and capitalist societies;<sup>12</sup> and an appropriate means for legitimating the power necessary to maintain the social relations integral to these societies. It is on the basis of these two factors that our analysis must begin. But before we can discuss the process of political integration itself, it is imperative to understand the social and political setting within which it is situated.

### Capitalism and the state

Political integration plays a crucial part in the development of the state in capitalist society. In order to make plain this connection, we must first understand the nature of the capitalist social formation and the function of the state within that formation. Though I have compressed the discussion of these two phenomena unmercifully, what remains is nonetheless a somewhat lengthy, but absolutely necessary prologue to the discussion of integration per se.

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Appraisal," in *The European Community*, ed. Steven J. Warnecke (New York: Council of European Studies, 1978), pp. 1–36. A few samples of relevant Marxist works are: Frederick Engels, *The Role of Force in History*, trans. Ernst Wangermann (New York: International Publishers, 1969); Karl Marx, "Draft of an Article on Friedrich List's Book *Das Nationale System der Politischen Oekonomie*," in Karl Marx and Frederick Engels, *Collected Works*, Vol. 4 (New York: International Publishers, 1975), pp. 265–293; Nikolai Bukharin, *Imperialism and World Economy* (New York: Monthly Review Press, 1973); Nicos Poulantzas, "Internationalization of Capitalist Relations and the Nation-State," *Economy and Society* 3 (May 1974): 145–179; Robin Murray, "The Internationalization of Capital and the Nation-State," *New Left Review* No. 67 (May–June 1971): 84–109; Ernest Mandel, "International Capitalism and 'Supranationality,'" in *Socialist Register, 1967*, Ralph Miliband and John Saville, eds. (New York: Monthly Review Press, 1967), pp. 27–41; the articles by Mandel and Murray together with some other relevant pieces, are reprinted in Hugo Radice, ed., *International Firms and Modern Imperialism* (Harmondsworth, England: Penguin, 1975); Tom Nairn, "The Left Against Europe?" *New Left Review* special issue, 75 (September–October 1972); idem, *The Break-Up of Britain* (London: New Left Books, 1977), esp. ch. 8; Roger Lee, "Integration, Spatial Structure and the Capitalist Mode of Production in the EEC," in *Economy and Society in the EEC*, Roger Lee and P. E. Ogden, eds. (Farnborough, England: Saxon House, 1976), pp. 11–37; Ernest Mandel, *Europe vs. America?* trans. Martin Rossdale (London: New Left Books, 1970); Sol Picciotto and Hugo Radice, "Capital and State in the World Economy," *Kapitalstate* 1 (1973): 56–68.

<sup>12</sup> I use the word "proto-capitalist" simply to designate a society in which capitalism is an emergent, but not yet dominant mode of production. It is thus analogous to the word "proto-industrialization" used by some economic historians to distinguish an environment that is already industrializing, but which is not yet dominated by industrial structures, from pre-industrial economies. See Franklin Mendels, "Proto-industrialization: The First Phase of the Industrialization Process," *Journal of Economic History* XXXII (March 1972): 241.

Capitalism evolved from the medieval period with distinct practices, which remain, though often in different forms, at the core of modern capitalism:<sup>13</sup> “free labor” working under a wage system; private ownership of the means of production, and its counterpart a propertyless working class; the alienation of control over disposal of products into the hands of property owners; the fragmentation of life, exemplified by the emergence of “civil society”—i.e., a private sphere of society set apart from concerns of politics and so on (though the political has encroached more and more on this province in modern times). It also developed an ideology that justified and justifies these activities and the power structures that flow from them. The bourgeois mind thus endorses individualism, the holding of private property, market relations, acquisitiveness, competition and profit, which are incorporated as values in everything from law, to education, to religion, to literature.<sup>14</sup> Taken together these capitalist desiderata constitute what Gramsci called “ideological hegemony”; i.e., bourgeois ideas, to the virtual exclusion of all others, infuse society so that they become seen as the “natural” way of viewing the world.<sup>15</sup> Following Macpherson, we can call the political aspect of this hegemony, “possessive individualism.” Two of its most important principles are that “human society consists of a series of market relationships,” and that “political society is a human contrivance for the protection of the individual’s property in his person and goods, and (therefore) for the maintenance of orderly relations of exchange between individuals regarded as proprietors of themselves.”<sup>16</sup>

Expansion provides the dynamic urge of capitalism and is its ultimate necessary condition. Without such growth, capital accumulation cannot take place, and without accumulation there can be no realization of surplus value, which is the capitalist’s enduring, overriding objective.<sup>17</sup> Looked at from a slightly different angle, capital accumulation rests on the ability of the bourgeoisie to realize surplus value—that is, not only to produce, but also to

<sup>13</sup> See Claus Offe, “Advanced Capitalism and the Welfare State,” *Politics and Society* 2 (Summer 1972): 481 et seq., and Robin Blackburn, “The New Capitalism,” in *Ideology in Social Science*, Robin Blackburn ed. (New York: Vintage Books, 1973), pp. 164–186.

<sup>14</sup> See Maurice Dobb, *Studies in the Development of Capitalism*, rev. ed. (London: Routledge and Kegan Paul, 1963), pp. 7–8; Norman Birnbaum, “The Rise of Capitalism: Marx and Weber,” in *Readings in Economic Sociology*, Neil J. Smelser, ed. (Englewood Cliffs, N.J.: Prentice-Hall, 1965), p. 3; Shlomo Avineri, “Marx and Modernization,” *Review of Politics* 31 (April 1969): 178 and passim.

<sup>15</sup> See Richard Lichtman, “Marx’s Theory of Ideology,” *Socialist Revolution* 23 (April 1975): 45–76; but esp. 66–71; Antonio Gramsci, *Selections From the Prison Notebooks*, Quintin Hoare and Geoffrey Nowell Smith, eds. (New York: International Publishers, 1971), pp. 3–23, 181–182.

<sup>16</sup> C. B. Macpherson, *The Political Theory of Possessive Individualism* (London: Oxford University Press, 1964), p. 264.

<sup>17</sup> Frederick Engels, “Socialism, Utopian and Scientific,” in Frederick Engels and Karl Marx, *Selected Works* (New York: International Publishers, 1969), pp. 424–425. D. C. Hodges, “Marx’s General Law of Capitalist Development,” *Cahiers de l’ISEA* 176 (August 1966): 121–138. Maurice Godelier, “System, Structure and Contradiction in Capital,” in *Socialist Register, 1967*, Ralph Miliband and John Saville, eds. (New York: Monthly Review Press, 1967), p. 99.

sell goods (thus, the crises induced in capitalism by underconsumption and overproduction). These activities are situated within the context of competition between capitals: in order to assure its own survival, each capital must constantly find ways to grow—i.e., to realize surplus value and thus to accumulate capital. In this process some fall by the wayside, some become absorbed by other capitals; hence, Marx's observations on the tendency towards concentration and centralization of capitalist enterprises.<sup>18</sup>

Under the impetus of these imperatives, capitalism becomes a peerless world system in which cores, or metropolises (economically advanced, politically dominant, and ethnically distinct areas) live symbiotically with peripheries, or hinterlands (economically backward, politically weak, and ethnically different from the metropolises). The latter come to depend upon the former for their development, yet, paradoxically, are held back by that very relationship.<sup>19</sup>

What role does the state play in these developments? From the bourgeoisie's point of view, the state ought to provide minimally for three interconnected things: the accumulation of capital; the realization of surplus value for the capitalist class; maintenance of the private ownership of the means of trade and/or production. The creation and preservation of these essential characteristics of capitalism entail certain functions for bourgeois and hybrid bourgeois/aristocratic states—functions which, of course, show a rather wide variety of weights in different historical periods. The functions are: the creation of a secure environment for industry and commerce, complete with legal systems protecting private property, contracts, and the like; the provision of at least an acquiescent labor force; the ensuring of markets both at home and abroad; the construction of an ideological climate favorable to capitalism.<sup>20</sup>

In the early modern period of European history, given that the state was not dominated by functionaries replete with bourgeois ideologies, how are we to account for the fact that in some countries capitalism did get a relatively strong foothold? One of the answers is that the expansion of state power that was axiomatic to traditional leaders rested on increased military expenditures, thus on a greater volume of revenues to meet these disbursements and, hence, on an economy with growing productive capacity. Increased production could

<sup>18</sup> Karl Marx, *Capital*, vol. 1, trans. S. Moore and E. Aveling (New York: International Publishers, 1967), p. 624 et seq.

<sup>19</sup> See Immanuel Wallerstein, "The Rise and Future Demise of the World Capitalist System: Concepts for Comparative Analysis," *Comparative Studies in Society and History* 16 (1974): 387–415.

<sup>20</sup> Ralph Miliband, *Marxism and Politics* (London: Oxford University Press, 1977), p. 90 et seq, and Elmar Altvater, "Some Problems of State Interventionism: The 'Particularization' of the State in Bourgeois Society," in *State and Capital*, John Holloway and Sol Picciotto, eds. (London: Edward Arnold, 1978), p. 42. For good summaries of Marxist theories of the state and politics, see David A. Gold, Clarence Y. H. Lo, and Erik Olin Wright, "Recent Developments in Marxist Theories of the Capitalist State," *Monthly Review* 27 (October 1975): 29–43; *Ibid.*, 27 (November 1975): 36–51; Bob Jessop, "Recent Theories of the Capitalist State," *Cambridge Journal of Economics* I (December 1977): 353–373.

come from feudal lords extracting greater absolute surplus value from the peasantry on the basis of unchanging class structures (the so-called “second serfdom”), the situation found most often in Eastern Europe.<sup>21</sup> But taxes were much easier to collect in an economic system characterized by rising commodity production and increasing productivity, attributes of new capitalist formations that bespoke changing class relations and the extraction of greater relative surplus value.<sup>22</sup> Hirschman suggests a different, though not mutually exclusive, answer. He argues that many seventeenth century political figures feared that uncontrolled human passions would destroy society. They saw the adoption of the cooler, rational calculation of interests intrinsic to capitalism as a way of diminishing, or even eliminating the danger. Thus, “the diffusion of capitalist forms owed much to a . . . desperate search for a way of *avoiding society’s ruin*.”<sup>23</sup>

Whatever the causes, where capitalism did emerge, as in England in the sixteenth and seventeenth centuries, it was accompanied by the erosion of traditional ways of life. The incursions of the market and the extension of enclosures undermined the position of the majority of peasant cultivators. The positions of artisans were threatened by the emergence outside the guild-dominated towns of the putting-out system and embryonic factory production.<sup>24</sup> And the static medieval ideology of community, hierarchy, and order began to give way before nascent individualism and social mobility based on merit. Against the background of these disturbances, political elites were committed to achieving two often conflicting objectives: the establishment and maintenance of the conditions for economic expansion and the legitimation of political and social structures that made such growth possible.<sup>25</sup> This task was made especially difficult in early modern Europe, since the infant idea of nationhood did not yet perform the adhesive social function that it was to from the end of the eighteenth century.<sup>26</sup> Here, in short, was the start of an

<sup>21</sup> Gabriel Ardat, “Financial Policy and Economic Infrastructure of Modern States and Nations,” in *The Formation of National States in Western Europe*, Charles Tilly, ed. (Princeton, N.J.: Princeton University Press, 1975), p. 197.

<sup>22</sup> Ardat, “Financial Policy,” pp. 174–177, and Robert Brenner, “The Origins of Capitalist Development: A Critique of Neo-Smithian Marxism,” *New Left Review* 104 (July–August 1977): 31–33.

<sup>23</sup> Albert O. Hirschman, *The Passions and the Interests* (Princeton, N.J.: Princeton University Press, 1977), p. 130, his emphasis, and part II, *passim*.

<sup>24</sup> Fernand Braudel, *The Mediterranean and the Mediterranean World in the Age of Philip II*, trans. Sian Reynolds, vol. I (New York: Harper and Row, n.d.), pp. 430–431.

<sup>25</sup> By legitimation I mean the process by which the politically relevant population actively or passively accepts the existing political arrangements and power structure—of which the state is a vital part—as suitable for its particular society. It is obviously closely connected to the diffusion of a dominant ideology.

<sup>26</sup> The concepts of nationalism and nation-state are much abused. Strictly speaking, there have been few nation-states. Early so-called nation-states were in fact territorial states glued together by scattered elites: there was no nation or nationalism in the modern sense anywhere until after the American and French Revolutions. It was only then that the word “nation” became associated with a broadly defined idea of citizenship rather than with the person of the monarch. See Wallerstein, *The Modern World System* (N.Y.: Academic Press, 1974), pp. 145–146. Some authors place nationalism in its modern sense first in the seventeenth century in the English



abiding dilemma for the agents of the state in market society: how to find “a degree of cohesion which would counteract the centrifugal force of market relations.”<sup>27</sup>

From the end of the eighteenth century, despite the greater effectiveness of ruling class appeals to a sense of national community, growing politicization of bourgeoisie and proletariat complicated the legitimation process. The dual upheavals of the French and Industrial Revolutions provided the ground for such struggles as the extension of the franchise, rights to association, and the right to elementary education.<sup>28</sup> It was around these issues that the bourgeoisie, and later the working class, were incorporated into wider, more democratic polities.<sup>29</sup> The process of absorption was far from smooth: landed classes often obstructed the achievement of citizenship by the bourgeoisie, while the latter in their turn, of course, were not above trying to do the same to workers.<sup>30</sup> As citizenship spread slowly downwards in society, the lower social strata ceased to acquiesce in the status quo as readily as they had. For the political elites, however, the legitimation problem did not merely consist of dealing with a greater political populace, but also of reconciling formal political equality with the manifest economic and social inequalities sanctioned by the capitalist ethos.<sup>31</sup>

Moreover, industrial revolutions exacerbated “collective good” problems so that they could not be solved according to the formulae of Adam Smith. As the nineteenth century wore on, it became clear to some social theorists and politicians, not to say workers themselves, that such issues as the unemployed and the unemployable, public health, factory injuries, and child labor could not be settled by the impersonal workings of the market.<sup>32</sup> As the night-watchman slowly gave way to the interventionist state, government officials increasingly felt the burden of dealing with the unpalatable side of capitalism, not least because of its possibly destabilizing political consequences. The politicized population began to see itself less at the mercy of inanimate market forces that were beyond the wit of human beings to change. Consequently, it

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Revolution. See Hans Kohn, *Nationalism: Its Meaning and History*, rev. ed. (Princeton, N.J.: Van Nostrand, 1965), pp. 16–18 and Henri Hauser, *La Modernité du XVI<sup>e</sup> C<sup>ie</sup>cle* (Paris: Librairie Armand Colin, 1963), ch. 4. This seems to me premature, since nationhood in the sense I have described did not exist then. Cf. Federico Chabod, “Was There a Renaissance State?” in *The Development of the Modern State*, Heinz Lubasz, ed. (New York: Macmillan, 1964), pp. 27, 30.

<sup>27</sup> Macpherson, *Political Theory of Possessive Individualism*, p. 276 and ch. 6 passim.

<sup>28</sup> Reinhard Bendix, *Nation-Building and Citizenship* (Garden City, N.Y.: Anchor Books, 1969), ch. 3; Karl W. Deutsch, “Social Mobilization and Political Development,” *American Political Science Review* LV (September 1961): 498–502. Also see Alan Wolfe, “New Directions in the Marxist Theory of Politics,” *Politics and Society* 4 (Winter 1974): 131–159, esp. 148.

<sup>29</sup> On the creation of bourgeois and working class consciousness, see J. F. Bergier, “The Industrial Bourgeoisie and the Rise of the Working Class, 1700–1914,” in *Fontana Economic History of Europe*, vol. 3, Carlo Cipolla, ed. (London: Collins/Fontana, 1973), pp. 397–451.

<sup>30</sup> Göran Therborn, “The Rule of Capital and the Rise of Democracy,” *New Left Review* 103 (May–June 1977): 3–41.

<sup>31</sup> See Robert E. Lane, *Political Ideology* (New York: Free Press, 1967), ch. 4.

<sup>32</sup> See Asa Briggs, “The Welfare State in Historical Perspective,” *Archives Européennes de Sociologie* II (1961): 221–258.

began to place demands for prosperity and welfare more upon state functionaries and politicians, who could be held accountable, than upon the forces of the market, which could not. Here we find the beginning of the end of classical liberalism with its emphasis on the separability of economic and political issues.<sup>33</sup> The aim of political administrators was the maintenance of social order. And given this objective, the political system of capitalism would be reproduced whether they directly intended it or not.

Since the end of the Second World War, the enduring connection between economic growth and legitimation has taken a new twist. With the emergence of the full-fledged welfare state, the optimal legitimating format is one in which, first, the political populace as a whole accepts the objectives and interests of the dominant economic class as its own (e.g., the efficacy of production for profit, free labor, competition, private property); second, political problems are transformed into ostensibly non-political, technical, administrative issues, so that the essentially political questions of power and inequality are expunged effectively from political discourse.<sup>34</sup> Such a situation becomes possible when governments maintain consistently high rates of economic growth. Given a particular distribution of wealth and income, on an absolute level all sectors of society can improve their standard of living. Conversely, given the same pattern of distribution, a halt or drastic reduction in the rate of expansion is likely to repoliticize the distributional issue, since in this circumstance any one social class can become better off only at the expense of some other stratum of society. Such repoliticization could surface as a legitimation crisis, especially in circumstances where citizens hold government primarily responsible for providing prosperity.

Under mature capitalism there are several circumstances in which growth may slow down or halt. The periodic appearance of over-production and under-consumption inherent in capitalist development constitutes one such case. On the downswing of the business cycle (a downturn that individual entrepreneurs seek to avoid, but which together, as each pursues his/her own rational self-interested profit objective, they produce nonetheless) the exchange of goods and services shrinks, the prospects for capital accumulation are gloomy and rates of investment fall. Slower expansion or absolute contraction results and unemployment follows. The same outcome occurs with what Kalecki called the "political business cycle," though here for explicitly political reasons.<sup>35</sup> In brief, he argues that business people, wishing to avoid

<sup>33</sup> Jürgen Habermas, *Legitimation Crisis*, trans. Thomas McCarthy (Boston: Beacon Press, 1975), pp. 24–50; Claus Offe, "Introduction to Part III," in *Stress and Contradiction in Modern Capitalism*, Leon Lindberg et al., eds. (Lexington, Mass.: Lexington Books, 1975), pp. 254–256.

<sup>34</sup> Giorgio Bonomi, "La Théorie Gramscienne de l'Etat," *Temps Modernes* 30 (February 1975): 989; Lelio Basso, "Old Contradictions and New Problems," *International Socialist Journal* 3 (July 1966): 242–243; Jürgen Habermas, "What Does a Crisis Mean Today? Legitimation Problems in Late Capitalism," *Social Research* 40 (Winter 1973): 647–648; James B. Rule, "The Problem with Social Problems," *Politics and Society* 2 (Fall 1971): 47–56.

<sup>35</sup> M. Kalecki, "Political Aspects of Full Employment," *Political Quarterly* XIV (1943): 321–331.

the worst consequences of a slump, are amenable to government intervention in the economy to restore full employment. But they are not inclined to maintain such levels of employment indefinitely, since shortages of labor will allow workers to increase their bargaining power, sometimes to the point that they redistribute income substantially in their favor. If such redistribution were permitted to continue indefinitely it would undermine the foundations of capitalism. To avoid this outcome, workers must be disciplined. The convenient method of doing so is for policy makers to create unemployment. Consequently, not only is there a “natural” cyclical development of capitalism, but also a pattern of recession and expansion that is the result of deliberate government policy.<sup>36</sup>

A variation of Kalecki's theme has been added by the apparently vengeful logic of the Phillips curve, which describes the trade-off between inflation and unemployment. If Kalecki attributed too much conscious intention to the implementation of the political business cycle, the Phillips curve mystifies the same process by giving it the status of an economic law. Put in crude terms, the argument runs thus: if you want to avoid the depredations of inflation you must be prepared to implement policies to “cool the economy off” (a euphemism for creating unemployment) as it nears, or is at, full employment. Conversely, if you want to lower the rate of unemployment in other than depression conditions, you must be prepared for some inflation. All of this is well and good provided that the curve does not move to a new frontier at which the trade-offs become “unacceptable”—e.g., lead to the necessity of creating, say, 20 percent unemployment in order to achieve, say, an inflation rate of 5 percent to 6 percent. In such a situation, the ensuing economic and political instability might threaten the foundations of the capitalist system itself.

In the long run, the possibility of an ecologically imposed zero-growth economy would, as Commoner and others have suggested, both contradict the certainty of expansion under capitalism and suggest large-scale collective—though conceivably not socialist—answers to the problem.<sup>37</sup> The failure of expansion would be likely to lead to the recrudescence of distributional issues, while collectivism would tend to undermine belief in the political ideology of possessive individualism that underpins liberal capitalism.

The social limits to growth raise similar problems, though from a rather different point of view. As Fred Hirsch has observed, nowadays, “Getting what one wants is increasingly divorced from doing as one likes.”<sup>38</sup> He argues that economic growth—which, he observes, has been used to divert attention

<sup>36</sup> That recession and expansion were the result mainly of government policy is argued by Milton Gilbert, “The Postwar Business Cycle in Western Europe,” *American Economic Review* LII (May 1962): 93–109.

<sup>37</sup> Barry Commoner, *The Poverty of Power* (New York: Knopf, 1976). See also the strictures of Leonard Silk, “From Growth to Survival,” *New York Times*, 19 November 1974.

<sup>38</sup> Fred Hirsch, *Social Limits to Growth* (London: Routledge and Kegan Paul, 1977), p. 10. For the remaining points in this paragraph, see *ibid.*, introduction and part I.

from distributional issues—promises to make possible for the lower social strata lifestyles hitherto reserved to the upper classes. However, some goods are socially scarce, so that commanding the use of them requires higher relative, not higher absolute, income. Thus, for example, to the extent that everyone acquires second homes in the country, the bucolic life—free from social crowding—which each sought to achieve will be collectively unachievable. In this and other similar situations the liberal dream of the curative powers of mass affluence is faulted, particularly as it relates to distributional issues. For as higher relative income is necessary to command, for example, unspoiled scarce amenities, there will be a constant tendency for redistributional questions to be repoliticized, especially since “old wealth”—wealth not obtained on the basis of merit—tends to keep ahead in the race for greater relative income. Moreover, as economic growth continues, individual desires can be met only by some variant of collective action.

Though the long-run factors are of great consequence, the intrinsic cyclical movements of capitalism and the Kaleckian cycle are more immediately relevant to present-day capitalist political systems. Both impinge on the legitimating ideology of possessive individualism. People who are unemployed or who perceive that they receive grossly inadequate wages may abandon their belief in possessive individualism. The chief purpose of the state is to see that capital and labor can achieve their basic objectives (acceptable levels of profits and employment, respectively), most significantly by ensuring conditions for high rates of economic growth. Offe puts the matter thus:

The capitalist state is efficient and effective not by its own criteria, but to the extent that it succeeds in the universalization of the commodity form. The ideal state of affairs is a situation in which every citizen can take care of all his or her needs through participation in market processes, and the inherent test of rationality of policy-making in the capitalist state is the extent to which it approximates this situation. . . .<sup>39</sup>

When governments fail in this regard they must then draw on some other source of legitimation, most commonly nationalism.<sup>40</sup> The success of such an appeal to feelings of national community depends largely on the effect of economic contraction on dormant ethnic divisions, and those in turn depend on the state's history of unification.<sup>41</sup>

Legitimation, however, is not simply an issue circumscribed by the boundaries of the state. From the start, capitalist economic expansion has

<sup>39</sup> Offe, “Introduction to Part III,” p. 251. Also see Arthur MacEwan, “Capitalist Expansion, Ideology and Intervention,” *Review of Radical Political Economics* 4 (Winter 1972): 36–48.

<sup>40</sup> See Michael Mann, “The Ideology of Intellectuals and Other People in the Development of Capitalism,” in *Stress and Contradiction in Modern Capitalism*, pp. 277–278, and Herbert C. Kelman, “Patterns of Personal Involvement in the National System: A Social-Psychological Analysis of Political Legitimacy,” in *International Politics and Foreign Policy*, rev. ed., James N. Rosenau, ed. (New York: Free Press, 1969), p. 283.

<sup>41</sup> See Robert Gilpin, “Integration and Disintegration on the North-American Continent,” *International Organization* 28 (Autumn 1974): 852–874, esp. 856–857.

relied heavily on imperial relations. To this degree imperialism has contributed to the internal legitimation of capitalist regimes.<sup>42</sup> And as capital has become increasingly international, so has the international dimension of legitimation become of growing significance. Of the modern era O'Connor has remarked:

Even on the left, it is sometimes not appreciated that foreign expansion and imperialism are required to maintain corporate liberalism by *expanding* national income and material wealth, thus muting domestic capital labor struggles over the *distribution* of income and wealth. And the growth of social and welfare expenditures (and the establishment of class harmony) at home are preconditions for popular acquiescence in militarism and imperialism abroad. The 'welfare-warfare state' is one phenomenon, and military and civilian expenditures cannot be reduced significantly at the expense of one another. An understanding of the relation between foreign and domestic programs requires comprehension of the totality of world capitalism. . . .<sup>43</sup>

The end of formal empire after World War II qualitatively has not changed the imperial network. Old ties between metropolis and periphery remain, though in different and somewhat subtler forms.<sup>44</sup> With formal empire it was quite clear who was the oppressor and who was fighting for independence. Once underdeveloped countries gained independence, however, they were said to be "free" and "equal" nations living in non-coercive market relations with the rest of the world. Their position was analogous to citizens whose formal political equality is matched by quite large inequalities in terms of power and access to substantive decision making. In the case of the underdeveloped countries, an identifiable foe was replaced by apparently impersonal sets of economic laws and political rules that applied equally to all nations. Such was the mystifying facade under which old inequalities between metropolis and periphery were perpetuated. Moreover, as long as underdeveloped countries accepted the mystified view of the world, neo-imperialist relations obtained and the legitimation of political institutions in the metropolis correspondingly was eased. Once, however, underdeveloped countries challenge the "naturalness" of such international relations, demanding the restructuring of the international system and the redistribution of world resources, the economic expansion and political legitimacy of the metropolis may be jeopardized. Hence, for capitalist countries, the necessity to find ways of avoiding or mitigating the effects of such an outcome.

The state institutions' function of reproducing the characteristic social relations of capitalism has become one of maneuvering among the shoals of domestic-international interdependence. Successful navigation ensures the preeminence of the bourgeoisie within a given state. However, the state is not

<sup>42</sup> On the Marxist interpretation of imperialism, see Michael Barratt Brown, *The Economics of Imperialism* (Harmondsworth, England: Penguin, 1974), ch. 3.

<sup>43</sup> James O'Connor, *The Corporations and the State* (New York: Harper Colophon Books, 1974), p. 145 (his emphasis).

<sup>44</sup> Barratt Brown, *The Economics of Imperialism*, ch. 11.

merely the latter's agent, nor do all members of the state apparatus and the dominant classes have uniform ideas as to what kind of capitalism should be facilitated by state activity. Particularly in economically bad times, divisions among them become exacerbated: between free traders and protectionists; between the monopoly and the non-monopoly sector; between finance capital and industrial capital.<sup>45</sup> These splits are mirrored in the structure of the state. Nonetheless, state personnel can achieve a certain concerted independence of action vis-à-vis the dominant classes.<sup>46</sup> And the former have their own objective—broadly, the extension of their power—which, though, they can achieve only as long as they maintain business confidence and as long as class antagonisms do not worsen to the point of threatening the existing social order. As Block puts it: “State managers are able to act only in the terrain that is marked out by the intersection of two factors—the intensity of class struggle and the level of economic activity.”<sup>47</sup> State administrators' room for maneuvering in legitimizing the institutions of capitalist society are thus hedged in not only by efforts to maintain adequate levels of growth, but also by the degree of radicalism in, and solidarity of, the working class. The more split and the less radical this class is, the more secure the authority of the ruling elites. Splits among the working class may result from the following kind of factors: indigenous privileged employees of the subsidiaries of transnational corporations think that they have little in common with other workers; divisions between workers in the high-wage, unionized, monopoly sector and workers in the low-wage, non-unionized, non-monopoly sector of domestically owned capital (such splits may be exacerbated by ethnic divisions induced by the in-migration of low-wage labor, especially in the non-monopoly sector); divisions among working class organizations that reflect conflicts between different varieties of domestic and international socialism. The degree of proletarian radicalism depends on whether the labor movement is attached to revolutionary socialist, social democratic, or entirely non-socialist precepts.

I have already observed that developing capitalism induces changing prerequisites for further expansion, and changing conditions for legitimation that underpins that expansion.

[A]t every stage of capitalist development, as the social character of the productive forces increased (the passage from the small to the large factory, from the private capitalist to the corporation, from private monop-

<sup>45</sup> On splits among the dominant classes, see Ian Gough, “State Expenditures in Advanced Capitalism,” *New Left Review* 92 (July–August 1975): 64–65.

<sup>46</sup> See Henri Lefebvre, *The Sociology of Marx*, trans. N. Guterman (London: Allen Lane the Penguin Press, 1969), pp. 124–125; Nicos Poulantzas, “The Problem of the Capitalist State,” *New Left Review* 58 (November–December 1969): 74. A critique of Poulantzas' extreme emphasis on the autonomy of the state is in Amy Beth Bridges, “Nicos Poulantzas and the Marxist Theory of the State,” *Politics and Society* 4 (Winter 1974): 171–173.

<sup>47</sup> Fred Block, “The Ruling Class Does Not Rule: Notes on the Marxist Theory of the State,” *Socialist Revolution* 33 (May–June 1977): 27.

oly to public enterprise, from national capitalism to international integration), it was necessary to find a new arrangement that represented a temporary compromise between the two conflicting exigencies, in the sense that it created, on the one hand, the institutional framework for a new step towards the socialization of production and, on the other, reinforced the instruments of production which assured that, even in the new framework, capitalist relations would survive.<sup>48</sup>

It falls to the lot of state administrators to try to resolve these contradictions. For this reason,

The political and the state are of particular importance to the theory of societal transformation. Political structures function as a cohesive factor in the social formation, preventing ‘classes and society from consuming themselves . . . and the formation from bursting apart.’ Since the state in some sense keeps society together, it follows that the state is the nodal point of societal transformation.<sup>49</sup>

But the state does not simply maneuver as it will. Permissible state activity is bounded not only by the kind of structural constraints that I have mentioned above (especially by the temper of class struggle), but also by the ideological framework within which government operates, a framework anchored in the capitalist *Weltanschauung*.

### Integration in the development of capitalism

We have identified the general characteristics of capitalist society and the functions of the state within it. We have seen how, in the context of the expansionary impulse endemic to capital, political leaders come to face the task of satisfying various state functions, in particular that of legitimation. At the risk of doing injustice to its considerable subtleties, I contend that integration in Europe was and is a significant way of realizing the spread of authority (state functions) across larger and larger territorial areas so that the fundamental features of capitalism will remain intact. It arises as a possible policy when political elites see it as a mechanism to establish or reestablish the conditions for economic growth and political legitimation. It is thus the content of the process—integration for what?—that is of critical importance. Political and economic integration are methods of providing the institutional conditions for the expansion of capital, while social integration is the process of legitimating the new institutions. Thus, political integration refers to the building of new organizations that assure over wider jurisdictions, first, a

<sup>48</sup> Basso, “Old Contradictions . . . ,” p. 241.

<sup>49</sup> The characterization of Poulantzas’ position given by Bridges, “Nicos Poulantzas . . . ,” p. 169. Cf. Nicos Poulantzas, *Pouvoir Politique et Classes Sociales de l’Etat Capitaliste* (Paris: Maspéro, 1968), pp. 43–44. Also see Lefebvre’s comment in *The Sociology of Marx*, p. 123, that “The theory of the state is the core or, if you will, the culmination of Marxist thought.”

correspondingly enlarged legal system that protects private property and enforces contracts and, second, an adequate supply of labor. Economic integration refers to the construction of economic unions over various geographical areas, usually, as we shall see, demarcated by territorial state, nation-state, and international-regional groupings. Progress towards economic unions, and thus the creation of new possibilities for economic growth, depends on the widening of consumer markets, the creation of conditions for the greater mobility of the factors of production, and the creation of new monetary arrangements. Social integration refers to the degree of ideological support that masses and elites will give to new integrational structures. One can distinguish between utilitarian (instrumental) and affective (emotional) beliefs about integration.<sup>50</sup> The former—espoused first by elites and sometimes, indeed, in advance of the actual emergence of integrational institutions—chronologically precede the latter in the process of integration. In as far as affective beliefs, which are largely the province of the masses, are favorable to new integrational structures, they enhance the legitimation of capitalist social formations.

In sum, integration refers to the geographical spread of state functions in response to the exigencies of capital accumulation and the realization of surplus value, on the one hand, and their associated legitimation problems, on the other. It is, in blunter terms, a method of resolving certain actual or potential crises intrinsic to capitalist development. Let us now examine the concrete historical links between integration and problems confronting the state in proto-capitalist and capitalist societies.

### *Integration in early capitalism*

The successful breakthrough of capitalism rests upon a nice balance between government regulation and economic freedom. Alan Wolfe puts the matter thus:

[T]he capitalist state originates with a contradiction. Capital required free enterprise, the lack of regulation. But some power, a regulatory power, was necessary to create the conditions for that lack of regulation. This was the first historical task of the capitalist state.<sup>51</sup>

A crucial matter; to be sure. But the last sentence begs the question. Most states that created conditions for capitalist development did so under the aegis of the aristocracy and nobility; they were not capitalist states in the sense of the bourgeoisie's exerting dominant power within them. (The bourgeoisie itself is not definable in simple terms. In early capitalism its power was based in merchant capital, while later industrial capital provided its foundation. The

<sup>50</sup> Leon N. Lindberg and Stuart A. Scheingold, *Europe's Would-Be Polity* (Englewood Cliffs, N.J.: Prentice-Hall, 1970), p. 40.

<sup>51</sup> Wolfe, "New Directions . . ." p. 152.



transformation was wrought as capitalists came to be directly involved in the productive process.)<sup>52</sup> How such states could have nurtured the beginnings of capitalism is thus a problem whose solution requires careful attention to class relationships, the position of state administrators, and the type of political and economic integration that evolved from the interplay of these social groups.

Tilly has characterized the unified territorial state that appeared in western Europe after 1500—though not in eastern Europe, as I shall show shortly—as one which “1) controlled a well-defined, continuous territory; 2) . . . was relatively centralized; 3) . . . was differentiated from other organizations; 4) . . . reinforced its claims through a tendency to acquire a monopoly over the concentrated means of physical coercion within its territory.”<sup>53</sup> The means to these ends were: a permanent bureaucracy; standing armies, national taxation systems; codified law (especially Roman Law, which suited the centralizing and market proclivities of the territorial state); embryonic unified markets.<sup>54</sup> Monarchy and nascent capitalist classes were thrown together in this process. The crown needed money for supporting its enlarged armed forces and bureaucracy. Those funds came in large part from the commercial classes which, in their turn, could be tied to the monarchy by way of ennoblement. And in carrying out its more grandiose plans, royalty also needed political support from some large segment of the traditional landed ruling classes to enhance its own legitimacy. But these tendencies towards unification were not, as we shall see, always conducive to the development of capitalism; sometimes the latter was stifled in the political embrace of integration inimical to it.<sup>55</sup>

The emergence of the modern state was coeval with the transition from feudalism to capitalism and, consequently, with the beginnings of the Europeanization of the world.<sup>56</sup> That transition, however, took place at widely different times in different areas of the European continent. Viewed as a whole, the process stretched from the Renaissance to the twentieth century. The development of the state reflected such geographical and temporal disparities.

The politically fragmented and economically stagnant worlds of feudal society were transformed in the fifteenth and sixteenth centuries by policies of internal unification and external expansion pursued by Renaissance and

<sup>52</sup> R. H. Hilton, “Capitalism—What’s in a Name?” *Past and Present* 1 (1952): 32–43; Dobb, *Studies in the Development of Capitalism*, ch. 4.

<sup>53</sup> Charles Tilly, “Reflections on the History of European State Making,” in *The Formation of National States in Western Europe*, p. 27.

<sup>54</sup> Perry Anderson, *Lineages of the Absolutist State* (London: New Left Books, 1974), ch. 1, and Roland Mousnier, *Les XVI<sup>e</sup> et XVII<sup>e</sup> Siècles*, 3rd ed. (Paris: Presses Universitaire de France, 1961), p. 112.

<sup>55</sup> See Immanuel Wallerstein, “Three Paths of National Development in Sixteenth Century Europe,” *Studies in Comparative International Development* VII (Summer 1972): 95–101.

<sup>56</sup> On European expansion, see Fernand Braudel, “European Expansion and Capitalism: 1450–1650,” in *Chapters in Western Civilization*, 3rd ed. (New York: Columbia University Press, 1963), pp. 245–288.

absolutist states.<sup>57</sup> Individual governments were able to participate in the expansion that became a “concern of all Europe” only if they could consolidate their home base.<sup>58</sup> In this respect, given the organizational capacities of the epoch, the smaller states initially had an advantage. (Mattingly has observed that the first unified states were founded on the northern Italian cities and played an active role in international relations. By contrast, the larger feudal monarchies were unable to make a decisive impact on international affairs until they regulated effectively their internal space.)<sup>59</sup>

The ideology of political integration, stressing the importance of the expansion of central authority at the expense of the aristocracy and the Roman Catholic Church, found its theoretical justification in the theory of mercantilism and its political analogue, absolutism. Mercantilism made explicit the connection between centralizing power and economic plenty. It emphasized the necessity of breaking down local barriers to trade, the achievement of political unification—processes that might well be described in terms of “internal colonialism”—and the use of colonies as the suppliers of raw materials and the consumers of finished goods produced in the core areas.<sup>60</sup> The whole scheme was cast domestically in the context of government regulation of industry and trade, and internationally in the garb of protectionism and imperialism.<sup>61</sup> And though internal unity and expansion abroad were intimately connected to the primitive accumulation of capital, mercantilism was not always favorable to the early development of the capitalist mode of production.<sup>62</sup> Whether it enhanced or injured that development depended on the outcome of prolonged class struggles, between peasant and landlord, aristocracy and emergent bourgeoisie, capitalist, and artisan.<sup>63</sup>

There were several distinct patterns of unification among the Renaissance and absolutist states, determined by the relative strength of socio-economic classes within the state and by the particular country’s relationship to the international system. In some countries absolutist politics decisively blocked the emergence of capitalism. In others, in the face of the great ambivalence of

<sup>57</sup> See H. R. Trevor-Roper, “The General Crisis of the 17th Century,” in *Crisis in Europe 1560–1660*, Trevor Aston, ed. (Garden City, N.Y.: Anchor Books, 1967), pp. 63–102; Henry J. Cohn, “Introduction,” to *Government in Reformation Europe, 1520–1560*, Henry J. Cohn, ed. (London: Macmillan, 1971), pp. 9–39.

<sup>58</sup> E. E. Rich, “Expansion as a Concern of all Europe,” in *The New Cambridge Modern History, vol. I, The Renaissance, 1493–1520* (Cambridge, England: Cambridge University Press, 1957), pp. 445–469, and J. R. Hale, “International Relations in the West: Diplomacy and War,” in *ibid.*, p. 262.

<sup>59</sup> Garrett Mattingly, *Renaissance Diplomacy* (Boston: Houghton Mifflin, 1971), ch. 5. Also see Richard Bean, “War and the Birth of the Nation State,” *Journal of Economic History* XXXIII (March 1973): 203–221.

<sup>60</sup> Mousnier, *Les XVI<sup>e</sup> et XVII<sup>e</sup> Siècles*, p. 118, and Hechter, *Internal Colonialism*.

<sup>61</sup> See E. N. Gladden, *A History of Public Administration*, vol. II (London: Frank Cass, 1972), pp. 141–142.

<sup>62</sup> On primitive accumulation, see Marx, *Capital*, vol. I, ch. XXXI, and Ernest Mandel, *Marxist Economic Theory*, vol. I, trans. Brian Pearce (New York: Monthly Review Press, 1970), ch. 4 and *ibid.*, vol. II, p. 433.

<sup>63</sup> Brenner, “The Origins of Capitalist Development,” p. 27.

the traditional authorities towards it, proto-capitalism nonetheless maintained its tenuous hold. And in one justly famous case, that of England, centralizing power proved to be sufficiently sympathetic to the new economic forces that political unity and the victory of capitalism went hand-in-hand.

In Europe east of the Elbe, the politically and economically dominant landed aristocracy sought during the sixteenth and seventeenth centuries to wring greater production from their fundamentally agrarian economies. Whether stimulated to do so by the greater demand for grain in the west or by the need to repel the invasions of western European states (Sweden in particular), the end result was the same: the imposition of the second serfdom.<sup>64</sup> Feudalism remained thoroughly entrenched. The absence of real bourgeois threats to the dominance of the landed aristocracy initially made possible absolutist unification. And as the agrarian elite squeezed increased economic surplus from the peasant classes, it reinforced its own supremacy. Having to make no concessions to a wealthy bourgeoisie in order to support its spending on luxuries and war, and having kept the peasants in the thrall of serfdom, such regimes obstructed the growth of social relations from which capitalism could emerge, and condemned eastern Europe in the long-run to economic backwardness.<sup>65</sup>

In contrast to the experience of the east, the countries of western Europe offered much greater potential for the simultaneous development of capitalism and absolutist unification. Despite this promise, in some cases, such as Spain, the heavy hand of absolutism blighted rather strong proto-capitalist tendencies. The dynastic unification of the crowns of Castile and Aragon in 1479 “was a development desired, demanded even, by the urban bourgeoisie, weary of civil war and anxious for domestic stability, for the peaceful renewal of trade and for security. . . . The cities . . . ensured the triumph of Ferdinand and Isabella.”<sup>66</sup> The unified Spain, which by the end of the fifteenth century resulted from this marriage, embarked upon a period of expansion and aggrandizement seldom equalled in European history. Yet for all the wealth the Spanish garnered from the New World and the great accretion of political power they achieved in the sixteenth century, by the middle of the seventeenth century, the country was in decay, a victim of stifled bourgeois initiative, unproductive investment, backward education, and the crippling fiscal burden of war.<sup>67</sup> “The vitality of the country was,” as Trevor-Roper well puts it, “crushed beneath the dead weight of an unreformed *ancien régime*.”<sup>68</sup>

In France, though state regulation stunted the forces of economic growth,

<sup>64</sup> Cf. Robert Brenner, “Agrarian Class Structure and Economic Development in Pre-Industrial Europe,” *Past and Present* 70 (February 1976): 47 et seq., and Anderson, *Lineages of the Absolutist State*, p. 195 et seq.

<sup>65</sup> Brenner, “Agrarian Class Structure . . .,” p. 60. Alexander Gerschenkron, *Economic Backwardness in Historical Perspective* (Cambridge, Mass.: Belknap Press, 1966), pp. 119–142, gives a good account of the social obstacles to growth in Russia in the nineteenth century, a heritage traceable back to a much earlier period.

<sup>66</sup> Braudel, *Mediterranean and the Mediterranean World . . .*, vol. II, p. 670.

<sup>67</sup> J. H. Elliott, “The Decline of Spain,” in *Crisis in Europe*, Aston, ed., p. 195 et seq.

<sup>68</sup> Trevor-Roper, “General Crisis of the 17th Century,” p. 93.

they were not stifled as they were in Spain. The mercantilism of Colbert in the seventeenth century extended governmental control over the country's economy, sometimes suffocating rather than breathing life into it.<sup>69</sup> In addition, he was unsuccessful in eliminating internal tariffs. Without the destruction of these barriers the economic stimulus of a unified market was lost; it was a loss to remain unrepaired until the creation of domestic free trade by the revolutionary regime of 1789–90. But the political omissions and commissions of French officials by no means halted the forward movement of the economy. For French absolutism was reformed rather than reactionary and its administration depended heavily on the ennobled bourgeoisie who, rather than adopting the hostility to bourgeois values characteristic of the hereditary aristocracy, retained their bourgeois mentality.<sup>70</sup>

In England the coeval achievement of political and economic unity was thoroughly interlaced with the triumph of capitalism. On the face of it, internal unification and overseas expansion seemed to complement each other on the same pattern as that of Spain. Yet there was a critical difference from the Spanish and the French, to say nothing of the eastern European, experiences.<sup>71</sup> Rowse gets to the nub of it when he writes:

The English state gathered its resources together under the Tudors and achieved an effective relation with society, particularly the leading middle elements in it—country gentry and town middle class—that enabled it to go forward with the work of expansion and internal integration. . . . The unification of the islands [British Isles] gave the basis for the great lunge forward across the Atlantic, the exodus of stocks [of population] to North America, the open door for which the Elizabethans had fought.<sup>72</sup>

English unity (I would go so far as to say British unity) was founded on a coalition composed of merchants, on the one hand, and that uniquely British social class, the gentry, on the other. The gentry were an agrarian elite imbued with the rudiments of capitalist mentality and with strong merchant connections—both in domestic and overseas trade—who were the dominant force in English, then, more widely, British politics from the mid-sixteenth to the early eighteenth century.<sup>73</sup> While the monarch could not rule effectively with-

<sup>69</sup> Roland Mousnier, "L'Evolution des finances publiques en France et en Angleterre pendant Les Guerres de la Ligue d'Augsbourg et de la Succession d'Espagne," *Revue Historique* CCV (January–March 1951): 16–17; Fritz Machlup, *A History of Thought on Economic Integration* (New York: Columbia University Press, 1977), p. 106.

<sup>70</sup> Trevor-Roper, "General Crisis of the 17th Century," pp. 94–96; John A. Armstrong, *The European Administrative Elite* (Princeton, N.J.: Princeton University Press, 1973), pp. 83–84.

<sup>71</sup> Anderson, *Lineages of the Absolutist State*, p. 127.

<sup>72</sup> A. L. Rowse, "Tudor Expansion: The Transition from Medieval to Modern History," *William and Mary Quarterly*, 3rd series, XIV (July 1957): 313. See also D. C. M. Platt, "The National Economy and British Imperialism Expansion Before 1914," *Journal of Imperial and Commonwealth History* II (October 1973): 3–14, esp. 13.

<sup>73</sup> Theodore K. Rabb, *Enterprise and Empire: Merchant and Gentry Investment in the Expansion of England, 1575–1630* (Cambridge, Mass.: Harvard University Press, 1967), pp. 68–69; Lawrence Stone, "Social Mobility in England, 1500–1700," *Past and Present* 33 (1966): 17–55; J. H. Gleason, *Justices of the Peace in England, 1558–1640* (Oxford: Clarendon Press, 1969).

out the financial help of the city-dwelling merchants, the gentry played the decisive role in political integration, for they were willing to support the crown only to the extent that it helped them consolidate their preeminent position in the hinterland. True first for the English gentry, in the course of the sixteenth and seventeenth centuries, it became equally so for their Scottish and Welsh counterparts who, assiduously divorcing themselves from their fellow Celts, were drawn into the English political-economic ambit.<sup>74</sup> Together the gentry and merchants of the three countries decisively repulsed the crown's efforts in the 1640s to establish absolutist unity on the continental European model.<sup>75</sup> The process of integration between England, Scotland, and Wales was thoroughly favorable to the development of capitalism precisely because the asphyxic qualities of the would-be absolutist monarchy were beaten back in the seventeenth century.<sup>76</sup>

This unity, so conducive to the growth of new economic forces, had been forged from a gentry-merchant alliance dating back to Tudor times. The progressive unification of England, Scotland, and Wales provided the framework for the primitive accumulation of capital, the fruits of which reinforced this same alliance. The political and material resources of unified England, hewed from the suppression of centrifugal feudal rivalries, made possible the colonial plunder and exploitation which constituted the overseas sources of primitive accumulation. So too the winning of the domestic sources relied upon reasonably strong central government, eventually extended to Scotland, and the spread of economic integration qua domestic free trade, national credit system, and increased mobility of the factors of production. Thus were made possible the expropriation of the peasantry through the enclosure movement (closely associated with the growth of gentry, market-oriented farming), and the replacement of the artisanate by the putting-out system and, eventually, by factory production under the control of an emerging bourgeoisie.<sup>77</sup>

By the beginning of the eighteenth century the three countries were ruled by a central authority in London, sympathetic to capitalist development. Together these nations comprised an economically integrated territory that was the largest free trade area in Europe.<sup>78</sup> The state here facilitated, at the very least, and enforced, at best, the passage of economic surplus and accumulated capital into the hands of those willing and able to employ it

<sup>74</sup> Hechter, *Internal Colonialism*, p. 109 et seq.

<sup>75</sup> David Mathew, *The Social Structure in Caroline England* (Oxford: Clarendon Press, 1950), p. 28.

<sup>76</sup> Ireland was the exception in this process. Colonized by brute force, "At no time was Ireland ever treated as if it were part of Britain." Richard Rose, *Governing Without Consensus* (Boston: Beacon Press, 1972), p. 53.

<sup>77</sup> See Christopher Hill, *Reformation to Industrial Revolution* (Harmondsworth, England: Penguin, 1969), pp. 25-43.

<sup>78</sup> T. C. Smout, "The Road to Union," in *Britain After the Glorious Revolution, 1689-1714*, Geoffrey Holmes, ed. (London: Macmillan, 1969), p. 176.

productively.<sup>79</sup> More effective government reduced transactions' costs and eased the task of urban and rural entrepreneurs by cheapening security and information, creating more efficient legal enforcement of contracts, and inducing greater labor mobility.<sup>80</sup>

The changing class conditions necessary to create a genuine capitalist breakthrough occurred between the middle of the sixteenth and the start of eighteenth century in Britain alone. This meant that only there was unification a resolutely pro-capitalist process. And in due course it propelled the country into a dominant position in the nineteenth century. Other countries may have unified, but they did so without benefit of this new class structure. Without it they were condemned to relative backwardness.<sup>81</sup> Some, such as France, eventually created the conditions for the coexistence of political unity and capitalism. Others, such as Spain and eastern Europe, remained mired in their pre-capitalist history. Yet others, like Germany, made a belated but decisive break with the past, both unifying and accelerating quickly into a phase of capitalist industrialization.

### *Integration in conditions of delayed industrialization*

The relationship between integration and capitalism in conditions of delayed industrialization in the nineteenth century presents a rather different picture.<sup>82</sup> By this era, maturing capitalist economies with extensive empires (particularly the British Empire) already existed. This situation put pressure on the governments of the backward economies to take activist roles in the promotion of industrialization and thence to acquire or reacquire political power in the international system.<sup>83</sup> And power that could not be had without the development of industrialization rested partially, but to an important extent, on territorial unification. This was particularly the case in fragmented regions such as Italy and Germany. In such circumstances unification was crucial to the reduction of transaction costs, and hence to the opening up of profitable horizons for the entrepreneur. Traditional ruling classes took a calculated gamble in some, although not all, such backward economies. They calculated that under their tutelage the evolution of capitalism and a unification suited to it would serve to prolong and/or consolidate their political power and social position. The state occupied a significant, even

<sup>79</sup> See Frederick C. Lane, "The Role of Governments in Economic Growth in Early Modern Times," *Journal of Economic History* XXXV (March 1975): 12-13.

<sup>80</sup> See Douglass C. North and Robert Paul Thomas, "An Economic Theory of the Growth of the Western World," *Economic History Review*, 2nd series, XXIII (April 1970): 1-17; Assar Lindbeck, "The Changing Role of the National State," *Kyklos* 28, fasc. 1: 23-24.

<sup>81</sup> Brenner, "Agrarian Class Structure . . .," pp. 63-68, and idem, "Origins of Capitalist Development . . .," pp. 66-67.

<sup>82</sup> For notions of delayed industrialization, see Gerschenkron, *Economic Backwardness in Historical Perspective*, pp. 5-30.

<sup>83</sup> David Landes, *The Unbound Prometheus* (Cambridge, England: Cambridge University Press, 1969), p. 139; Miliband, *Marxism and Politics*, p. 99.

crucial, place in this transitional period, welding old (political) and new (economic) forces into a particular amalgam that constituted revolution from above.

In conditions of economic backwardness, the roles of legitimation and ideology were also readily distinguishable from those under early capitalism. The uneven development of world capitalism was crucial in providing the impetus for national integration in these “backward” cases.<sup>84</sup> “Reactive nationalism,” a reaction “against intrusion from advanced nations,”<sup>85</sup> characterized politics in conditions of delayed industrialization. Traditional elites in this epoch attempted to solve a problem not of their own choosing by looking backward to find a basis for political unity upon which an industrial society could be built. But legitimation was now complicated by the fact that the politically relevant population was much bigger than it had been in early capitalism. By the second decade of the twentieth century the masses were beginning to be mobilized and were becoming, in Almond’s and Verba’s terms, subject-participants vis-à-vis the political system.<sup>86</sup> Although a socialist doctrine was starting to emerge, it was yet in its infancy. Nationalism remained the elemental ideological force in politics and provided the doctrinal basis of unification, joining the rulers and the ruled in a spurious bond of harmony and mutuality of interest. Providing a rationale for the burdens and promises of unification, it became the keystone of the legitimation construct. Nationalism provided a temporary means for substituting “we” for “them” and “us” in the political equation. Needless to say, mercantilist ideas fitted very well with nationalism, although they remained the preserve of the administrative and economic elite. All of the foregoing, albeit in different degrees, characterized the most well-known cases of delayed industrialization in the nineteenth century: Germany, Russia, and Japan. Japan was in a sense the extreme example. Drawn from its traditional ruling classes, its modernizers in the Meiji period systematically destroyed a moribund feudal unity and replaced it with a new unity suited to capitalist growth, while at the same time maintaining an entirely protective stance towards the outside world and preserving the main features of the traditional social structure.<sup>87</sup>

The German case of unification is also instructive. Economic and political integration, especially the operation of the Zollverein, were critical factors in fostering rapid economic development after 1848.<sup>88</sup> The effect on member

<sup>84</sup> See Tom Nairn, “The Modern Janus,” *New Left Review* 94 (November–December 1975): 3–29, and Frederick Stirton Weaver, “Relative Backwardness and Cumulative Change: A Comparative Approach to European Industrialization,” *Studies in Comparative International Development* 9 (Summer 1974): 70–97.

<sup>85</sup> W. W. Rostow, *The Stages of Economic Growth* (Cambridge, England: Cambridge University Press, 1960), p. 26.

<sup>86</sup> Gabriel Almond and Sidney Verba, *The Civic Culture* (Princeton, N.J.: Princeton University Press, 1963), p. 25.

<sup>87</sup> Bendix, *Nation-Building and Citizenship*, pp. 239–240.

<sup>88</sup> See Gertrud Hermes, “Statistische Studien zur wirtschaftlichen und gesellschaftlichen Struktur des zollvereinten Deutschlands,” *Archiv für Sozialwissenschaft und Sozialpolitik* LXIII

states was paradoxical. On the one hand, they could not afford to pass up the benefits that the growth of industrial capitalism would bring: increased wealth and power; enlarged government revenue that made the legitimation of existing institutions that much easier. On the other hand, the growth of industrialism was inherently a destabilizing social force. To the ruling elites, the benefits outweighed the costs as long as a depression did not aggravate such social dislocations.<sup>89</sup> But unification, and with it industrial capitalism, brought bust as well as boom. The smaller Zollverein states may have proved capable of coping with political and social instabilities intrinsic to the fast economic growth Germany experienced in the 1850s and 1860s, but confronting the depression of the 1870s was another matter. These states lacked the sheer size and strength to formulate appropriate policy responses to an event whose ramifications were as widespread as the newly integrated national economy would suggest. The legitimation of existing social arrangements now relied on the Reich's countermeasures to these economic reverses.

In the 1870s and 1880s economic issues, though remaining connected with unification and constitutional questions, displaced them as the burning concerns of the day. Bismarck himself—the architect of unity—recognized that the chief threats to the existing order were the socially divisive effects of the depression. He accepted, therefore, the need for ensuring the necessary conditions for that order: primarily, continued prosperity. (In this respect Bismarck's aspirations were cast in a form that bears marked similarity to that of the modern protagonists of the end of ideology. The optimal conditions for political stability existed, he thought, when permanent economic expansion reduced to minimal proportions political conflicts over fundamental cleavages in society.)<sup>90</sup> On the one hand, this entailed the construction of a rudimentary

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(1930): 126–129. Comparative figures may be found in P. Bairoch, “Niveaux de développement économique de 1810 à 1910,” *Annales* 20 (November–December 1965): 1091–1117.

<sup>89</sup> On the relationship between unification and industrialization, see Theodore S. Hamerow, *The Social Foundations of German Unification, 1858–1871: Ideas and Institutions* (Princeton, N.J.: Princeton University Press, 1969); idem, *The Social Foundations of German Unification, 1858–1871: Struggles and Accomplishments* (Princeton, N.J.: Princeton University Press, 1972); Helmut Böhme, ed., *The Foundation of the German Empire: Select Documents*, trans. Agatha Ramm (London: Oxford University Press, 1971).

<sup>90</sup> Wehler, “Bismarck's Imperialism, 1862–1890” *Past and Present* 48(1971): 149. The direct link (via economic expansion and the postponement of the distributional question) between neo-functionalism and its classical liberal forebearers is well illustrated by Carr's observations on the 19th century “harmony of interests”: “The survival of the belief in the harmony of interests was rendered possible by the unparalleled expansion of production, population, and prosperity, which marked the hundred years following the publication of *The Wealth of Nations* and the invention of the steam engine. Expanding prosperity contributed to the popularity of the doctrine in three different ways. It attenuated competition for markets among producers, since fresh markets were constantly becoming available; it postponed the class issue, with it, insistence on the primary importance of equitable distribution, by extending to members of the less prosperous classes some share in the general prosperity; and by creating a sense of confidence in present and future well-being, it encouraged men to believe that the world was ordered on so rational a plan as the natural harmony of interests.” E. H. Carr, *The Twenty Years Crisis, 1919–1939* (New York: Harper Torchbooks, 1964), pp. 44–45.



welfare state to achieve the interconnected objectives of reducing class antagonism and subverting the appeals of socialism. On the other, it implied the expansion of markets, preferably via informal imperialism, but by formal colonial ties if the need arose.<sup>91</sup> Together these policies were a task for nothing smaller than the unified German state.

### *Integration in mature capitalist society*

Just as previous forms of integration in Europe mirrored the characteristic problems of earlier epochs, so has twentieth century integration reflected certain facets of capitalism peculiar to the contemporary period. Two aspects that are particularly relevant to integration compel attention here. First, the bourgeoisie has only fairly recently begun really to understand economic fluctuations, and has thus acquired the means of contriving to escape the domination of the business cycle. In particular, the Keynesian revolution provided a basis for controlling the more extreme vagaries of capitalism, so that the bourgeoisie ceased to see themselves as entirely at the mercy of unalterable laws. This did not necessarily mean that they could prevent crises, but rather that they were better able than their predecessors to control the economic system and, as a result, to perpetuate their predominant role within the whole socio-economic formation.<sup>92</sup>

Second, capitalism since the end of the Second World War has been characterized by both increased monopolization and a growing interpenetration of state and economy. Government investment has fuelled economic expansion. Paradoxically such expansion in turn has progressively weakened the authority of the nation-state, since higher rates of economic growth were accompanied by, and causally linked to, growing international economic interdependence.<sup>93</sup>

The imperative of growth forced new developments in the capitalist state, which had to provide the requisite infrastructure for the achievement of profits. Growth was necessary not only for the realization of surplus value, but also for the provision of legitimation: distinct factors in social analysis perhaps, but in real life, indivisible.<sup>94</sup> Yet, as the world capitalist economy became increasingly interdependent, the state's capacity for handling these factors partially passed from its grasp to an international arena over which it had much less authority. (This argument applied, a fortiori, to those countries that had lost or were in the process of losing control over colonial empires.)

<sup>91</sup> See Hans-Ulrich Wehler, "Bismarck's Imperialism, 1862-1890," passim, esp. 130, 146-147; Hans Rosenberg, "Political and Social Consequences of the Great Depression of 1873-1896 in Central Europe," *Economic History Review*, first series, XIII (1943): 58-73, esp. 64-66; Briggs, "The Welfare State. . .," pp. 246-251.

<sup>92</sup> Alasdair MacIntyre, "Prediction and Politics," *International Socialism* (London), 13 (Summer 1963): 18.

<sup>93</sup> Richard N. Cooper, *The Economics of Interdependence* (New York: McGraw-Hill, 1968), esp. parts I & II.

<sup>94</sup> Bridges, "Nicos Poulantzas," p. 173.

The type of strategy used to assert or reassert greater control over realization and legitimation depended on the status of the particular country in the international economy. Free trade policies were apt only as long as one's own country was the dominant economy and made the rules for international economic intercourse.<sup>95</sup> For subordinate capitalist countries, suprenationalism—a mercantilist policy writ large—was appropriate.<sup>96</sup>

After the Second World War, several occurrences were crucial in setting the tone for European politics: first, was the war itself, both in terms of destructiveness and of its implications for successful government intervention in the economy; second, were the closely connected events of prewar depression and the breakdown of constitutional politics that had resulted from it, the recrudescence of which statesmen now sought to avoid; third, the perceived threat to European security posed by the Soviet Union; and fourth, the growth of colonial independence movements.

In brief, Western politicians saw themselves faced with the interconnected tasks of creating security (to avoid another intra-European war and to prevent dominance by the USSR) and prosperity.<sup>97</sup> The former was dealt with largely through the establishment of NATO. Security, however, was less important for European integration than prosperity. The pursuit of affluence was the main link between, on the one side, the formation and subsequent progress of the European Communities, and, on the other, the continuing legitimation of capitalist social relations.

Despite their ambivalence to some aspects of it, European politicians and civil servants shared an ideology that was based on belief in the efficacy of possessive individualism, peaceful political change via constitutionalism, and government intervention to achieve social welfare and economic growth. Socioeconomic change that could not be accommodated within such limits effectively was ruled out of the mainstream of political discourse.<sup>98</sup> The postwar years were heralded as the era of the “end of ideology,” an epoch in which the major political parties seemed to agree upon the methods of dealing with fundamental issues that had proved so divisive in the 1920s and 1930s. Elites and masses of the right and left moved towards a position that Lipset has termed “conservative socialism”—i.e., “a commitment to the politics of pragmatism, to the rules of the game of collective bargaining, to gradual change whether in the direction favored by the left or the right, to opposition both to an all-powerful central state and to laissez-faire. . . .”<sup>99</sup> Everyone, it

<sup>95</sup> Barratt Brown, *Economics of Imperialism*, p. 167.

<sup>96</sup> Harry G. Johnson, “Mercantilism: Past, Present and Future,” *Journal of World Trade Law* 8 (February 1974): 12–13.

<sup>97</sup> Daniel Lerner and Morten Gordon, *Euratlantica* (Cambridge, Mass.: M.I.T. Press, 1969), pp. 53–54.

<sup>98</sup> Otto Kirchheimer, “The Waning of Opposition in Parliamentary Regimes,” in *European Politics*, Mattei Dogan and Richard Rose, eds. (Boston: Little, Brown, 1971), pp. 280–296.

<sup>99</sup> Seymour Martin Lipset, *Revolution and Counterrevolution* (Garden City, N.Y.: Anchor Books, 1970), p. 303. Also see Ralph K. White, “The Semantics of ‘Socialism’ and ‘Capitalism,’” in *Western European Perspectives on International Affairs*, Richard L. Merritt and Donald J. Puchala, eds. (New York: Praeger, 1968), pp. 44–47.

was said, agreed on the main objectives of society; the basic, technical question was how to get there.<sup>100</sup> And that was something that economists, politicians, and civil servants could now decide, away from the heady, fissiparous struggles where ideologies (i.e., differences over the basic objectives of politics) intruded.

The fundament of the “end of ideology” was the permanence of high rates of economic growth, since growing affluence appeared to eradicate discussion of the key element (pace Lipset) of “ideology,” viz., the appropriate class shares of social resources. Thus, in Europe the issue of who got what in society was removed temporarily from the realm of visible struggle—in effect, depoliticized—though it is clear that the act of such removal was profoundly political in that it served to freeze existing shares of wealth and income.<sup>101</sup> As Ernst Haas has rightly perceived, political decision-makers’ pursuit of increased economic welfare (conceived as essentially a technical, non-political problem) gave great impetus to regional organization.<sup>102</sup> The “end of ideology” laid the ground for the first surge of European integration and was, in turn, reinforced by the greater economic growth that integration brought.

European integration played an integral part in European leaders’ aspirations to create what Warren has termed the ideal neo-capitalist political economy. Its main features are: the harmonization of private and public investment spending; controls, including wage controls where necessary, over private consumption; full employment, but, when needed, government policy to reduce disturbances from balance of payments crises and/or unemployment; international coordination of trade and monetary policies; cooptation of the working class into the process of economic planning.<sup>103</sup>

Given the goal of maintaining extant socio-economic systems, political leaders were compelled to make policies within the structural parameters of mature capitalist political economy. This entailed meeting problems on national, regional, and international levels. The matter is shown schematically in Figure 1.

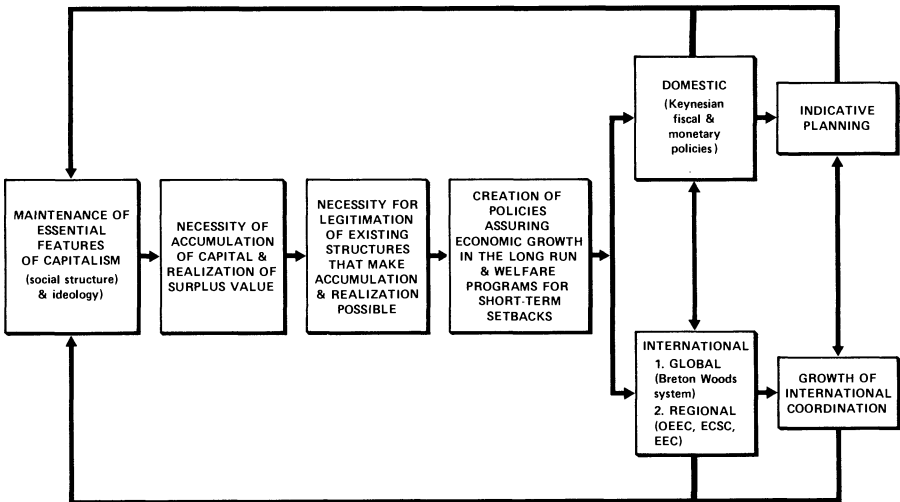
European integration was a regional component in the postwar reconstruction of world capitalism. With the establishment of the IBRD and the IMF, the Bretton Woods agreement constituted the broad international framework for western economic revival. But this structure alone was insufficient to ensure the prosperity of Europe, a factor as important to the U.S.

<sup>100</sup> Lerner and Gordon, *Euratlantica*, p. 204.

<sup>101</sup> Americal policy-makers took a very similar position. See Charles S. Maier, “The Politics of Productivity: Foundations of American International Economic Policy After World War II,” *International Organization* 31 (Autumn 1977): 607–633.

<sup>102</sup> Ernst B. Haas, “International Integration: The European and the Universal Process,” in *International Political Communities*, Hedley Bull, et al. (Garden City, N.Y.: Anchor Books, 1966), pp. 105–106; idem, “Technocracy, Pluralism and the New Europe,” in *International Regionalism*, Joseph Nye, ed. (Boston: Little, Brown, 1968), pp. 128–159.

<sup>103</sup> Bill Warren, “Capitalist Planning and the State,” *New Left Review* 72 (March–April 1972): 7–8.

**Figure 1: The structural parameters of mature capitalist political economies**

as to European elites themselves. Global economic interdependence made the demise of Europe, or its relapse into national mercantilist policies, unthinkable to American policy makers.<sup>104</sup> Hence the construction of the Marshall Plan, the OEEC, and the great American emphasis on the need for European integration.<sup>105</sup>

For European decision makers unification held out several important possibilities. The first, and most important, was its putative capacity to ensure high rates of export-led economic growth.<sup>106</sup> As Jean Monnet later recalled: “Our economies were able to expand only in the framework of a vast common market, favoring exports and stimulating our productivity.”<sup>107</sup> The ECSC and EEC treaties echoed this viewpoint.<sup>108</sup> Such was the emphasis that one writer

<sup>104</sup> President’s Committee on Foreign Aid, *European Recovery and American Aid* (Washington, D.C.: U.S. Government Printing Office, 1947), pp. 17–22, esp. p. 18; Norman S. Buchanan and Friedrich A. Lutz, *Rebuilding the World’s Economy: America’s Role in Foreign Trade and Investment* (New York: Twentieth Century Fund, 1947), ch. 12; Fred Block, *The Origins of International Economic Disorder* (Berkeley and Los Angeles: University of California Press, 1977), introduction and part I.

<sup>105</sup> See Ernst H. Van der Beugel, *From Marshall Aid to Atlantic Partnership* (Amsterdam: Elsevier, 1966), pp. 113, 175–176, 179–186.

<sup>106</sup> See the studies on the foreign economic policies of West Germany, France, Britain, and Italy by, respectively, Kriele, Zysman, Blank, and Posner in “Between Power and Plenty: Foreign Economic Policies of Advanced Industrial States,” Peter J. Katzenstein, ed. *International Organization*, special issue, 31 (Autumn 1977).

<sup>107</sup> Jean Monnet, “L’Acte de naissance,” *30 Jours de Europe*, May 1975, p. 8 (my translation).

<sup>108</sup> See ECSC High Authority, *Report on the Situation of the Community* (Luxembourg: ECSC, 1953), pp. 58–59, 93–102; Article 2 of the Rome Treaty, *European Yearbook*, vol. IV (The Hague: Martinus Nijhoff, 1958), p. 415.

has recently said: "The basic economic argument for the Common Market rested on two assumptions: economic growth is all important; the way to achieve it is by taking advantage of economies of scale on the American pattern: that is, by larger scale industry."<sup>109</sup> Self-consciously many policy makers may have thought that these factors were simply economic, though, as I have been at pains to point out, they were at the same time profoundly political. In European integration, politicians were not trying to create a radically new world; rather, they were trying via new growth-inducing machinery to preserve existing socioeconomic structures.<sup>110</sup>

The second possibility was that European nations together might be able to do what they could not do apart: to forge a counterweight to American hegemony. (The major exception was Britain, whose leaders believed for many years against all the odds that the country would be able to provide by its own efforts the plenty upon which power was based. Having discovered that this was not feasible, Britain ended up by joining the EC.)<sup>111</sup>

The third possibility was that European integration would be a means to perpetuate basically traditional relations with ex-colonies under a new guise. This certainly appeared to be the case with the Yaoundé Conventions (1963, 1969). These prompted Galtung's observation that: "European countries now do collectively what they used to singly and in competition regulated by the division of the world into empires or 'spheres of influence.'" <sup>112</sup> With the EC's Generalized Scheme of Preferences (GSP) and signing of the Lomé Convention (1975), the EC and underdeveloped countries may appear to be on a new footing—a threshold that gives the latter renewed hope for their economic growth. Certainly the poor countries were able to extract concessions from the rich on the path to Lomé.<sup>113</sup> But, based primarily on preferential trade agreements and a counter-cyclical export financing fund, such arrangements will do little, if anything, to erode the dependency status of the periphery or the elite social structure that simultaneously feeds on ties with the metropole and blocks the social restructuring necessary for real economic development.<sup>114</sup> Worse than this, even on their own terms these policies may well fail.

<sup>109</sup> F. Blackaby, "Comments," on L. Morissens, "The Economic Policy of the EEC," in *Economic Policies Compared*, vol. 2, E. S. Kirschen, ed. (Amsterdam: North-Holland, 1975), p. 345. Also see Jacques R. Houssiaux, "American Influence on Industrial Policy in Western Europe Since World War II," in *North American and Western European Economic Policies*, Charles P. Kindleberger and Andrew Shonfield, eds. (London: Macmillan, 1971), pp. 352–353.

<sup>110</sup> Ernst B. Haas, *The Uniting of Europe*, 2nd ed. (Stanford, Calif.: Stanford University Press, 1968), p. xviii.

<sup>111</sup> Nairn, *The Break-Up of Britain*, p. 53.

<sup>112</sup> Johan Galtung, *The European Community: A Superpower in the Making* (London: Allen and Unwin, 1973), p. 73. Also see Carol Cosgrove-Twitchett, "From Association to Partnership," in *Europe and the World*, Kenneth Twitchett, ed. (London: Europa, 1976), p. 125.

<sup>113</sup> Isebill V. Gruhn, "The Lomé Convention: Inching Towards Interdependence," *International Organization* 30 (Spring 1976): 248–254; Nairn, *Break-Up of Britain*, p. 324 (his emphasis).

<sup>114</sup> See Samir Amin, "Self-Reliance and the New International Economic Order," *Monthly Review* 29 (July–August 1977): 1–21.

The very manufactures for which the EC accord the poor preferential treatment, especially textiles, compete with declining European industries, worsening their problems and creating more unemployment. In this situation, European politicians have a strong temptation to turn to protectionism, particularly during recession.<sup>115</sup> They undermine thereby the reasoning behind Lomé and GSP—viz., that the way to industrialization of the Third World is via trade with advanced economies.

The EC presented new opportunities for economic expansion. Decision makers in the member countries believed the Common Market to be a prime cause of the continued high rates of growth after 1958. In this sense, European integration was a nexus between prosperity and domestic political legitimation. But the EC brought other consequences, not necessarily directly intended, which also facilitated the legitimation of existing political institutions.

The establishment of a large common market helped to allay such fears as there were about increasing monopoly at the national level. In the new larger European context national monopolies were forced to compete with other corporations: competition was injected thereby with new life.<sup>116</sup> The other side of the picture, of course, was that the foundation of the EC stimulated yet further growth of national monopolies, aided and abetted by national governments. Corporate mergers were encouraged in order to create firms large enough to compete in this new setting, particularly against American transnational companies which had taken advantage of the EC to invade Europe as never before.<sup>117</sup> The creation of the EC, therefore, provided the means for reconciling the exigencies of the economies of scale with adherence to the ideology of competition.<sup>118</sup>

An important side effect of the creation of larger corporations was to make the work of economic planners easier just when planning was coming to play an increasingly important role in European policy making. Planning was conceived as the technocratic answer to the need for high rates of growth based upon improved competitive positions for one's own firms in the international market.<sup>119</sup> Indicative planning was a perfect example of the "end of ideology" mentality: "The legitimacy of ends to be pursued is not questioned. Ends are

<sup>115</sup> Carol Cosgrove-Twitchett, "Towards a Community Development Policy," in *Europe and the World*, Kenneth Twitchett, ed., p. 160. On the plight of the European textile industry, see *Economist*, 31 December 1977, pp. 87–92.

<sup>116</sup> See D. L. McLachlan and D. Swann, *Competition Policy in the European Community* (London: Oxford University Press, 1967), pp. 73, 227, 447–448.

<sup>117</sup> Bela Balassa, "American Direct Investment in the Common Market," *Banco Nazionale Del Lavoro Quarterly Review* XIX (June 1966): 121–146.

<sup>118</sup> See David Allen, "Policing or Policy-Making? Competition Policy in the European Community," in *Policy-Making in the European Communities*, Helen Wallace, William Wallace, and Carole Webb, eds. (London: Wiley, 1977), p. 94.

<sup>119</sup> Michael Watson, "A Comparative Evaluation of Planning Practice in the Liberal Democratic State," in *Planning Politics and Public Policy*, Jack Hayward and Michael Watson, eds. (Cambridge, England: Cambridge University Press, 1975), pp. 445–455.

given, the purpose of planning being to make decisions more efficient. Planning to reduce uncertainty is the counterpart of the market conceived as *ex post* adjustment."<sup>120</sup> On the employers' side, planning mainly involved monopolistic and oligopolistic industries. Planners did not discourage the yet greater concentration of industry desired by corporate leaders since it made the former's task that much easier. On the employees' side, planning assumed worker cooperation, even if in the end employers and civil servants dominated the outcomes of the process.<sup>121</sup> That cooperation was most easily handled through trade unions, and the bulk of the unionized work force was in the non-competitive sector of the economy. A consequence of this—albeit unequal—partnership was to strengthen the economic position of organized labor in the industries that were the main beneficiaries of the EC. And this tended to reinforce the division between organized and unorganized labor. To the degree that united labor action is necessary to challenge effectively the traditional prerogatives of capital, such a division enhanced social stability, gave greater scope for the state to legitimate its powers, and in the end, ensured the domination of capital.

On the international level, working class solidarity was affected by the difficulties that trade unions had in forming a viable European-wide organization to combat transnational capital. Capital has spread across national boundaries much more easily than have labor organizations. One reason for this is that trade unions cannot become transnational without becoming multinational at the same time; the essence of international unions is that they are run by several different nationalities.<sup>122</sup> By contrast, transnational corporations, precisely the kind of firms whose operations were facilitated by the EC, are managed in the upper echelons overwhelmingly by one nationality. They do not have to deal head-on, as do labor unions, with the whole gamut of ethnic rivalries and suspicions in their own management.

Migrant labor, too, had several, if paradoxical, effects on political legitimacy. On the one hand, it furthered the reproduction of capitalist social relations in several different ways. First, it is doubtful that boom conditions could have been maintained in Europe without migrant labor. Second, migrants tended to act as a safety valve in recession since they were laid off first: unemployment, up to a point, could be exported, thus delaying the day when government would have to deal with the potentially much more explosive problem of the indigenous unemployed. Thus argument holds even though many migrants do not return home during recessions. For the ones that remain

<sup>120</sup> Lucien Nizard, "Planning as the Regulatory Reproduction of the Status Quo," in *Planning, Politics and Public Policy*, Watson and Hayward, eds., p. 435. Also see Watson, "A Comparative Evaluation . . .," pp. 456–457.

<sup>121</sup> Watson, "A Comparative Evaluation . . ."

<sup>122</sup> For the distinctions between international, transnational, and multinational organizations, see Samuel P. Huntington, "Transnational Organizations in World Politics," *World Politics* XXV (April 1973): 333–368.

are either legal, but largely unorganized and with limited political rights, or go illegal and thereby become the most exploitable, pariah labor.<sup>123</sup> Third, migrant labor has reduced inflationary pressures by tending to keep wages below the level they would have been in the absence of that labor.<sup>124</sup> Fourth, the willingness of migrants to work for low wages, mainly in the competitive sector, together with the racism that attended their presence were yet more divisive factors among labor, and the consequent diminution of its capacities for effectively confronting capital.<sup>125</sup> If migrants enhanced the possibilities for growth in the core areas, they also functioned to reduce the urgency of development in the periphery by, among other things, reducing its pool of surplus labor. Moreover, authors of widely differing political persuasion agree that migrant labor in the end contributes little, if at all, to development in the sending countries via remittances, and the reimportation of learned skills and investment funds.<sup>126</sup> Thus, insofar as neo-colonial relationships aid the legitimation process in the metropolis, migrant labor has a dual role. First, it makes feasible rates of economic growth that would not otherwise be possible in the core. Second, it plays a part in maintaining dependency relationships that tend, as I have observed above, to enhance the legitimation of metropolitan regimes. On the other hand, government authority may be undermined by the presence of migrant labor. For example, in the near future, ethnic hostilities may threaten some regime values, while over the long run, migrants may become more actively organized and turn a radical attention on employers and the government. With respect to this last point, it is not surprising that industrialists—the main protagonists of continued immigration—support a system of “rotation”—i.e., the periodic rolling over of the migrant labor force, so that no one worker stays for very long in Europe before being sent home and being replaced by another migrant.<sup>127</sup> In these circumstances, of course, migrants would be constantly disorganized and politically impotent, thus making it possible for business to keep its wage bills down and its average rate of profit up. Access to pools of preindustrial labor is a condition of the continued

<sup>123</sup> See Michael Shanks, *European Social Policy Today and Tomorrow* (Oxford, England: Pergamon Press, 1977), pp. 37–48; Manuel Castells, “Immigrant Workers and Class Struggles in Advanced Capitalism: The Western European Experience,” *Politics and Society* 5 (1975): 52–53; Jonathan Power and Anna Hardman, *Western Europe’s Migrant Workers* (London: Minority Rights Group, 1976), pp. 30–31.

<sup>124</sup> Stuart Holland, “Meso-economics, Multinational Capital and Regional Inequality,” in *Economy and Society in the EEC*, Lee and Oden, eds. pp. 38–39; Castells, “Immigrant Workers . . .,” pp. 55–56. A short discussion of the different views of the impact of immigrants on inflation is in Jonathan Power, “Europe’s Army of Immigrants,” *International Affairs* 51 (July 1975): 375–379.

<sup>125</sup> See Castells, “Immigrant Workers . . .,” passim.

<sup>126</sup> Cf. Shanks, *European Social Policy*, pp. 33–34; Power and Hardman, *Western Europe’s Migrant Workers*, pp. 32–34; Antony Ward, “European Migratory Labor: A Myth of Development,” *Monthly Review* 27 (December 1975): 24–38.

<sup>127</sup> Power and Hardman, *Western Europe’s Migrant Workers*, pp. 16, 29.



growth of European capitalism.<sup>128</sup> Existing associate memberships in the EC, and now the prospect of full membership for some important labor-exporting countries (Spain, Portugal, and Greece), implies the greater regularization of these ties. It is an outlook that appeals to big business as it searches for a more ordered world. It is much less attractive for industries in the competitive sector which rely partially on (often illegal) migrant labor to depress wage costs, a matter of life and death to those businesses.<sup>129</sup>

By and large, national governments were willing to support the Common Market, and thus legitimate its institutions, provided that its policies coincided with what national elites thought best for their own interests. Each individual state and its administrators, acting as defenders of the collective capitalist interest (and therefore acting against the interests of some capitalists), judged the EC according to whether in their view it forwarded this interest or not. If national administrators saw that EC policies undermined rather than enhanced the legitimacy of their regimes, they resorted to all sorts of tactics in order to avoid the EC mandate.<sup>130</sup> Since the legitimation of the EC relies primarily on support from national elites and, secondarily, on non-participatory diffuse support at the national level, such evasion bespeaks a considerable problem for the Eurocrats.<sup>131</sup> The latter wish to implement policy effectively, but not at the cost of creating popular disaffection and undermining the authority of national elites. As Puchala and Busch have observed:

The EC gains strength to the degree that its policy-makers, linked as they are to various outlying political partners in national and transnational domains, can use the regional arena to bring rewards to their partners and obtain the partners' compliance for regional policies. . . . The EC system suffers to the extent that policy participants cannot use it to reward their followers at the national level. Because the EC political system finds its strengths in the vitality and continuity of its influence structures—and not in mass loyalty, allegiance, legitimacy, or at any of the other wellsprings which customarily buttress nation-states—the Communities and the member-states are symbiotic and complementary rather than competitive. . . . To the degree that the EC functions optimally, it does so because it helps

<sup>128</sup> Castells, "Immigrant Workers . . .," p. 44; and Nicos Poulantzas, *The Crisis of the Dictatorships: Portugal, Greece and Spain*, trans. David Fernbach (London: New Left Books, 1976), pp. 69–70.

<sup>129</sup> Castells, "Immigrant Workers . . .," p. 58.

<sup>130</sup> See, e.g., Donald J. Puchala, "Domestic Politics and Regional Harmonization in the European Communities," *World Politics* XXVII (July 1975): 496–520.

<sup>131</sup> Gerda Zellentin, "Supra-National Associations as Conditions for Global Guidance in Europe," in *German Political Studies*, vol. 2, Klaus von Beyme, et al., eds. (London: Sage, 1976), p. 161; David Coombes, "The Problem of Legitimacy and the Role of Parliament," in *Decision Making in the European Community*, Christoph Sasse, et al. (New York: Praeger, 1977), pp. 243–352.

to solve national problems for national elites, thus strengthening the states while it strengthens itself.<sup>132</sup>

The process of legitimation at the national level is one in which elites are able at least to convince the masses of the rightness of those two pillars of legitimation ideology: possessive individualism and nationalism. The EC's contribution to the former is clear. With respect to the latter, EC decision makers must ensure that their policies do not undermine the sense of nationhood that underlies strong government, for "the European experience demonstrates that successful integration demands strong national governments for purposes of carrying . . . [EC] programs into effect"<sup>133</sup>—a paradox, indeed, for the progenitors and supporters of European integration.

Regional disparities in economic growth and wealth—especially when they are exacerbated by recession or depression—can erode the nationalist pillar of legitimation by reviving previously slumbering ethnic sensibilities.<sup>134</sup> Given that strong national governments are vital for the preservation of the EC and, indeed, of European capitalism itself, it follows that elites would attempt to formulate policies at both national and European levels to ameliorate regional inequalities. Reducing regional economic differences is not antithetical to the capitalist ethos. The same cannot be said about class inequalities. Hence, the *Economist's* observation that: "Differences of wealth and income between social classes in Europe are wider than are the regional differences within countries. Yet levelling the classes provokes fierce and sometimes outraged reaction while narrowing the gaps between regions does not." The latter objective "is as uncontroversial as motherhood used to be."<sup>135</sup> The means to it, however, are somewhat more controversial, particularly since they involve the transfer of funds from the richer countries (mainly West Germany) to the poorer (Italy, Ireland, and Great Britain).<sup>136</sup>

If we accept the arguments on the limits to economic growth that I have laid out earlier in this article, the kind of affluence that Europeans witnessed in the 1950s and 1960s may simply be unattainable in the foreseeable future. That

<sup>132</sup> Peter Busch and Donald Puchala, "Interests, Influence and Integration: Political Structure in the European Communities," *Comparative Political Studies* 9 (October 1976): 252. Also see, William Wallace, "Walking Backwards Towards Unity," in *Policy Making in the European Communities*, Helen Wallace, et al., eds., p. 303; and Werner J. Feld and John K. Wildgen, "National Administrative Elites and European Integration: Saboteurs at Work?" *Journal of Common Market Studies* XIII (March 1975): 244–265.

<sup>133</sup> Donald Puchala, "Domestic Politics and Regional Harmonization in the European Communities," p. 512. Also see Seyom Brown, *New Forces in World Politics* (Washington, D.C.: Brookings Institution, 1974), p. 44.

<sup>134</sup> See footnote 41.

<sup>135</sup> "Strangers at the Feast: A Survey of the Development Regions of the EEC," *Economist*, 25 (January 1975): 5.

<sup>136</sup> See Helen Wallace, "The Establishment of the Regional Development Fund: Common Policy or Pork Barrel?" in *Policy Making in the European Communities*, Helen Wallace, et al., eds. pp. 137–163.

possibility raises the specter of pressures for the redistribution of wealth, income, and power among social classes, with all the bitter conflict that that implies. Indeed, there are signs of resurgent class struggle in Europe around these and allied issues, such as the ownership and control of industry and the democratization of the work-place.<sup>137</sup> It is no wonder that an EC Commissioner said recently: "The basic trouble is that there has never been a transfer of wealth [either within or between European countries]. That is what community has to mean." Flora Lewis, who quotes the said official, adds: ". . . [T]hat is the core of the matter, and it has become starkly evident now. All the little agreements and regulations have been useful. But with the fading of the illusion that prosperity would go on forever, providing a bigger pie that wouldn't require any different kind of slicing, the failure to address the question of cooperative redistribution has stood out more and more as the central point."<sup>138</sup> Built to foster growth rather than to settle divisive political issues, the EC can scarcely provide good answers to these questions. Its regional policy is of dubious success, and it is altogether ill-equipped to deal with the job of lessening inequalities between classes. National governments are only marginally better armed to cope with the last-mentioned problem. The stagnation of the EC simply parallels the present inability of the political institutions of capital in general to find plausible answers to their most pressing questions.

In the recessionary times of the 1970s national governments have tended to turn inwards for protection against the economic downturn. In the absence of an effective EC policy on unemployment this has meant that European countries in practice have surrendered control of their economic policies to the only real candidate for international regulator, the United States. So has been

highlighted one of the main weaknesses of Keynesian theory and practice, namely the basic incompatibility of decisions taken unilaterally by national governments in an attempt to regulate a market that was becoming increasingly interdependent. It seemed indeed that the EEC was caught between the Scylla of surrendering real authority to the most powerful single country and the Charybdis of returning to dog-in-the-manger protectionism.<sup>139</sup>

Avoiding these unattractive twins via concerted European action was the urgent message conveyed by François-Xavier Ortoli in his farewell address to the European Parliament.

<sup>137</sup> See *The Resurgence of Class Conflict in Western Europe Since 1968*, Colin Crouch and Alessandro Pizzorno, eds. (London: Macmillan, 1978); Fernando Claudin, *Eurocommunism and Socialism*, trans. John Wakeham (London: New Left Books, 1978), Parts 1 and 3.

<sup>138</sup> Flora Lewis, "The Trouble With Europe," *New York Times Magazine*, 2 April 1978, p. 15.

<sup>139</sup> R. Rifflet, "Employment Policy Prospects in the European Communities," *International Labour Review* 113 (March-April 1976): 145.

I have said it before and I repeat it now, we have a fundamental struggle on our hands to ensure growth and employment by reducing our divergencies and strengthening our solidarity. If there is one message I want to convey to you, one thing I want to repeat again and again, that is it.<sup>140</sup>

### Summary and conclusion

Political integration in the capitalist system is one dimension of the essential role of the state in reproducing the totality of capitalist social relations. One can describe it as a process of state-building, exhibited both at the national and the international level. New political institutions arise which have as their purpose the spread of state functions over progressively larger territorial areas. Political integration, however, is not irreversible. The unification of territorial states, for example, may not be a once-and-for-all business: the process of uneven capitalist development may eventually threaten such political unity.

Social, economic, and political integration evolve at different speeds in capitalist systems. The particular configuration of these three phenomena at a point in time depends at minimum on the specific phase of capitalist development, the technological and administrative state of knowledge, the level of political consciousness of the masses, and the perception and activities of the dominant political and economic classes. If we look at European integration in the modern era, from the sixteenth to the twentieth century, we find the pattern that has been summarized in Table 1. The historical experience covers the epoch of the emergence of capitalism and the modern state up to post Second World War regional integration. I have taken such a long view in order to understand the development of the territorial state in an emerging capitalist society (a state commonly dominated by the landed upper class). Its transformation into a capitalist state (in which the interests of the bourgeoisie are dominant), and thence the transition of its economic and political surroundings and the development of regional integration. The chronological periods are not neatly separable. Experience in different countries varied according to their situation in the overall development of capitalism. Capitalism emerged at different periods in different countries. The particular configuration of territorial unification at any given time had much to do with that timing.

Everywhere in sixteenth and seventeenth century Europe the landed classes held political power. With the demise of feudalism there appeared absolutist states (that were both caused by and caused that demise) espousing

<sup>140</sup> Statement of President of the Commission Ortolí to the European Parliament on his termination of office, 15 December 1976. *Debates of the European Parliament*, no. 210, December 1976, p. 184.

**Table 1: Patterns of European integration**

<i>Centuries</i>	<i>Economic Integration</i>	<i>Political Integration</i>	
	<i>Economic Unit— Geographical Spread</i>	<i>Political Unit— Geographical Spread</i>	<i>Dominant Groups in the Integrational Process</i>
Sixteenth to Eighteenth	National market (national free trade area, currency and communications). Early development of capitalism and national market: England by the first years, France by the last years of the eighteenth century.  Primitive accumulation occurs in tandem with expanding national market and overseas colonization.	Territorial State: (1) Permissive towards capitalism (e.g., England).  (2) Somewhat permissive towards capitalism (e.g., France).  (3) Not permissive towards capitalism (e.g., Europe east of the Elbe).	Landed and merchant bourgeois classes (sixteenth & seventeenth centuries). Landed and emerging industrial bourgeoisie (eighteenth century). Unity based on changed class relations.  Landed aristocracy and administrators, latter imbued with bourgeois ideas. Unity based on changing, but as yet not capitalist, class relations.  Landed aristocracy. Unity based on unchanged class relations.
Nineteenth	National market (as defined above). Late development of capitalism and national market: delayed industrialization (e.g., Germany and Italy).	Nation-State (national unification occurs in reaction to hegemonic capitalist power). Imperialism provides a means to domestic legitimation.	Landed upper class and industrial and financial bourgeoisie. Emerging bourgeois political dominance.
Twentieth	Regional integration. Based on regional economic interdependence and the overriding aim of politicians to achieve economic growth. Possible reversion to national protectionism in the downswing of the business cycle.	*Regional integration and nation-state (regional solution constructed in reaction to hegemonic capitalist power). Maintenance of neo-colonialism enhances domestic legitimation.	Industrial and financial bourgeoisie.

\* I include nation-states, since under mature capitalism new ethnic demands may make national integration problematic.

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**Social Integration**

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<b>Economic Ideology</b>	<b>Political Ideology</b>
Mercantilism (elite ideology). Developing notions of laissez-faire in the bourgeoisie.	Absolutism in sixteenth & seventeenth centuries (elite ideology). Nationalism in eighteenth century (elite and mass ideology).
Free Trade (elite ideology when ascendant economy). Protection (elite ideology when ascending or descending economy).	Internationalism (for ascendant political system). Reactive Nationalism (in delayed industrialization). Elite and mass ideologies.
Neo-mercantilism (elite ideology: supranationalism predominates, but recrudescence of nationalism in recession/depression).	Supranationalism mixed with nationalism (elite ideology). Nationalism (mass ideology).

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the economic tenets of mercantilism. Leaders stressed the creation of territorial states in opposition to the universal claims of the Roman Catholic Church. In these centuries the masses were to all intents and purposes politically irrelevant. Mercantilism and absolutism were ideologies of dominant classes seeking to impress their authority over defined territorial areas. Mercantilism was at once a principle of territorial unification and the creation of a national market.

At the same time, capitalism was growing in the interstices of medieval economy. Whether it would be stifled or not, and for how long, would be a matter of wide-ranging variation. In some places, such as England, unification based on absolutism and mercantilism and wrought under the aegis of a landed class was conducive to the development of capitalism. In other countries, such as Spain, France, and Russia, unification did not have the same effect. Thus, absolutism and mercantilism were not merely “produced” by capitalist economy. In fact, they were often part of anti-capitalist ideologies. The English example tended to be the exception, although a vitally important one, not the rule.

In the eighteenth and nineteenth centuries the morphology of unification began to change. Absolutism, the ideological preserve of the elite, gave way towards the end of the eighteenth century to nationalism, the property of both elites and masses. This new creed provided part of the ideological underpinnings for industrialization, for it created a necessary sense of unity across the potentially disruptive class divisions born of capitalism itself. Mercantilism could live with such a political ideology, and frequently did. Growing disaffection with mercantilist restrictions among merchants and industrialists, however, nurtured the *laissez-faire* impulse. Political leaders were compelled to adapt their policies and ideologies to the changing international economic structure. Internationalism, *qua laissez-faire/laissez-passer*, was the response of elites in England, the leading capitalist country. In “backward” countries, such as Germany, reactive nationalism was the response of political leaders to their particular predicament. There, nationalism was both an elite and mass belief conducive to the building of the national unity necessary for capitalism to take off into industrialization. The bourgeoisie espoused nationalism and protectionism, for under the cloak of the latter they could create viable businesses. Aware of the great increases in political power that industrialization had brought to Britain, the traditional leaders joined forces with the bourgeoisie, while maintaining their political dominance.

By the end of the nineteenth century, markets in the major European countries were nationally unified. Moreover, the concept of a nation-state seemed to have some meaning, to the degree that unified territorial states more or less coincided with the geography of national consciousness. Although most major European states were ruled by some kind of coalition of bourgeoisie and landed classes, the former became a stronger and stronger force in politics.

The interests of the bourgeoisie, which after the First World War increasingly dominated European politics, were dealt a heavy blow by the depression of the inter-war years. It was a seminal event, though, not only for the elites but also for the masses, and, more generally, for the future direction of capitalism. Beggar-my-neighbor policies proved to be no way to deal with a slump which, with growing capitalist interdependence, was of patently international dimensions. The virtual breakdown of the European economy and the consequent threat to constitutional politics convinced the dominant political and social classes that the return of widescale depression would be destructive of the society that they embraced. The experience of the 1930s, combined with the new role of the United States as a hegemonic power, provided the impetus for European integration after the Second World War. Again, therefore, it was the dynamic of international capitalism and its related legitimation problems which gave rise to a new form of economic and political unity.

European state officials recognized the importance of regional groupings for economies that had spilled over national frontiers but which were not nearly as strong and competitive as that of the United States. Regional integration was a mechanism for accommodating and reinforcing the expansion of European capital while simultaneously protecting it from the possibly excessive rigors of international competition. Ideologically, supranationalist ideas such as federalism and functionalism provided moral and intellectual justifications at the elite level for European regional organization. Supranationalism coexisted uneasily with nationalism: elites supported the former to the degree that it enhanced the legitimacy of the national state. At the mass level nationalism remained the prevailing ideology, although some rudimentary support for supranationalism was evident quite early in the process of regional integration. In times of crisis both elites and masses tended to retreat into economic and political nationalism.

Although integration under capitalism has always occurred as an elite process, the remainder of the population, as it has become more politicized, has had to be convinced in some manner of the efficacy of integration. The necessity of generating support for new integrational institutions, and thus legitimating the power that flows from them, is at the bottom of integration ideology. It follows that there is a built-in tension in the transition from one level of integration to another, since the politically relevant population must modify at least some of the major, and almost axiomatic, principles by which it has lived hitherto.

As with so much else in European politics, political integration can be understood only in the context of the major transformations of European history. Political integration is a form of political development, qua institution building, that arises as a response to the dual pressures of legitimation and economic expansion as they are manifested in these transitional epochs. My argument is that such legitimation problems themselves derive from capitalist



necessities of accumulation of capital and the realization of surplus value. When serious obstacles to economic growth endanger the attainment of these two requisites, political difficulties threaten. To the extent that integration is a means of establishing or restoring the conditions for accumulation and realization, it is likely to emerge as a practical political policy. It is therefore vital both to understand the intersubjective meanings attributed to integration by the participants in the process and to identify the epochal parameters within which they act.