

1. LA MONTÉE DE LA GRANDE-BRETAGNE ET LE SYSTÈME DU LAISSER-FAIRE

Le « long » XIX^e siècle, qui s'étend des années 1770-1780 à 1914, couvre la période de changements économiques la plus spectaculaire de l'histoire européenne. La révolution industrielle anglaise ouvre un nouveau chapitre de l'histoire économique. Au milieu du XVIII^e siècle, la Grande-Bretagne remplit les conditions préalables à une croissance économique durable. Plus de 1 000 miles de canaux navigables et de voies d'eau, 300 machines à vapeur Newcomen, une agriculture révolutionnée et un développement proto-industriel dynamique font de la Grande-Bretagne le centre du commerce mondial. Durant cette période, les marchés intérieurs jouent un rôle prédominant (Flinn, 1966 : 62) ; en effet, au XVIII^e siècle, seuls 5 à 9 % de la production anglaise est exportée. Mais des profits plus élevés sur les marchés étrangers font augmenter les exportations jusqu'à 10 ou 12 % (Bairoch, 1976 : 196). Pour l'industrie, les exportations sont cependant un moteur : durant la première moitié du XVIII^e siècle, les exportations industrielles augmentent de 76 % alors que la production dans les autres secteurs d'activité ne s'accroît que de 7 %. Entre 1700 et 1750, la valeur des exportations britanniques double ; vers 1800, elle a plus que triplé. À ce moment, l'industrie textile exporte la moitié de sa production. Eric Hobsbawm en conclut que les origines de l'industrialisation britannique sont enracinées dans le commerce extérieur, spécialement avec des régions moins développées telles que l'Inde et d'autres colonies (Hobsbawm, 1968 : 49).

Au début du XVIII^e siècle, la Grande-Bretagne protège son marché intérieur selon des méthodes traditionnelles. Ainsi, la loi Calico interdit les importations de cotonnades indiennes. Les exportations prospèrent, surtout dans le secteur textile. Durant le long XIX^e siècle, la valeur des exportations anglaises est multipliée par trente pour atteindre 40 % du revenu national (Schlote, 1952 : 53). Le taux de croissance des exportations augmente également, de 2 à 4 %, puis à 6 % durant les années 1860 et 1870. Dès les années 1820, la valeur des exportations britanniques dépasse celle des marchandises exportées de France, de Suisse, d'Autriche, etc. Vers 1870, les exportations britanniques atteignent 40 % du total des exportations de l'Europe occidentale ; elles en constitueront plus du tiers durant la Première Guerre mondiale (Maddison, 2001 : 361). Le développement industriel britannique s'intensifie également. Durant les quatre premières décennies du XIX^e siècle, la production industrielle augmente successivement de 23 %, 39 %, 47 % et 37 %. La Grande-Bretagne abandonne progressivement son autosuffisance en matière d'agriculture.

Le libre-échange devient dès lors une condition préalable à une plus grande expansion économique du pays. Aucun autre pays n'a autant intérêt à éliminer les obstacles au commerce. Après des tentatives précoces au XVIII^e siècle, tels l'accord Methuen avec le Portugal (1703) et le traité d'Eden avec la France (1786), la Grande-Bretagne des années 1840 évolue nettement vers une politique de libre-échange. En 1842, Sir Robert Peel propose un budget équilibré sans revenus provenant des droits de douane. Libéré de cette dépendance pour financer le budget de l'État, il est en mesure de réduire les taxes sur les importations pour 750 articles, de même que les taxes sur les exportations des produits britanniques. Peel entreprend des réductions de droits encore plus radicales en 1845. Au même moment, les graves famines irlandaises aboutissent à l'élimination des lois sur les Grains (1846 et 1849), qui protègent les marchés agricoles intérieurs et reflètent les intérêts de l'agriculture. L'abrogation de l'Acte de navigation (1849) met fin aux restrictions à l'amarrage des bateaux étrangers dans les ports britanniques. Il faut cependant encore attendre un quart de siècle et une série de budgets équilibrés par Gladstone durant les années 1860 pour que les droits soient abolis et que la politique de libre-échange soit institutionnalisée en Grande-Bretagne.

Le traité Cobden-Chevalier, conclu entre la Grande-Bretagne et la France en 1860, est le premier événement marquant dans l'établissement d'un système de laisser-faire dans toute l'Europe. La clause de la nation la plus favorisée incluse dans ce traité devient le véhicule de l'internationalisation du libre-échange, grâce au mécanisme de l'invocation automatique des réductions de tarifs négociées ultérieurement avec une

terce partie. Durant les dernières décennies du XIX^e siècle, par le biais d'une série d'accords avec l'Allemagne, l'Italie, la Belgique, la Suède, la Norvège, l'Espagne, la Hollande, l'Autriche et le Portugal, l'Europe devient indubitablement une zone de libre-échange.

Le développement d'un réseau de paiement multilatéral facilite cette évolution. Bien que la plus grande part des transactions d'échange demeurent bilatérales jusqu'à la Première Guerre mondiale, 20 à 25 % au moins deviennent multilatérales. Cette mesure encourage le commerce international, les pays pouvant compenser un déficit commercial avec un partenaire par un excédent commercial avec un autre. Elle limite en outre les besoins en argent et en devises fortes pour assurer un commerce équilibré et réduit un obstacle majeur pour le commerce international : le manque d'or et de devises fortes dans les réserves. L'introduction de l'étalon-or couronne la démarche de mise en place d'un système de laisser-faire. Jusque dans les années 1870, la plupart des pays européens ont un système d'étalon bimétalliste argent et or (la France), monométalliste argent (Hollande, Scandinavie, États germaniques), ou du papier-monnaie inconvertible (Russie, Grèce, Italie).

La non-convertibilité de la plupart des monnaies constitue un obstacle majeur au commerce extérieur. La Grande-Bretagne est à nouveau pionnière dans le domaine de l'étalon-or : introduit dès la fin du XVIII^e siècle, celui-ci est pleinement utilisé en 1821. D'autres pays européens suivent cette voie, mais beaucoup plus tard. En 1867, le congrès monétaire européen de Paris plaide pour l'introduction de l'étalon-or. La même année, la Hollande, suivie par les pays scandinaves, opte pour celui-ci. L'Allemagne unifiée introduit sa nouvelle monnaie, le mark, basée sur l'or. Vers 1878, l'Union monétaire latine adopte également l'étalon-or. Au cours des années 1890, lorsque l'Autriche-Hongrie et la Russie se joignent au système, l'étalon-or est devenu la règle pour toute l'Europe. Chaque unité monétaire a une teneur fixe en or, ce qui rend les monnaies facilement convertibles. Les taux de change sont stabilisés, exprimés en or, avec un arbitrage uniquement déterminé par les conditions d'approvisionnement, ce qui peut affecter leur stabilité et causer quelques fluctuations. La livre sterling britannique, de valeur constante entre 1821 et 1914, pratiquement équivalente à l'or, devient la monnaie internationale (Kenwood et Lougheed, 1971).

Simultanément à la transformation progressive d'un protectionnisme bimétalliste en un libre-échange basé sur l'étalon-or naissent la théorie et l'idéologie du laisser-faire. C'est un processus lent, d'une part parce que les conceptions caméralistes-mercantilistes du XVIII^e siècle sont dominantes et, d'autre part, parce que l'économie n'est pas encore une discipline indépendante, mais seulement une branche de la théorie politique. Durant les premiers siècles du capitalisme commercial mercantiliste, la politique économique vise à augmenter les exportations afin de gagner de l'or et de l'argent. L'État joue un rôle central dans la promotion de la production intérieure, dans la régulation des échanges et dans l'augmentation de ses propres revenus. Il s'agit d'une conception dynamique qui prend en compte la nécessité d'un développement industriel intérieur pour améliorer les capacités d'exportation du pays. L'accumulation de métal précieux au sein d'un pays n'est garantie que par l'excédent des exportations. Le contrôle strict du commerce extérieur et les tarifs protectionnistes visant à limiter les importations sont inhérents au mercantilisme. Cependant, avec le développement industriel, de plus en plus de penseurs politiques se rendent compte de la nécessité d'une « émancipation du capitalisme de la tutelle de l'État » :

[Le] mercantilisme est à la fois la théorie et la justification idéologique du capitalisme commercial, alors que le problème de la valeur, qui est le principal souci de l'école classique des économistes, n'est apparu que lorsque la transition vers le capitalisme industriel [a progressé] (Heimann, 1964 : 35, 39).

Les physiocrates, en particulier François Quesnay, sont les premiers à changer les manières de penser de l'époque en s'attaquant à la croyance mercantiliste qui fait du commerce et de l'argent les seules sources de richesse. Ils soulignent plutôt le rôle de la terre et de la production des industries extractives pour la création de richesse. Ils se tournent vers le libre-échange et la liberté économique. Des arguments encore plus forts suivent.

Cette conception s'enracine dans l'idéal individualiste de John Locke et David Hume. Les philosophes britanniques du XVIII^e siècle sont convaincus de « l'harmonie divine entre le profit privé et le bien public ». Le terme de « laisser-faire » est cependant introduit par un Français, le Marquis d'Argenson, au milieu du XVIII^e siècle. Afin de mieux gouverner, on doit, selon lui, moins gouverner. Dans son *Manuel d'économie politique* (1793), Jeremy Bentham formule cette loi : « La règle générale est que rien ne doit être fait ou tenté par le gouvernement. » Le XIX^e siècle se caractérise par la montée progressive, puis par la prépondérance incontestée du système économique du laisser-faire.

Presque tout ce que l'État accomplissait au XVIII^e siècle au-delà de ses fonctions minimales était ou semblait dommageable ou vain. Les économistes enseignaient que la richesse, le commerce et les machines étaient les enfants de la libre concurrence. [...] Les darwinistes, eux, pouvaient aller encore plus loin : elle avait construit l'homme [...] ; le principe de la survie des plus aptes pouvait être regardé comme une vaste généralisation de l'économie ricardienne (Keynes, 1927 : 13-14, trad. fr. in *La Pauvreté dans l'abondance*, Paris, Gallimard, 2002).

Cependant, les premières grandes générations d'économistes britanniques, dont font partie Adam Smith, David Ricardo et John Stuart Mill, sont les pionnières d'une théorie économique et d'une idéologie économique globales de l'époque industrielle. Leurs idées sont basées sur deux fondements : le *Zeitgeist* de la physique newtonienne et les Lumières d'une part, l'expérience britannique et l'intérêt personnel de l'autre. Selon la physique, l'univers est gouverné par des lois naturelles internes qui se perpétuent harmonieusement et qui incluent l'humanité. S'écartant des conceptions précédentes, cette nouvelle perspective suggère que l'homme libre peut utiliser la connaissance des lois naturelles pour créer l'harmonie dans la société et dans l'économie. Toute intervention externe est nuisible. L'expérience britannique va dans le même sens : économie libre et libre-échange sans intervention de l'État sont avantageux. Les nouvelles théories sont, dès lors, formulées comme des lois naturelles, exprimant l'intérêt général du monde. Les économistes britanniques croient fermement que le libre-échange est le seul système dont chaque pays puisse tirer profit.

Dans *La Richesse des Nations*, ouvrage considéré comme le fondement de l'économie moderne, Adam Smith, professeur de logique et de rhétorique et, plus tard, de philosophie morale à l'Université de Glasgow, avance le concept économique d'une harmonie préétablie et gouvernée par la « main invisible » du marché. Dans le système du laisser-faire de Smith, l'intérêt personnel sert l'intérêt public grâce à la libre concurrence. La division du travail entraîne une augmentation de la productivité, à la fois dans l'usine et à un niveau international. Smith démontre que « la plus grande amélioration des capacités productives du travail et son plus grand atout [...] semblent être les effets de la division du travail » (Smith, 1970 : 8). À l'instar des usines, les pays doivent se spécialiser dans la production des biens qu'ils peuvent produire de la façon la plus efficace. L'interventionnisme et le protectionnisme créent des obstacles artificiels au travail le plus productif.

David Ricardo, né quatre ans avant la publication de *La Richesse des Nations*, entre dans l'entreprise familiale et devient courtier à la City de Londres. Cet autodidacte devenu millionnaire s'affirme peu à peu comme l'un des meilleurs économistes au monde. Sa théorie de l'avantage comparatif affirme que le libre-échange est avantageux pour les deux partenaires, puisque chacun vend ce qu'il peut produire de la manière la plus efficace qui soit et achète ce qu'il ne peut pas produire. L'échange entre les pays industriels et agricoles n'est donc pas un jeu à somme nulle dans lequel une des équipes gagne alors que l'autre perd.

John Stuart Mill, qui a reçu la meilleure éducation qui soit, se présente comme l'un des intellectuels les plus brillants du milieu du XIX^e siècle. Il apporte une contribution fondamentale à l'économie et à la philosophie politiques en avançant les concepts de propriété privée illimitée et de marché libre comme unique base des droits humains et de la liberté. Dans son essai *Sur la Liberté* (1859), Mill affirme :

Il a été jadis considéré que c'était du devoir du gouvernement [...] de fixer les prix et de réglementer les procédés de fabrication. Mais il est maintenant reconnu [qu'il vaut beaucoup mieux laisser] les producteurs et les vendeurs

parfaitement libres, sous le seul contrôle de la liberté équivalente des acheteurs [...]. Les restrictions [...] sont en effet des contraintes ; et toutes les contraintes sont mauvaises [...], elles ne produisent pas réellement les résultats désirés (Mill, 1946 : 695-698).

Dans l'arène sociopolitique, Mill envisage la même harmonie divine, qu'il décrit dans ses *Considérations sur le Gouvernement représentatif* (1861) :

Les travailleurs manuels et ceux qui leur sont proches, d'une part, les employeurs de main-d'œuvre et ceux qui leur sont proches, de l'autre, devraient être représentés équitablement au Parlement. [...] Comme leur réussite dépend du maintien de cet équilibre entre leurs intérêts personnels, celui-ci peut entraîner l'adhésion d'un grand nombre, au moins, de ceux qui agissent pour des motifs plus élevés et selon des vues plus distancées. [...] Le type idéal du gouvernement parfait est un gouvernement représentatif (Mill, 1946 : 823-824).

Dans les théories politique et économique britanniques classiques, le rapport entre l'économie du laisser-faire, la démocratie et la liberté personnelle est perçu comme naturel, comme l'expression des intérêts universels et comme garant d'une liberté et d'une harmonie universelles. Le succès exceptionnel de la Grande-Bretagne, modèle de l'industrialisation durant le XIX^e siècle, est progressivement devenu une validation de la dévotion britannique pour le libre-échange et la pensée économique. L'idéologie du laisser-faire est largement acceptée et, à l'aube du XX^e siècle, elle fait partie du *Zeitgeist* des pays avancés, bien qu'elle demeure en pratique superficielle et qu'elle soit mise entre parenthèses lorsque l'économie nationale est menacée.

Sous la bannière de l'idéologie du laisser-faire, l'internationalisation, première vague de mondialisation de l'économie européenne, réalise d'énormes progrès et s'institutionnalise. La propagation rapide du libre-échange et de l'étalon-or crée une zone sans droits de douane ou à bas tarifs en Europe, de même qu'une monnaie convertible avec un taux de change extrêmement stable durant toute cette période. La livre sterling britannique, aussi forte que l'or, devient la monnaie internationale. Le libre-échange s'accompagne de la construction d'un réseau de communication internationale, plus particulièrement en matière de commerce et de communications transocéaniques et de système ferroviaire européen. Après l'ouverture du premier réseau ferroviaire en Grande-Bretagne en 1825, environ 360 000 kilomètres de lignes de chemin de fer sont posés sur le continent avant 1910. Chaque pays est relié aux autres. Le temps et le coût du transport diminuent considérablement.

D'autres institutions internationales telles que l'Union internationale des Télégraphes (1865) et l'Union postale internationale (1875) sont mises en place, en même temps que s'internationalisent les principales voies fluviales européennes (à commencer par le Rhin en 1868) et le système métrique (1875). Durant les années 1880, la plupart des pays s'associent aux nouveaux accords internationaux en matière de brevets et de copyright. Tous ces accords préparent la voie au régime international du laisser-faire en Europe. Toutefois, bien que le continent reste engagé dans ce système international de laisser-faire, bon nombre de pays retournent vers le protectionnisme et une intervention de l'État dans leur politique intérieure, surtout après 1873, lorsque la concurrence américaine frappe le continent européen, mettant sérieusement l'agriculture en péril. C'est particulièrement le cas dans les périphéries incapables de rivaliser avec les pays du cœur de l'économie européenne.

2. LES SECTEURS MODERNES EN HAUSSE

Le développement économique du XIX^e siècle atteint son apogée durant la première décennie du XX^e siècle grâce aux prouesses scientifiques du tournant du siècle, et notamment aux progrès dans la chimie moderne, qui conduisent au développement de nouvelles industries. La production d'électricité et une série de ses nouvelles applications dans les secteurs secondaire et tertiaire créent une nouvelle source d'énergie et conduisent au renouvellement du transport, de même qu'à celui d'industries existantes, telles la métallurgie et des constructions mécaniques.

ENCADRÉ 1.1 La compagnie Brown Boveri

La compagnie internationale Brown Boveri est fondée en 1890 dans un faubourg de Baden, en Suisse. L'un de ses fondateurs, Charles Brown, fils d'un ingénieur anglais installé en Suisse, suit des études d'ingénieur à Winterthur et travaille pour la Oerlikon Engineering Company dès l'âge de 22 ans. L'autre fondateur, Walter Boveri, issu d'une famille française émigrée de Savoie en Bavière au début du XVII^e siècle, fait des études d'ingénieur et s'installe à Oerlikon. Brown et Boveri travaillent ensemble et, en 1890, signent un contrat de partenariat, fondant ainsi leur propre société à Baden où, à la même époque, s'est également établie l'une des premières centrales électriques.

Malgré sa petite taille (200 employés), Brown Boveri se lance, dès le début, dans l'exportation. La clé du succès repose sur la personnalité même des fondateurs, surtout sur les talents d'ingénieur de Brown. Au début des années 1880, ce dernier réussit à transformer l'électricité à bas voltage en électricité à haut voltage et à assurer son transport. C'est le dernier cri de la technologie du début du siècle. La Suisse, pauvre en charbon, commence à exploiter ses riches ressources en eau et entame la construction à grande échelle de centrales électriques hydrauliques. La société bénéficie de nombreuses commandes. Mais le marché suisse est trop étroit et la société se transforme en multinationale : les centrales électriques de Francfort et de Mannheim commandent aussi des générateurs et demandent toutes deux à Brown Boveri d'établir des ateliers de réparations sur place. Des filiales sont dès lors créées en Allemagne (1893), en France (1894), en Norvège (1902), en Italie (1903) et en Autriche (1910).

Vers 1900, la compagnie adopte le statut de société anonyme. Durant les premières années du siècle, Brown Boveri livre des générateurs de centrales électriques et construit des lignes de transmission à travers l'Europe. L'électrification du tunnel du Simplon, récemment construit, ouvre de nouveaux marchés. La compagnie développe des turbines marines pour les nouveaux cuirassés Dreadnought, les plus grands de l'époque. Au tournant du siècle, les ventes extérieures de Brown Boveri représentent 80 % de la production d'une construction mécanique très appréciée pour sa précision. Le développement d'une organisation internationale de ventes, progressivement établie dans plus de 100 pays, s'impose. Plusieurs accords de coopération, d'investissements conjoints et de filiales élargissent le groupe Brown Boveri : l'Anglais Charles Parsons et Vickers, l'Allemand AEG, la société Brown Boveri de Mannheim, la compagnie électro-mécanique à Paris, Tecnomasio Italiano Brown Boveri à Milan et des sociétés similaires à Prague, Budapest, Varsovie, Rotterdam, Bruxelles, Madrid et même au Canada, au Brésil, en Argentine et à New York. La prospérité qui suit la Deuxième Guerre mondiale entraîne la montée en flèche du chiffre d'affaires de 200 millions à 3 milliards de francs suisses en vingt ans, alors que la société va jusqu'à employer 80 000 personnes.

Au tournant du XXI^e siècle, pendant les décennies de mondialisation, la société fut agrandie grâce à différentes fusions. En 1988, elle fusionna avec la firme suédoise Allmänna Svenska Elektriska Aktiebolaget pour former le groupe ASEA Brown Boveri. Des acquisitions stratégiques ultérieures (comme Baldor Electric ou Thomas & Betts) renforcèrent et élargirent encore les activités du groupe. L'entreprise conquiert de nouveaux territoires et devient – à en croire le classement Forbes – la 158^e plus grande firme au monde et – selon les classements du MIT – appartenait au 50 sociétés les plus innovantes, avec 150 000 employés, un revenu de 42 milliards de dollars et un investissement en 2013 de 1,5 milliard dans les programmes de recherche et de développement. Cinq divisions de la compagnie produisent de l'équipement pour les centrales électriques (ce qui représente 42 % de la production) ; mais elle devient également un leader dans l'automation et les systèmes robotiques (41 %), les énergies renouvelables et les véhicules électriques (www.02.abb.com/).

Dans plusieurs petits pays d'Europe, dès le début, des sociétés se sont, comme elle, positionnées comme multinationales dans des secteurs industriels de pointe (Brown Boveri, 1966).

Les pays qui présentent le désavantage, sérieux au XIX^e siècle, de ne pas avoir de charbon deviennent soudainement riches en énergie, grâce à la construction de centrales électriques hydrauliques. La Suisse, la Norvège et l'Italie profitent pleinement de ces développements.

L'électricité conquiert assez rapidement l'Europe. Paris s'autoproclame « capitale électrique » et, en novembre 1891, 900 000 personnes se ruent pour visiter l'exposition internationale de l'électricité. Vers 1906, près de 3 000 communautés sont reliées au réseau (Beltran et Carré, 1991 : 64, 103, 106, 124). Londres n'est pas en reste : en 1890, environ 38 gigawatts/heures d'énergie électrique sont vendus ; en dix ans, cette quantité quintuple. « Avant la Première Guerre mondiale, [l'électricité] s'est concentrée [dans] les zones commerciales du centre-ville et dans les riches banlieues » (Hannah, 1979 : 189). Vers 1903, toutes les villes de Grande-Bretagne de plus de 100 000 habitants, sauf deux d'entre elles, disposent de l'électricité, même si 6 à 7 % seulement de la population urbaine utilise l'éclairage électrique. Vers 1919, un demi-million de maisons sont reliées à l'électricité en Grande-Bretagne (Byatt, 1979 : 25).

Au même moment, la toile d'araignée des tramways électriques commence à former les nouveaux réseaux de transport de la ville européenne. Les premiers tramways électriques apparaissent à Berlin et à Prague, respectivement en 1884 et dans les années 1890. Le réseau londonien atteint 921 kilomètres vers 1900 et 3 533 kilomètres vers 1906. En 1912, le réseau parisien en compte 2 004 ; celui de Budapest en compte 172 et est utilisé chaque année par 214 000 passagers.

Le premier système de métro au monde relie les rues Paddington et Farringdon à Londres en 1863. Durant des décennies, le métro londonien a fonctionné à la vapeur ; son électrification ne commencera qu'à la fin du siècle : vers 1905, Inner Circle est électrifié (Byatt, 1979 : 46-50). En 1896, un système de métro de deux kilomètres de long est mis en service à Budapest. Le métro parisien, quant à lui, est inauguré en 1900 ; jusqu'à la guerre, il transportera chaque jour un demi-million de passagers.

L'électricité permet également l'invention du téléphone. Avant la Première Guerre mondiale, 3,5 millions de lignes téléphoniques sont opérationnelles en Europe et 5,3 milliards d'appels témoignent de la diffusion de la nouvelle technologie. L'apparition de l'automobile comme le véhicule de transport privé le plus important est un autre changement technologique majeur et révolutionnaire.

Dès leur apparition, les voitures sont populaires, même si, à cette époque, elles ne sont guère que des jouets de luxe. Elles s'améliorent rapidement et, vers 1913, la proportion du nombre de personnes par voiture est de 437/1 en France, 890/1 en Suisse et 1567/1 en Allemagne (Merki, 2002 : 40-1, 78, 91, 95-7). Le transport public adopte également très tôt les voitures et les bus. À Berlin, le premier taxi apparaît en 1900 ; vers 1912, ils sont déjà près de 2 000. Ils commencent à circuler dans les rues de Londres en 1904. Quant au fameux omnibus parisien à traction chevaline, il fait son dernier voyage en avril 1913, date à laquelle 927 bus transportent déjà 206 millions de passagers.

L'avion, l'autre application majeure du moteur à combustion, est intrinsèquement lié aux efforts de guerre. En octobre 1911, pour la première fois de son histoire, l'Italie utilise des avions contre les Ottomans près de Tripoli ; les premiers bombardements aériens de l'histoire ont lieu quelques jours plus tard, au début de novembre. La Première Guerre mondiale accentue cette tendance. Les Allemands Junkers-Fokker s'orientent en 1917 vers la production en série d'avions tout en métal (Morrow, 1993 : 154). Durant la guerre, l'aviation allemande attaque Londres avec ses bombardiers Gotha. Cependant, l'aviation civile et le transport aérien se développent simultanément. La première compagnie aérienne au monde, la DELAG allemande, est fondée en 1909.

Bien que la nouvelle technologie ouvre de nouvelles aires d'expérimentation, elle a également un impact considérable sur les anciens secteurs technologiques. Le chemin de fer, symbole de la modernité du XIX^e siècle, commence à se moderniser ; les premières lignes sont électrifiées au tournant du siècle. Pourtant, l'électricité, l'automobile et l'avion n'en sont encore qu'à leurs débuts ; ils n'affectent pas vraiment la vie quotidienne de la population, mais annoncent l'avenir. Il n'en reste pas moins que les nouveaux secteurs

donnent un énorme élan au développement économique et que la production industrielle européenne fait plus que doubler entre 1890 et 1913 (Bairoch, 1976).

Le secteur des services devient le secteur de croissance le plus dynamique pour les économies des pays avancés. Avant la guerre, plus d'un tiers (et dans certains cas, comme la Norvège et la Grande-Bretagne, environ 50 %) de la population active travaille dans les services, essentiellement le commerce, le transport, les affaires et les services aux personnes, ce qui représente 30 à 45 % du produit intérieur brut (PIB) de l'Europe occidentale. De fait, l'économie du continent atteint son apogée : entre 1900 et 1913, le PIB européen augmente de 27 %.

Au début du XX^e siècle, les pays d'Europe occidentale gouvernent totalement le monde et prennent de l'avance dans la voie vers le progrès économique. Les leaders en place maintiennent leur position au sommet de l'échelle. Entre 1900 et 1913, la Grande-Bretagne, la Belgique, la Hollande, la Suisse et la France sont les nations les plus riches du continent, même si, en 1913, l'Allemagne et le Danemark rejoignent ce groupe d'élite.

ENCADRÉ 1.2 Le métro parisien

Le réseau de métro parisien devient un gigantesque monument du transport urbain du XX^e siècle. Après des décennies de débat sur un système ferroviaire urbain, c'est en 1898 qu'est prise la décision de construire six lignes de métro, le Métropolitain. Fulgence Bienvenüe, un fonctionnaire des Chemins de fers français, est nommé Directeur général de la construction, responsable du percement des tunnels et de l'édification des ponts, alors que l'électrification, l'accès aux stations et le fonctionnement du système sont confiés à un ingénieur belge, le baron Empain. La construction des six premières lignes débute en février 1899.

Le métro parisien n'est pas le premier métro moderne, puisque Londres dispose déjà d'un système étendu et qu'une ligne unique de deux kilomètres a été ouverte à Budapest en 1896. Toutefois, le système parisien est ambitieux. Bienvenüe décide d'utiliser la méthode de la tranchée ouverte (contrairement à Londres, mais comme à Budapest). Les lignes ne sont pas profondément enterrées et les tranchées sont creusées à la main ; ensuite, les voies sont posées et les murs et les barricades sont mis en place pour achever les tunnels. En un délai particulièrement bref de seize mois, une première ligne de 18 stations est ouverte en juillet 1900 entre la porte Maillot (plus tard la Grande Arche de la Défense) et le Château de Vincennes, reliant l'Ouest et l'Est de la ville. Vers la fin de l'année, 16 millions de Parisiens empruntent le métro, qui connaît un succès immense durant l'année de l'Exposition universelle de Paris.

Bienvenüe continue à travailler sur les six lignes planifiées. À partir de la quatrième, des tunnels sont percés sous la Seine, à la place de ponts. Cinq autres lignes suivent. Parallèlement, une société privée commence, en 1909, à construire deux lignes Nord-Sud, qui, en 1929, sont intégrées au système de métro parisien, tout comme les lignes 12 (de la Porte de la Chapelle à la Mairie d'Issy) et 13 (de Châtillon-Montrouge à Saint-Denis-Université). Lorsque Bienvenüe prend sa retraite en 1934, les treize lignes sont, pour la plus grande partie, opérationnelles. Une quatorzième, entre la Bibliothèque François Mitterrand et la Madeleine, est ajoutée en 1998.

En 1899, vingt sociétés sont invitées à dessiner les stations et leurs entrées. Insatisfaite des propositions, la compagnie du Métropolitain de Paris confie en 1913 au célèbre architecte Art nouveau Hector Guimard le dessin de toutes les stations et de leurs entrées. Celles-ci deviendront de véritables monuments d'art historiques de la ville.

Symbole de la ville de Paris, le métro parisien est certainement le meilleur réseau de métro, le plus dense et le plus accessible en Europe. Au cours de la dernière décennie du XX^e siècle, 1,2 à 1,3 milliard de passagers l'empruntent chaque année (Plotkin, 2000).

3. LA PLACE DE L'EUROPE DANS LE MONDE

Durant le XIX^e siècle, l'Europe occidentale a pratiquement triplé le niveau de ses revenus. Bien qu'elles aient une croissance quelque peu plus lente, l'Europe méridionale et l'Europe orientale profitent de la prospérité de l'Ouest et font plus que doubler leur revenu par habitant. Au début du XX^e siècle, l'Europe domine l'économie mondiale, représentant à peu près la moitié du PIB mondial (46 %) et 41 % du PIB par habitant.

Pourtant, dès les années 1870, de nouveaux concurrents apparaissent. Ensemble, les États-Unis, le Canada, l'Australie et la Nouvelle-Zélande multiplient leur PIB par 43 durant le siècle, même si, en 1913, ils n'atteignent que 79 % du PIB total de l'Europe occidentale. Calculé par habitant, le tableau est un peu différent. En 1820 et 1870, ces pays d'outre-mer sont loin derrière la Grande-Bretagne, n'atteignant respectivement que 69 et 75 % de son niveau de revenu par habitant, mais, à partir des années 1870, ils font une percée et, vers 1913, ils dépassent déjà la Grande-Bretagne de 4 % et l'Europe occidentale en général de plus de 40 %.

L'Amérique latine, qui participe au système international, mais dans une position périphérique, fait plus que doubler son niveau de revenu par habitant durant le XIX^e siècle. Quant à l'Asie, l'Océanie et l'Afrique, pour l'essentiel à l'extérieur du système mondial, elles n'augmentent leur revenu par habitant que de 28 à 35 % pendant la même période. Voir tableaux 1.1, 1.2 et 1.3.

Tableau 1.1 Croissance du PIB mondial par continents (dollars GK 1990, milliard) (Maddison, 1995a : 227)

| Année | EO* | % | E** | % | O*** | % | AL**** | % | A&O***** | % | A* | % | M** | % | Pourcentage européen du monde |
|-------|-----|-----|-------|-----|------|--------|--------|-----|----------|-----|----|-----|-------|-----|-------------------------------|
| 1820 | 133 | 100 | 230 | 100 | 14 | 100 | 14 | 100 | 405 | 100 | 33 | 100 | 695 | 100 | 33 |
| 1870 | 305 | 229 | 502 | 218 | 112 | 800 | 29 | 207 | 446 | 110 | 40 | 121 | 1 128 | 162 | 45 |
| 1913 | 735 | 552 | 1 242 | 540 | 583 | 41 643 | 115 | 821 | 723 | 179 | 63 | 191 | 2 726 | 392 | 46 |

* Europe occidentale, 23 pays ; ** toute l'Europe (39) ; *** outre-mer (4) ; **** Amérique latine (44) ; ***** Asie et Océanie (56) ; * Afrique (56) ; ** le monde entier, 199 pays
† Dollars Gony-Khans

Tableau 1.2 Croissance du PIB mondial par habitant par continents (en 1990 dollars GK) (Maddison, 1995a : 228)

| Année | EO | % | E | % | O | % | AL | % | A&O | % | A | % | M | % | Pourcentage européen du monde |
|-------|-------|-----|-------|-----|-------|-----|-------|-----|-----|-----|-----|-----|-------|-----|-------------------------------|
| 1820 | 1 292 | 100 | 956 | 100 | 1 205 | 100 | 679 | 100 | 550 | 100 | 450 | 100 | 651 | 100 | 199 |
| 1870 | 2 110 | 163 | 1 434 | 150 | 2 440 | 202 | 760 | 112 | 580 | 106 | 480 | 107 | 859 | 132 | 236 |
| 1913 | 3 704 | 287 | 2 381 | 249 | 5 237 | 435 | 1 439 | 212 | 742 | 135 | 575 | 128 | 1 539 | 236 | 241 |

Tableau 1.3 Part des continents dans le PIB total du monde en % (Maddison, 1995a : 227)

| Année | E | O | AL | A&O | A |
|-------|----|----|----|-----|---|
| 1820 | 33 | 2 | 2 | 58 | 5 |
| 1870 | 45 | 10 | 2 | 40 | 3 |
| 1913 | 46 | 21 | 4 | 27 | 2 |

La croissance économique et le niveau de développement sont étroitement liés à l'industrialisation. Au début du XIX^e siècle, la majorité de la population mondiale travaille dans l'agriculture, la seule exception étant la Grande-Bretagne où, historiquement, la population agricole est moins nombreuse. À la suite de la Révolution industrielle, 38 % seulement de la population britannique reste dans le secteur agricole, pour 33 % dans l'industrie et 29 % dans les services. (À l'époque, 70 % de la population des États-Unis travaille dans l'agriculture, 15 % dans l'industrie et 15 % dans les services.) Vers 1860-1870, la répartition de l'emploi entre l'industrie et l'agriculture en Grande-Bretagne est de 42/23, alors que l'agriculture continue à représenter 50 % de la main-d'œuvre aux États-Unis, en Allemagne et en France, environ 70 % en Scandinavie, 60 % au Japon et presque 90 % en Russie.

Vers 1913, en Grande-Bretagne, 12 % de la population est active dans l'agriculture pour 28 % en Europe occidentale (comme aux États-Unis), mais le monde reste majoritairement agricole, avec plus de 40 % de la population active dans les pays scandinaves, plus de 60 % au Japon, plus de 70 % en Russie, plus de 80 % en Chine et dans les Balkans (Maddison, 1995a : 39 ; Berend et Ránki, 1982 : 159).

Le cœur du continent est le plus important fournisseur de produits industriels finis au monde : en 1913, l'Europe représente 52 % de la production industrielle mondiale. Trois pays, la Grande-Bretagne, l'Allemagne et la France, fabriquent 72 % de l'ensemble des produits manufacturés européens et à peu près la même proportion des exportations industrielles du continent. À elle seule, la Grande-Bretagne fournit plus de la moitié des exportations mondiales de textile. À la même époque, les trois mêmes pays d'Europe occidentale achètent 63 % des exportations mondiales de nourriture et de matières premières. L'Europe est le centre de l'économie mondiale avec 62 % du commerce mondial en 1913, alors que la part combinée de l'Asie, de l'Amérique latine, de l'Afrique et de l'Inde orientale n'est que de 25 %.

L'Europe est aussi le banquier du monde : elle exporte plus de 40 milliards de dollars, soit près de 90 % des exportations mondiales de capitaux du XIX^e siècle. L'économie mondiale est devenue une économie mondiale européenne.

Bien que le système économique européen soit fortement internationalisé et caractérisé par la coopération, les acteurs les plus puissants de l'Europe industrialisée sont rivaux, concurrents et potentiellement hostiles dans la course au leadership mondial. Une course mortelle à la construction d'empires coloniaux commence dans un expansionnisme exalté et aboutit remarquablement. Durant le dernier tiers du siècle, les grandes puissances occidentales conquièrent les territoires inoccupés du monde. La Grande-Bretagne construit un empire de 345 millions de personnes. La France en contrôle 56 millions en Afrique, en Asie et dans les régions du Pacifique. Il en va de même des quelques petites puissances : la Belgique conquiert des territoires africains quatre-vingt fois plus vastes qu'elle-même, alors que la Hollande gouverne 35 millions de sujets en Asie. Selon Patrick O'Brien, même si leur importance a été exagérée, « les produits des colonies européennes et des établissements outre-mer ont joué un rôle complémentaire qui a augmenté en ampleur [...]. [La] conquête politique et la colonisation outre-mer étaient essentielles pour réussir » (O'Brien, 2004 : 19, 35).

La conquête et la domination d'autres continents sont hypocritement qualifiées de « mission civilisatrice » par les représentants de la culture « supérieure » française parmi « les barbares primitifs » (Conklin, 1977). Dans son poème *Le Fardeau de l'Homme blanc*, Rudyard Kipling décrit des Anglais condescendants qui se sacrifient pour servir les intérêts de leurs captifs « mi-diables mi-enfants ».

Qu'est-ce qui alimente cet expansionnisme fiévreux ? Le colonialisme est encouragé par le capitalisme industriel. En 1902, dans le titre de son nouveau livre, J. A. Hobson qualifie d'« impérialisme » ce nouveau phénomène. Le principal moteur de l'expansion est, selon son interprétation, le profit colonial rendu nécessaire par le déclin progressif des possibilités d'investissement en Grande-Bretagne, où les taux de rendement chutent, alors que la sénescence technologique prend racine (Hobson, 1902). En 1907, Karl Kautsky, le théoricien principal du Parti social-démocrate allemand, élabore le concept d'une nouvelle phase de développement capitaliste qui débute dans les années 1880 et se caractérise par la monopolisation des marchés, la « construction

impériale », la colonisation des « zones agricoles », la concurrence entre les grandes puissances, associée à une militarisation en hausse, à la production d'armes et au danger de guerre. En 1913, Rosa Luxemburg, une autre théoricienne marxiste remarquable, affirme que le capitalisme ne peut se reproduire sans marchés additionnels, sans matières premières et sans ressources de main-d'œuvre. Par conséquent, il a besoin d'« un tiers », en dehors du secteur capitaliste, dans les périphéries agricoles, ce qui sera ultérieurement défini comme le « tiers-monde » (Luxemburg, 1975). Lénine partage ce point de vue, notamment dans son étude de 1917, où il conçoit la phase impérialiste comme une étape naturelle de développement du capitalisme (Lénine, 1988).

La construction d'un empire est, sans aucun doute, liée à l'avancée stupéfiante de l'économie capitaliste et à de puissants mobiles économiques. Cependant, elle devient également un symbole majeur du statut des grandes puissances. C'est ce qu'explique Heinrich von Treitschke en 1887, en exposant non seulement l'idéologie allemande, mais aussi une attitude caractéristique de l'arrivé sur le tard :

Toutes les grandes nations [...] veulent laisser leur marque sur les pays barbares [...]. [Ceux] qui ne participent pas à cette course joueront un rôle misérable à l'avenir. La colonisation est devenue une question vitale des grandes nations (Treitschke, 1887).

À la fin du XIX^e siècle, le géographe allemand Friedrich Ratzel, sociogéographe darwiniste, invente, avec le mot « *Lebensraum* » (espace vital), une théorie de la « lutte pour l'espace » (Ratzel, 1897), qui va devenir la base idéologique de l'expansionnisme allemand. La Russie qui, aux XVIII^e et XIX^e siècles, occupe de vastes territoires asiatiques, centrasiatiques et européens, continue à pratiquer une politique que Lénine qualifie de « colonisation domestique ». Elle ne se tourne pas vers des continents éloignés, mais élargit son empire dans toutes les directions possibles, absorbant et « russifiant » les territoires voisins.

4. UNE DISPARITÉ DE PLUS EN PLUS GRANDE AU SEIN DE L'EUROPE

Alors que le laisser-faire capitaliste avait conduit à un impressionnant développement économique et à un enrichissement, il était caractérisé par des inégalités de revenu qui lui étaient inhérentes. L'inégalité s'accroît de manière prononcée jusqu'au dernier tiers du XIX^e siècle. Les inégalités étaient à la fois entre pays et à l'intérieur de ceux-ci. La fortune s'accumulait rapidement, mais les salaires stagnèrent jusqu'aux années 1860-1870. L'industrialisation de l'Europe influença négativement trois générations d'Européens de l'Ouest. Comme le révèlent des études anthropométriques, la taille moyenne des soldats britanniques diminua à partir de la fin du XVIII^e siècle et ne recommença à augmenter qu'à partir des années 1860 (Komlos, 1998 ; Pamuk et Van Zanden, 2010, 219).

La littérature de cette époque, des « sataniques usines » de William Blake à Charles Dickens, décrit la face sombre de l'industrialisation – la situation en usine, les journées de travail interminables, la détérioration urbaine, les habitations insalubres et surpeuplées, la santé précaire et la mauvaise nutrition, autant de signes, comme Marx et Engels l'ont décrit, de l'exploitation. Karl Polanyi parle aussi d'une « avalanche de dislocation sociale... [et de] catastrophe [humaine]... [comme] accompagnement d'un vaste mouvement d'amélioration économique » (Polanyi, 1964, 39-40).

L'amélioration, toutefois, commença dans tous les aspects de la vie à partir de la fin du XIX^e siècle. Des réformes plus que nécessaires répondirent au spectre croissant de l'industrialisation et atténuèrent ses effets négatifs. La législation sociale des dernières décennies du siècle limita la durée des journées de travail ; l'Allemagne mit en place des institutions de protection sociale ; tandis que les salaires et les rations alimentaires augmentèrent à travers toute l'Europe occidentale. Dans les pays les plus riches, malgré réformes et améliorations, les inégalités recommencèrent à croître après le tournant du siècle. En dépit du développement économique et de la reprise de la croissance, « des années 1800-1810 aux années 1850-1860, les

salaires ouvriers stagnent à des niveaux très faibles – proches de ceux du XVIII^e siècle et des siècles précédents, voire inférieurs dans certains cas. [...] Les données que nous avons rassemblées indiquent toutefois qu'aucune diminution structurelle des inégalités ne se produit avant la Première Guerre mondiale. Au cours des années 1870-1914, on assiste au mieux à une stabilisation des inégalités à un niveau extrêmement élevé, et par certains aspects à une spirale inégalitaire sans fin, avec en particulier une concentration de plus en plus forte des patrimoines » (Piketty, 2013, 25-26).

Malgré tout, les changements économiques majeurs eurent aussi des effets majeurs sur la vie. Durant le XIX^e siècle, la population européenne s'accrut sensiblement. En 1815, le continent comptait 223 millions d'âmes ; en 1870, on en était à 340 millions, et en 1914 à 471 millions. Les révolutions agricole et industrielle transformèrent la société en entraînant une rupture avec les prévisions malthusiennes, qui envisageaient des crises périodiques de population, provoquées par des taux de croissance de la production agricole trop bas par rapport à ceux de la population. La catastrophe malthusienne ne se produisant pas, la population européenne s'accrut sans contrainte, et l'apport de population se conjuga à d'intenses migrations internes des villages ruraux vers les grandes villes en pleine expansion. La population urbaine en Europe passa de 26 millions d'habitants en 1815 à 162 en 1913, tandis que cinq millions d'Européens traversaient les frontières nationales.

Les terres et les emplois supplémentaires n'étaient cependant pas suffisants. L'amélioration et la baisse des prix des transports offrirent à des millions de personnes la solution de l'émigration en masse hors d'Europe. Parmi les multiples raisons qui mobilisèrent des dizaines de millions d'Européens, l'incitation d'une vie libre et de la possession d'une terre en Amérique, et le repoussoir que constituaient la pauvreté, la privation de terre et d'emploi. Avant la guerre, 40 millions d'Européens avaient quitté le vieux continent. Jusqu'en 1880, 80 % des migrants étaient irlandais, anglais ou allemands, mais vers le tournant du siècle, des personnes originaires des périphéries pauvres, Scandinaves, Italiens du Sud et Européens de l'Est formèrent le gros des émigrants (Alter et Clark, 2010, 59-60).

Les conditions de vie de la population, bien qu'accrues, s'améliorèrent de différentes manières. Des maladies médiévales furent éradiquées, et les conditions sanitaires et médicales améliorées. L'alimentation en eau potable et les systèmes d'évacuation des eaux usées y contribuèrent, de même que la réglementation sur les journées de travail. L'approvisionnement alimentaire et la valeur nutritive furent aussi renforcés, si bien que la ration alimentaire augmenta de 30 % entre 1870 et 1913. Les connaissances nouvelles en matière d'hygiène, de microbes et de vitamines, le développement de l'industrie pharmaceutique et l'invention de médicaments capables de sauver des vies eurent tous un impact positif sur l'existence humaine. Vers 1870, l'espérance de vie à la naissance était de 35 à 40 ans en France, en Allemagne, aux Pays-Bas, en Autriche et en Espagne. Seuls les pays scandinaves avaient une espérance de vie entre 40 et 50 ans, tandis qu'elle n'était que de 25 à 30 ans en Russie et dans d'autres pays retardataires de la périphérie. À la veille de la Grande Guerre, l'espérance de vie avait cependant augmenté jusqu'à 50-55 ans en Europe occidentale, et jusqu'à 33-40 ans en Russie, Pologne et Bulgarie. L'Indice de développement humain (IDH), qui combine PIB par habitant, espérance de vie et scolarité, augmenta de 20 à 30 % durant les décennies qui précédèrent la guerre. Les périphéries restaient toutefois au fond du panier du « club du bien-être » : l'Espagne, la Bulgarie et la Russie avaient un IDH accusant quarante années de retard sur celui du noyau dur de l'Europe occidentale (Leonard et Ljungberg, 2010, 111-113, 122-125).

Ces dernières données suffisent à montrer que la croissance, globalement rapide, n'était pas également répartie, particulièrement entre le noyau dur occidental et les périphéries de l'Est et du Sud de l'Europe. Quelques pays avancés pouvaient mieux s'ajuster et profiter plus que d'autres des transformations technologiques et structurelles. La plupart des anciens leaders, trop à leur aise dans leur position de tête, furent cependant relativement lents à répondre aux défis structurels du tournant du siècle, surtout en comparaison des États-Unis, mais aussi de la France, de l'Allemagne et de la Scandinavie, qui connaissaient une croissance plus rapide.

La Grande-Bretagne a alors atteint son apogée comme chef de file industriel et amorce un léger déclin par rapport aux autres pays de l'Ouest. Durant le demi-siècle qui précède la Première Guerre mondiale, le taux de croissance des exportations anglaises a baissé de 5 ou 6 % à 3 % par an. La croissance de la production industrielle, qui atteint 30 à 35 % par décennie avant 1870, chute à 17 % après 1870. Ainsi, la production de l'industrie chimique anglaise d'avant-guerre ne représente respectivement, que la moitié et le tiers seulement des productions allemande et américaine. La productivité industrielle a rapidement augmenté, mais cette hausse ne représente plus que la moitié de la croissance des productivités américaine, suédoise et allemande.

La Hollande réalise des progrès économiques en fournissant des biens industriels de consommation pour son marché intérieur. De nouveaux secteurs importants émergent également. Mais les secteurs traditionnels continuent à dominer l'économie : plus de 40 % de la main-d'œuvre industrielle travaillent dans le traitement des produits alimentaires et dans les textiles. Le secteur le plus important de l'économie hollandaise reste une agriculture fortement spécialisée où, jusqu'à la Première Guerre mondiale, travaille environ un quart de la main-d'œuvre. Avant la guerre, la production industrielle par habitant de la Hollande est, de loin, la plus basse (au douzième rang) de l'Europe occidentale (Jansen et Smidt, 1974 : 36).

Parmi les anciens chefs de file, la France constitue une exception, bien qu'ici aussi, on puisse distinguer quelques signes de la maladie de l'ancien leader : les vieux secteurs d'exportation sont préservés : les textiles, les jouets et l'industrie du luxe représentent encore 54 % des exportations françaises en 1913. En conséquence, le pays cède du terrain devant ses rivaux européens. En 1913, les petits paysans représentent toujours 41 % de la population active, un pourcentage beaucoup plus élevé que dans la plupart des autres pays de l'Ouest. À son apogée, la part de la France dans le commerce européen atteint environ 20 %, mais, vers 1913, elle descend à 12,6 % (Broder, 1976 : 305). L'activité d'investissement est relativement lente. La cause en est l'augmentation rapide des exportations de capitaux, qui représentent 20 à 25 % de sa formation de capital (Girault, 1979 : 226 ; Lévy-Leboyer, 1977 : 74).

En dépit de ces signes d'une certaine faiblesse, l'économie française montre une impressionnante force et une capacité à se renouveler d'elle-même. De nouvelles technologies et des secteurs moteurs apparaissent. La production d'énergie électrique fait un bond de 340 millions à 1 800 millions kW et, avant la guerre, les moteurs électriques représentent déjà près de 25 % de la capacité du parc des machines à vapeur. L'industrie électrique augmente sa production de 14 % par an. Dans la région de Grenoble, l'industrie électrométallurgiques la plus moderne se développe en s'appuyant sur la production de courant hydro-électrique des Alpes. La France encourage également une des industries métallurgiques les plus modernes au monde, entraînant une solide croissance au taux de 4,6 % par an (trois fois plus rapide que les textiles) entre 1892 et 1913. Enfin, le pays joue également un rôle majeur dans la métallurgie de l'aluminium, atteignant 16 % de la production mondiale (Lévy-Leboyer, 1968). Un de ses succès les plus importants est l'ascension de l'industrie automobile. Les sociétés Peugeot et Renault (et, en lien avec elles, le fabricant de pneus Michelin) s'assurent une importance mondiale. Vers 1913, la France produit 45 000 voitures et se hisse ainsi au deuxième rang mondial derrière les États-Unis, au premier rang européen dans cette nouvelle industrie.

L'économie française répond rapidement aux nouvelles exigences du XX^e siècle. Le PIB par habitant augmente de 32 % entre 1897 et 1913 (Maddison, 1995a). Sur le plan du volume de la production, la France reste la troisième puissance industrielle de l'Europe, derrière la Grande-Bretagne et l'Allemagne. Sur la base de la production industrielle par habitant, elle conserve sa cinquième position derrière la Grande-Bretagne, l'Allemagne, la Suisse et la Belgique.

Toutefois, comparé à la montée en force de son nouveau et plus vigoureux voisin et rival, le succès de la France n'est que partiel. L'Allemagne est devenue le chef de file technologique et le foyer de quelques-uns des secteurs industriels les plus modernes de l'époque. Quel est le secret du succès exceptionnel de l'Allemagne unifiée ? À partir des *Gründerzeit* du début des années 1870, alors que le capital des sociétés anonymes double en quatre ans, l'Allemagne, parallèlement aux États-Unis, devient le lieu d'hébergement par

excellence de la nouvelle révolution industrielle. Le pays s'affirme en tant que grande puissance grâce à une forte performance économique, à un réseau de transports et de banques hautement développé. L'Allemagne n'est pas « handicapée » par d'anciennes technologies obsolètes, aussi peut-elle se concentrer sur les industries qui mettent en œuvre des nouvelles technologies, développant ainsi une structure industrielle beaucoup plus moderne que celle de ses vieux rivaux.

Dès le tournant du siècle, l'Allemagne est la première à construire un de ces noyaux industriels qui seront typiques de l'Europe du XX^e siècle. L'industrie textile, qui a conduit la première révolution industrielle, ne joue qu'un rôle secondaire dans l'industrialisation allemande et perd presque toute son importance avant la guerre, n'employant guère que 10 % de la main-d'œuvre industrielle. Le charbon, le fer et l'acier constituent les vrais moteurs à partir de la fin du XIX^e siècle. La région de la Ruhr devient le centre de l'industrie allemande : en 1913, 19 sociétés y produisent plus d'un million de tonnes de charbon. À l'aube du XX^e siècle, le fer et l'acier se dressent comme les industries technologiques majeures et les plus modernes. Entre 1890 et 1913, les productions de fer et d'acier ont triplé et quadruplé, témoignant d'une croissance sans équivalent. Vers 1913, ces secteurs produisent un sixième de la production industrielle totale de l'Allemagne ; le pays produit trois fois plus d'acier que la France et deux fois autant que la Grande-Bretagne.

Sur les fondations solides de ces industries de base, l'Allemagne conteste avec succès la position de tête de la Grande-Bretagne et crée l'une des industries de constructions mécaniques les plus fortes au monde, employant plus de 15 % de la main-d'œuvre industrielle avant la guerre. Une science et une formation technologique remarquables contribuent à préparer une main-d'œuvre qui doit être le pilier de la construction navale et d'autres secteurs techniques, où l'emploi double et la production triple entre 1890 et 1913 (Fischer, 1978 ; 535-541). Dans les vieux pays industriels de l'Europe, les textiles et autres biens de consommation continuent à dominer la production avec une proportion moyenne de 3, voire 4, pour 1, par rapport aux industries dites lourdes. Pour la seule Allemagne, au début du XX^e siècle, les industries lourdes jouissent d'un avantage de 2 contre 1 sur les industries des biens de consommation (Hoffmann, 1931).

La force écrasante de l'industrie allemande repose sur ces secteurs qui sont nés de la nouvelle révolution industrielle. Le développement spectaculaire de la production d'énergie électrique mérite une attention particulière. Vers 1913, l'Allemagne produit plus d'énergie électrique que la Grande-Bretagne, la France, l'Italie et la Suède réunies. La société Siemens-Schuckert (à partir de 1903 et de leur fusion) emploie 57 000 travailleurs dans le pays, 24 000 à l'étranger, et domine la construction de centrales électriques en Europe. L'électrometallurgie et l'électrochimie suivent. Le géant AEG Werke commercialise une série d'appareils électroménagers.

Mais ce sont les découvertes dans l'industrie chimique moderne qui constituent les plus grands exploits industriels allemands. Dès les années 1870, les sociétés allemandes, dont Badische Anilin, Agfa et Bayer, dominent la moitié du marché chimique mondial. Durant le demi-siècle qui précède la Première Guerre mondiale, l'industrie chimique allemande affiche une croissance annuelle de 6,2 % et décuple sa production (Fischer, 1978). Avant la guerre, l'Allemagne est responsable d'environ un tiers des exportations mondiales totales de produits chimiques, de 90 % pour les teintures synthétiques. La production chimique du pays est de 60 % plus élevée que celle des États-Unis et cinq fois plus élevée que celle de la Suisse, qui arrive pourtant au deuxième rang sur le continent. La force exceptionnelle du pays dans le domaine scientifique et son système unique de formation technologique avancée fournissent de solides bases pour les nouvelles industries appuyées sur les nouvelles avancées scientifiques. Dans l'ensemble, la croissance économique de l'Allemagne est une des plus rapides de l'Europe du début du XX^e siècle : le PIB par habitant augmente de 32 % entre 1897 et 1913 (Hoffmann, 1971 : 31-5 ; Köllmann, 1978 : 17).

Avant la Première Guerre mondiale, la Grande-Bretagne, la France et l'Allemagne représentent moins du tiers de la population de l'Europe, mais assurent 72 % de la production industrielle du continent, dont 93 % du charbon, 78 % de l'acier, 80 % de ses constructions mécaniques et 74 % de ses produits chimiques ; elles consomment 73 % de ses importations de coton.

ENCADRÉ 1.3 L'aspirine

Simple médicament, l'aspirine est pourtant le miracle médical le plus réussi du XX^e siècle. Hippocrate avait déjà signalé que l'écorce granuleuse de saule était un bon remède pour soulager la douleur et la fièvre. Durant le XIX^e siècle, plusieurs savants allemands, italiens et français isolent l'élément actif de l'écorce de saule, la salicine, et en tirent l'acide salicylique. Malgré son invention et sa réinvention, il est oublié et il faut attendre la fin du siècle pour le voir reconnu en tant que médicament.

L'histoire de l'aspirine est liée à Friedrich Bayer et Compagnie, une petite entreprise de teinturerie allemande créée en 1863 et pionnière dans la production de teintures synthétiques. En 1884, la société, presque en faillite, emploie un jeune chimiste, Carl Duisberg. Celui-ci invente des teintures synthétiques et devient, très tôt, le chef du département des recherches et brevets. Il fait également évoluer la société en proposant plusieurs produits pharmaceutiques. Vers 1890, 90 chimistes travaillent à l'usine d'Eberfeld, dans un laboratoire de trois étages nouvellement construit. Duisberg, véritable génie des affaires, rachète la société, construit un deuxième laboratoire de recherche, spécialisé dans la recherche pharmaceutique et y adjoint une immense usine à Leverkusen. Le nouveau laboratoire commence des recherches visant à produire une version raffinée de l'acide salicylique, en éliminant son dangereux effet secondaire : la destruction des prostaglandines produites par la paroi de l'estomac pour protéger ce dernier de sa propre acidité. En 1899, le jeune chimiste Félix Hoffman réussit à produire la version adéquate, l'acide acétylsalicylique, baptisée « Aspirine ».

Duisberg est le premier industriel à donner un nom de marque aux médicaments en lieu et place de leur nom chimique difficile à retenir. Il lance également une nouvelle manière de les commercialiser en envoyant des échantillons gratuits aux hôpitaux et aux médecins. En trois ans, plus de 160 critiques et études sur l'aspirine sont publiées. D'abord vendue en poudre, celle-ci devient un médicament analgésique, antipyrétique et anti-inflammatoire très populaire. En 1904, la marque commerciale Bayer Cross est lancée et, vers 1915, la production de comprimés commence.

Fait extraordinaire, les recherches sur les qualités uniques de l'aspirine n'ont jamais cessé. En 1950, dans un journal médical américain peu connu, une étude annonce que l'aspirine, en réduisant la formation de thrombose dans le sang, prévient les crises cardiaques. L'étude de John Vane, lauréat du Prix Nobel, le confirme de manière convaincante en 1988 et devient un des travaux les plus cités en recherche pharmaceutique. Le médicament s'avère excellent également contre l'arthrite. Le système immunitaire s'oppose aux tissus du corps dans certaines circonstances. La maladie du système auto-immunitaire, l'arthrite rhumatoïde, peut détruire les articulations. L'aspirine peut empêcher les attaques contre les tissus. Elle peut dès lors être utilisée avec succès contre deux des maladies les plus répandues : la crise cardiaque et l'arthrite, tout en restant un des médicaments les plus efficaces contre les maux de tête et les états fébriles. Le fait que de plus en plus de personnes en absorbent un à deux comprimés chaque jour offre sans doute le meilleur témoignage des qualités remarquables du médicament. Bien que plusieurs marques d'aspirine soient en concurrence et que des substituts très réussis aient conquis d'énormes marchés, l'aspirine Bayer reste l'une des marques phares (Mann et Plummer, 1991).

5. LA SCANDINAVIE COMMENCE À COMBLER SON RETARD

Jusqu'à la fin du XIX^e siècle, les pays scandinaves sont essentiellement fournisseurs de produits alimentaires non industrialisés et de matières premières. Ils profitent particulièrement du processus de mondialisation, en produisant pour l'exportation et en bénéficiant d'importants investissements étrangers, surtout dans les infrastructures. Qui plus est, la Scandinavie dispose d'un potentiel socioéconomique intérieur suffisant pour s'ajuster, commencer à combler son retard et rejoindre le noyau dur de l'économie européenne. Au début du XX^e siècle, la région est devenue un champion économique. Le Danemark, la Suède et la Norvège sont

en mesure de s'adapter aux nouvelles exigences technologiques et structurelles du début du siècle et progressent rapidement sur la voie d'une industrialisation moderne. Les exportations de produits bruts, surtout le bois, le bois de construction et le minerai de fer, sont remplacées par les exportations d'une industrie de transformation en développement rapide, notamment la pâte à papier et le papier. Entre 1891 et 1900, 38 % des exportations suédoises consistent en bois non traité et 8 % en pâte à papier et en papier ; vers 1911-1913, la part des exportations de bois baisse à 26 %, alors que la pâte à papier et le papier atteignent 18 % (Fridlzius, 1963). Entre 1896 et 1912, les industries suédoises de papier constituent un secteur d'exportation par excellence, avec 75 à 80 % de leurs productions exportées ; elles augmentent leurs productions de 11 % par an et deviennent le secteur le plus dynamique de l'industrie.

Dans les années 1890, l'industrie suédoise du fer et de l'acier s'est suffisamment remise du choc de la révolution industrielle anglaise pour être en mesure de se renouveler par l'adoption de la récente technologie du procédé Siemens-Martin. Les exportations de fer et d'acier atteignent 10 % des exportations totales de la Suède (Nilsson, 1972). Les constructions mécaniques, surtout électriques, émergent également comme un nouveau secteur important, qui multiplie sa production par six. En 1913, ce secteur emploie 19 % de la main-d'œuvre industrielle, représente 14 % de la production totale et fournit 10 % des exportations totales.

À bien des égards, la Norvège suit un chemin similaire. Jusqu'en 1866, son économie est essentiellement basée sur la pêche et sur les exportations de poisson (47 % du total), parallèlement à la production et à l'exportation de bois et de bois de construction (42 % du total). Son industrialisation commence pratiquement avec le traitement de ce qui, jusqu'alors, constitue les exportations de bois non traité. Vers 1910, 43 % et 23 % du bois sont respectivement exportés sous la forme de pâte à papier et de papier (Hodne, 1975 : 33). La production d'énergie hydroélectrique marque un vrai tournant pour une Norvège pauvre en énergie : vers 1914, elle dispose de 123 centrales électriques d'une capacité de 920 000 chevaux-vapeur. Ces sources abondantes d'énergie bon marché permettent le développement des engrais artificiels, de la production d'aluminium et des aciéries électriques, ainsi que d'autres secteurs modernes. À la veille de la Première Guerre mondiale, les exportations de l'industrie chimique de la Norvège dépassent celles de son industrie du bois.

Le secteur tertiaire norvégien mérite qu'on s'y attarde, dans la mesure où son importance est une caractéristique particulière de l'économie. La Norvège s'impose comme grande puissance maritime à la fin du XIX^e siècle. La capacité de sa flotte marchande (plus d'un demi-million de tonnes vers 1910) en fait la troisième flotte marchande au monde et la navigation produit un tiers du revenu des exportations du pays (Johnsen, 1939). En 1910, les services contribuent pour 50 % au PIB.

Alors que l'industrialisation suédoise et norvégienne est fortement orientée vers les exportations, les exportations danoises restent essentiellement agricoles, mais avec une importante industrie agroalimentaire. En fait, le pilier de l'économie danoise est un secteur agricole moderne orienté vers les exportations. Entre 1893 et 1914, les troupeaux de porcs vont plus que tripler. L'industrie alimentaire s'affirme comme un secteur de pointe et représente un tiers de la production industrielle danoise (Milward et Saul, 1977 : 504). Le pays profite de la mondialisation de la fin du siècle. La Grande-Bretagne devient son marché le plus important : entre 1885 et 1910, les exportations danoises vers la Grande-Bretagne triplent pratiquement. S'appuyant sur les substantiels revenus des exportations, l'industrialisation au Danemark gagne du terrain à partir de la fin du XIX^e siècle. Elle se caractérise par sa préoccupation de la substitution des importations. À l'époque de la Première Guerre mondiale, le pays couvre 70 % de sa consommation intérieure de produits industriels. Le développement économique danois représente l'exemple le plus réussi d'une économie complémentaire orientée vers les exportations.

Le PIB des pays scandinaves augmente rapidement au début du XX^e siècle (voir tableau 1.4). La Suède bénéficie d'une croissance économique trois fois plus rapide que celle de l'Europe dans son ensemble alors que, dès avant la Première Guerre mondiale, les niveaux de revenus régionaux se rapprochaient de ceux de l'Europe de l'Ouest, le Danemark en atteignant 98 %, la Suède 84 %.

Tableau 1.4 *Ralentissement des pays de vieille industrialisation et montée des nouvelles puissances économiques de l'Ouest (PIB par habitant en \$ 1990 app¹) (Maddison, 1995a : 194-196)*

| Année | Anciens Chefs de file* | 1870 = 100 | France et Allemagne | 1870 = 100 | Scandinavie** | 1870 = 100 | EU | 1870 = 100 |
|-------|------------------------|------------|---------------------|------------|---------------|------------|-------|------------|
| 1870 | 2 679 | 100 | 1 886 | 100 | 1 631 | 100 | 2 457 | 100 |
| 1900 | 3 827 | 143 | 2 992 | 159 | 2 408 | 148 | 4 096 | 167 |
| 1913 | 4 330 | 162 | 3 644 | 193 | 3 046 | 187 | 5 307 | 216 |

¹ Parité de pouvoir d'achat ; * Hollande, Grande-Bretagne, Belgique, Suisse ; ** Suède, Danemark, Norvège

6. LES PÉRIPHÉRIES DU SUD ET DE L'EST À LA TRAÎNE

Au moment où la Scandinavie commence à rattraper le noyau dur occidental, le développement économique européen affiche des disparités majeures. Les pays méditerranéens, d'Europe centrale et orientale n'arrivent pas à suivre le rythme de l'Ouest et sont incapables de reproduire le miracle scandinave. Ils font pourtant partie intégrante de l'économie européenne globale et quelques-uns d'entre eux tirent profit de son internationalisation. Sidney Pollard parle d'un processus d'industrialisation européenne unifié et en réseau, les modèles économiques fermés d'économies nationales indépendantes ne fonctionnant plus (Pollard, 1973).

Un des éléments les plus importants de cette globalisation est l'augmentation spectaculaire du commerce extérieur. Les possibilités d'exportation vers les marchés occidentaux en croissance sont parmi les éléments clés à l'origine de la transformation de la périphérie. Les pays d'Europe de l'Ouest interviennent pour deux tiers des importations mondiales ; près des deux tiers de ces importations européennes consistent en produits alimentaires et en matières premières et, à nouveau, environ deux tiers de ces produits proviennent des autres pays européens (Kuznets, 1967).

Les riches pays d'Europe occidentale commencent à investir chez leurs partenaires moins développés et à les financer. Vers 1913, le montant des capitaux exportés atteint 46 milliards de dollars et 26 % de ce capital est destiné aux pays de la périphérie européenne (Kuznets, 1967 ; Woodruff, 1966). Les marchés occidentaux et les exportations de capitaux conduisent à la modernisation de l'agriculture et entraînent une révolution agricole tardive. Ce processus a, pour une bonne part, commencé durant le dernier tiers du XIX^e siècle et atteint son apogée avant la Première Guerre mondiale. Il en résulte que la production agricole de l'Europe centrale et orientale double pratiquement durant le demi-siècle qui précède la guerre. Les pays méditerranéens ont moins de succès. Dans le meilleur des cas, ils développent une économie agricole autosuffisante.

Les pays occidentaux industrialisés se ruent sur ces périphéries européennes pour investir dans l'extraction de matières premières. La Russie et la Roumanie deviennent les pays européens les plus importants pour la production et l'exportation du pétrole brut. Au début du siècle, les principales compagnies anglaises, hollandaises et américaines ouvrent les champs pétrolifères roumains à l'exploitation : pratiquement la totalité de la production en est exportée. La moitié des sociétés minières espagnoles appartiennent à des étrangers qui en retirent d'importantes quantités : du fer en Biscaye, du cuivre à Rio Tinto et du plomb à la Montagne de Cartagena. De cette production, 90 % sont exportés (Plaza-Prieto, 1955 ; Voltes, 1974 : 179).

Les chemins de fer modernes sont conçus comme les parties d'un système européen unifié et, pour la plupart, grâce à des investissements occidentaux. Vers 1913, les chemins de fer russes atteignent 70 200 kilomètres de voie (Khromov, 1950 : 462 ; Bovikin, 1973 : 35) (voir tableau 1.5). Dans les quatre pays de l'Europe méditerranéenne, la taille du réseau ferroviaire augmente de 45 % entre 1890 et 1913. Avant la Première Guerre mondiale, un réseau de transports moderne, même s'il est moins développé qu'à l'Ouest, y relie les périphéries.

Tableau 1.5 Chemins de fer dans l'Europe de la périphérie en 1913 (Berend and Ránki, 1982: 98, 100)

| Région | Longueur de chemins de fer (en milliers de km) | Surface par km de chemin de fer (en km ²) | Longueur de chemin de fer (en km pour 100 000 habitants) |
|------------------------------|------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------|
| Europe occidentale | 167,7 | 10,14 | 90,2 |
| Europe méditerranéenne | 38,4 | 25,14 | 61,0 |
| Europe centrale et orientale | 98,8* | 20,49** | 50,4*** |

* Avec la Russie. Sans la Russie, le chiffre est de 28,6 km ; ** Sans la Russie. Le chiffre russe est de 324,17 km² ;

*** Sans la Russie. Le chiffre russe est de 42,3 km

Les exportations des produits agricoles et des matières premières augmentent énormément en réponse à une demande croissante de l'Ouest. La Russie fournit environ un quart des exportations mondiales de blé, avec quelque 8 millions de tonnes de grain par an vers 1910-1913 (Khromov, 1963 : 59, 207). La Roumanie représente également 8 % des exportations mondiales de blé. Les exportations serbes de porc, de bétail, de prunes séchées et de cuivre, les livraisons grecques de raisins, de tabac et d'olives, les vins italiens, portugais et espagnols, les agrumes, les minerais espagnols, la soie brute italienne, les céréales, le bois et le pétrole russes, jouent un rôle important sur les marchés occidentaux. Ces exportations progressent à pas de géant.

Certains de ces pays, au succès le plus marqué, commencent également à transformer une partie de leurs produits agricoles. La Hongrie développe à Budapest la deuxième minoterie la plus importante au monde (après celle de Minneapolis). Les deux tiers de sa production de blé peuvent être exportés sous forme de produits transformés, ce qui représente un quart des exportations mondiales de farine de blé. L'industrie alimentaire devient le secteur principal des industries émergentes, représentant 32 % de la production industrielle de la monarchie austro-hongroise (26 % de la production industrielle austro-tchèque et 39 % de celle de la Hongrie). D'importantes étapes sont également franchies dans les secteurs les plus modernes : par exemple, la United Incandescent Lamp Co devient un leader européen (Berend et Ránki, 1955).

L'industrie alimentaire devient aussi le principal secteur d'exportation en Irlande, à la périphérie occidentale de la Grande-Bretagne. L'Irlande était restée fondamentalement agricole : un tiers seulement de la production nette de l'agriculture et de l'industrie combinées provenait de l'industrie. La bière et le whiskey, essentiellement produits par les distilleries de Dundalk, de Dublin et de Belfast et par les brasseurs de Dublin, dont le plus important, Guinness, représente plus de 40 % des exportations irlandaises en 1907 (Cullen, 1987 : 134-135 ; 157-161).

Durant le demi-siècle qui précède la Première Guerre mondiale, les exportations européennes augmentent en moyenne de 2,8 % par an, les exportations russes de 3,8 % et les bulgares de 5,3 % (Bairoch, 1973). L'accumulation de capital résultant des revenus des exportations augmente également. Les premières étapes vers l'industrialisation sont franchies dans certains de ces pays, bien que seuls quelques-uns se révèlent capables de devenir à la fois agricoles et industriels, la plupart restant entièrement agricoles.

Grande puissance européenne et géant militaire, la Russie préserve pourtant son agriculture traditionnelle (Liashchenko, 1952). Dans les années 1890, celle-ci stagne plus ou moins, la production par habitant allant même jusqu'à diminuer. Surtaxée et exploitée par l'État, elle constitue un marché intérieur plutôt faible et fragile. D'importantes étapes vers une industrialisation sont cependant franchies avec, pour résultat, une augmentation de 61 % du PIB par habitant entre 1890 et 1913 (et même de 22 % entre 1900 et 1913). En 1913, les niveaux de PIB sont encore bien bas, atteignant seulement 71 %, 60 % et 40 % des niveaux, respectivement, hongrois, italiens et de la moyenne des pays de l'Europe de l'Ouest. La modernisation russe est donc en partie un échec, mais au moins, son industrialisation a commencé.

ENCADRÉ 1.4 Tungsram

La société Egyesült Izzólámpagyár (United Incandescent Lamp Co), pionnière de l'industrie électrotechnique en Hongrie, est constituée en 1896 à Budapest. Dans un pays où 68 % de la population est encore occupée dans l'agriculture et près de 40 % analphabète, c'est un signal prometteur de modernisation. La nouvelle société, fortement orientée vers les exportations, introduit la technologie la plus moderne de l'époque, la production de sources de lumière pour les villes récemment électrifiées. Vers 1901, la compagnie a également établi des réseaux téléphoniques. L'Accord international de cartel entre les principales sociétés européennes (1903) lui accorde, sur le marché des ampoules à incandescence, une part égale à celle de la société hollandaise Philips (11,3 %) juste derrière les sociétés allemandes AEG et Siemens (22,6 %).

La société, qui compte 700 employés à ses débuts, en emploie plus de 3 000 avant la Première Guerre mondiale, alors que la production atteint 30 000 ampoules par jour. Elle est parmi les premières à utiliser les filaments Wolfram (1906), beaucoup plus efficaces, et à remplir le vide à l'intérieur de l'ampoule par du gaz (1913). Vers 1913, cinq sixièmes de sa production sont exportés. Baptisée plus tard « Tungsram », elle suit de près les orientations managériales et technologiques les plus novatrices des pays avancés. Lipót Aschner, manager de type américain, lance une campagne d'expansion verticale et de progrès technologique qui ne s'arrêtera jamais. En 1921, il met en place un des premiers laboratoires de niveau mondial. Quand Imre Bródy, principal ingénieur de recherche, invente le procédé de remplissage des ampoules au gaz krypton, la société met en place une usine de gaz krypton et achète une usine de verre. La production nécessitant une grande quantité de charbon, Aschner, achète des mines de charbon en 1936. Aux alentours de 1938, l'usine produit plus de 23 millions d'ampoules et emploie 5 000 travailleurs. Elle a des filiales à Vienne et à Varsovie. Avant la Seconde Guerre mondiale, 85 % de sa production est exportée vers 53 pays.

Durant les décennies d'après-guerre, caractérisées par un socialisme d'État, la compagnie est nationalisée et perd ses relations à l'étranger. Elle continue à croître et son rôle central dans les exportations industrielles du pays vers l'Occident ne se modifie pas. À la fin des années 1980, la société emploie 20 000 personnes. C'est le joyau de l'industrie hongroise avec 5 à 6 % des marchés d'Europe de l'Ouest et 2 à 3 % des quelque 12 milliards de dollars du commerce mondial.

Néanmoins, la compagnie ne peut tenir le rythme des rapides développements technologiques. Il n'est donc pas étonnant qu'à la fin des années 1980, dès avant l'effondrement du régime communiste, l'Américain General Electric (GE) achète 50 % des parts de la compagnie. En 1994, GE possède la totalité de la société et investit près de 600 millions de dollars pour moderniser Tungsram : certaines lignes de production et branches auxiliaires sont fermées, alors que la production se concentre sur les produits à forte marge. Le nombre d'employés tombe de 20 000 à 9 000. La productivité augmente à des taux à deux chiffres par an durant les années 1990. GE décide de concentrer une grande partie de ses capacités mondiales de R&D en Hongrie – un pas unique de la part d'une multinationale qui investit dans des pays en transformation ou en développement. Des huit programmes principaux de recherche à l'échelle mondiale de GE, quatre sont basés au siège social de Cleveland et les quatre autres, avec la moitié des professionnels de R&D de la société, le sont à Budapest. Tungsram devient le producteur de source de lumière le plus important au monde, vendant, via le réseau commercial de GE, 40 % de sa production en Europe occidentale, 30 % au Moyen-Orient et en Asie, presque 20 % aux États-Unis et environ 10 % en Hongrie et en Europe orientale (Berend et Ránki, 1955, 1966 ; Marer et Mabert, 1996).

La Pologne, la Finlande et les pays baltes, qui forment la partie occidentale de l'empire russe, commencent à s'industrialiser en réponse aux possibilités d'exportation qu'offrent les marchés russes. Mesurés sur base de la production par habitant, ces pays atteignent également des taux de croissance deux fois plus élevés que leur homologue russe et se montrent capables de mettre en place une économie agro-industrielle.

ENCADRÉ 1.5 Les Agnelli

En bâtissant un des plus grands empires d'affaires mondiaux du XX^e siècle, les deux Giovanni Agnelli, le grand-père et le petit-fils, ont changé l'histoire économique de l'Italie. À la moitié du XIX^e siècle, lorsqu'elle déménage à Villar Perosa, près de Turin, en 1853, la famille est composée de riches propriétaires terriens que rien ne distingue particulièrement. Giovanni Agnelli y naît en 1866. Il devient officier de cavalerie, mais que rien ne distingue particulièrement. Après son mariage, il s'installe à Turin. Intéressé par la technologie et ayant entendu démissionner rapidement. Après son mariage, il s'installe à Turin. Intéressé par la technologie et ayant entendu parler de l'automobile, il met sur pied, avec un partenaire, sa propre usine automobile, et cela, quatre ans avant Henry Ford. À ses débuts, en 1899, la Fabbrica Italiana di Automobili Torino, mieux connue sous le nom de « Fiat », emploie 50 personnes. L'usine produit alors environ 100 voitures par an, mais, dès 1914, forte de 4 000 employés, elle en produit 4 000. Agnelli cultive des liens particuliers avec le puissant Premier ministre, Giovanni Giolitti, dont les aventures expansionnistes favorisent fortement Fiat. La société commence à produire des camions, des canons, et même des avions. Les années de guerre se révèlent une aubaine : l'usine est submergée par les commandes militaires, la main-d'œuvre augmente jusqu'à compter 10 000 employés et Fiat, de trentième usine d'Italie, devient la troisième du pays à la fin de la guerre.

Giovanni Agnelli s'avère être un excellent gestionnaire doté d'un grand flair lorsqu'il s'agit de recruter les meilleurs. Il passe également maître dans l'art de tisser des liens politiques et cultive une bonne relation avec Mussolini, qui le nomme sénateur à vie en 1923. Agnelli rejoint même le Parti fasciste en 1932 et profite abondamment de ses relations. Il est prêt à vendre son âme au diable, y compris à l'Allemagne nazie, si cela peut soutenir le développement de Fiat par d'énormes commandes militaires. Déshonoré par sa collaboration, le fondateur meurt en 1945 à l'âge de 79 ans.

Son fils unique, Edoardo, également officier de cavalerie, épouse une aristocrate et donne à son premier fils, né en 1921, le prénom de son grand-père, même s'il l'appelle Gianni.

Poursuivant la tradition familiale, celui-ci entre dans la cavalerie, mais obtient aussi un diplôme en droit. Le jeune officier de l'armée fasciste est envoyé sur le front russe puis en Afrique du Nord, mais change de camp à temps. Après la guerre et la mort de son grand-père (son père est mort dans un accident d'avion en 1935), il devient vice-président de Fiat et rend, de temps en temps, des services à la société dans laquelle il n'assume pas de réelles fonctions ni de vraies responsabilités. Ce rôle est assuré par un gestionnaire efficace à la main de fer, Vittorio Valetta, qui dirigera l'empire familial pendant près de vingt ans. Gianni, pendant ce temps, joue au play-boy, s'abandonne à une vraie *dolce vita*, jouissant de la compagnie d'un grand nombre de femmes célèbres, utilisant son avion et son yacht, volant de sa villa de 28 chambres à la Côte d'Azur à sa maison dans la Cinquième Avenue à New York ou à la demeure familiale de 45 chambres près de Turin. Il se marie en 1953. En 1966, à l'âge de 45 ans, il assume finalement la présidence de la société. Il s'affirme comme un homme d'affaires au talent instinctif, un diplomate charmant parlant plusieurs langues et familier des cercles politiques les plus élevés. À cette époque, l'empire Agnelli est énorme : Fiat emploie 130 000 personnes, produit autant de voitures en un jour qu'elle n'en produisait en une année entière à la mort du grand-père en 1945 et devient le deuxième constructeur automobile en Europe. La Fiat 124 est le modèle le mieux vendu du pays. La famille contrôle des intérêts dans les constructions mécaniques, le ciment, les journaux, la marine marchande et l'industrie alimentaire. Des filiales d'industrie d'équipements fonctionnent à Monte-Carlo, au Pakistan et en Turquie et des usines automobiles sont ouvertes en Union soviétique, en Pologne, en Espagne et en Argentine. Cette multinationale prospère est une des rares au monde à être restée une propriété familiale et est toujours dirigée par la famille Agnelli.

Cependant, la deuxième moitié des années 1970 est troublée. Les prix flambent, les marchés baissent, une profonde crise politique s'installe en Italie. La société est touchée. Les terroristes des Brigades rouges tuent ou blessent 27 directeurs de Fiat. Les Agnelli se déplacent dans des voitures blindées, escortés par des gardes du corps. Mais, à partir de 1979, Fiat sort de ses difficultés : un nouveau directeur exceptionnel, Cesare Romiti, prend, en 1980, la responsabilité des opérations, formant un excellent tandem avec Gianni Agnelli.

De nouveaux plans de modernisation et d'investissements préparent la voie d'une nouvelle prospérité. La nouvelle Fiat Uno remporte un immense succès. La diversification de la production conduit vers de nouveaux sommets : un système d'assemblage robotisé est créé et devient lui-même un article d'exportation. Fiat achète Alfa Romeo et monopolise près des deux tiers du marché intérieur de voitures.

Durant les années 1980, les intérêts des Agnelli s'étendent aux télécommunications, à l'aérospatiale, à l'agronomie, aux grands magasins, aux compagnies d'assurances et aux journaux. La société possède 569 filiales et 190 compagnies associées dans 50 pays, générant un revenu de 33 milliards de dollars. Gianni Agnelli devient le roi sans couronne de l'Italie (Friedman, 1989).

Un certain nombre de pays des Balkans et de la Méditerranée ne sont malheureusement pas en mesure de s'adapter aux nouvelles exigences technologiques et structurelles du début du XX^e siècle et restent, encore plus qu'avant, à la traîne. L'Italie est la seule exception et représente un des succès les plus importants de la périphérie européenne. Durant cette période de changements régionaux majeurs, malgré le maintien d'un sérieux retard par rapport à l'Ouest, l'Italie atteint, avant la Première Guerre mondiale, une croissance annuelle spectaculaire de 6,7 % (Gerschenkron, 1962). Alors que les plus grandes régions du pays restent arriérées et préindustrielles et que plus de 58 % de la population active travaille toujours dans l'agriculture, un « triangle industriel » de base se dégage entre Turin, Milan et Gênes en 1911, employant environ 24 % de la main-d'œuvre. Qui plus est, ce processus d'industrialisation atteint ses meilleurs résultats dans les secteurs les plus récents de l'économie. En 1898, la première centrale hydroélectrique est construite et la capacité hydroélectrique de l'Italie est multipliée par 32 entre 1895 et 1914, faisant du pays un leader dans ce domaine (Mori, 1977 : 195, 360). Cette énergie fournit les bases de la montée en force d'une métallurgie moderne : celle-ci augmente sa production de 12 % par an à partir du début du siècle. Les industries mécaniques, électriques, automobiles et chimiques deviennent les secteurs les plus dynamiques de l'économie.

L'Italie atteint le plus haut taux de croissance de l'Europe du début du XX^e siècle avec une augmentation de 66 % du PIB par habitant. Vers 1918, toujours loin derrière l'Europe occidentale, elle figure parmi les huit plus importants producteurs d'acier, de ciment, d'énergie électrique, de voitures, de superphosphates et de soie artificielle au monde.

Les pays d'Europe les moins performants au début du XX^e siècle sont ceux de la péninsule ibérique et des Balkans. Quelles sont les causes principales de leur incapacité à progresser ? Leur possibilité de développement est atténuée par une faible capacité sociale, des traditions culturelles et un retard sur le plan de l'éducation – plus particulièrement dans les Balkans – joints à des ressources de base limitées. Ces pays ne réussissent pas à s'adapter aux exigences des secteurs technologiques modernes et, de ce fait, perdent encore plus de terrain. À titre d'exemple, le Portugal, dont la plupart des industries restent locales et de petite taille, rate la prospérité dont d'autres jouissent dans l'Europe du XX^e siècle. Le PIB total par habitant y stagne désespérément à la fin du XIX^e siècle, et diminue encore de 4 % entre 1900 et 1913, de sorte que les niveaux de revenus sont en dessous de ceux de la Russie et atteignent seulement 37 % de la moyenne de l'Europe occidentale.

Un échec similaire de modernisation caractérise la région des Balkans, restée presque entièrement agricole, avec 75 à 80 % d'emploi dans l'agriculture et à peine 10 % de main-d'œuvre dans l'industrie. Le capital étranger, qui joue un rôle crucial dans la modernisation de la périphérie, est pour l'essentiel utilisé ici dans la mise en place d'un nouvel appareil d'État, affecté à l'armée ou à l'aménagement de capitales fascinantes aux bâtiments publics imposants, autrement dit à une « modernisation symbolique ». En Roumanie, 20 % du capital étranger est utilisé pour la modernisation de l'armée. En Serbie, 40 % l'est aussi pour payer l'armée et couvrir les déficits budgétaires. Il est dès lors peu surprenant que la Bulgarie et la Serbie soient en faillite à la fin du siècle.

L'industrie pétrolière de la Roumanie gagne en importance, mais le pays continue à importer des produits pétroliers traités puisque sa production est exportée. Les industries bulgare et serbe emploient chacune entre 14 000 et 15 000 travailleurs avant la guerre. À peu près un quart seulement de la faible consommation intérieure des biens industriels est assuré par la production intérieure de la Bulgarie d'avant-guerre. La révolution industrielle n'a toujours pas atteint les Balkans. À la veille de la Première Guerre mondiale, le PIB par habitant de la Serbie dépasse à peine le quart des niveaux de l'Europe occidentale. La figure 1.1 illustre la disparité dans la croissance économique entre 1897 et 1913.

L'échec de l'industrialisation dans la péninsule ibérique est peu atténué par les quelques progrès réalisés par l'Espagne en matière d'industrialisation au début du XX^e siècle (Sánchez-Albornoz, 1968 ; Nadal, 1971 : 275). Les principales industries de fer et d'acier et les secteurs des constructions mécaniques qui travaillent pour les chemins de fer commencent à s'établir dans la zone industrielle basque. À l'autre bout de la péninsule, en Catalogne, le textile devient le secteur de pointe (Voltes, 1974 : 241). Bien que 71 % de la main-d'œuvre soit toujours active dans l'agriculture, comme en 1860, ceux qui travaillent dans l'industrie (17 %) produisent plus d'un cinquième du PIB.

Le PIB de l'Espagne, par habitant, atteint 64 % des niveaux occidentaux. Cependant, les périphéries de l'Est et du Sud de l'Europe, surtout les Balkans, conservent une économie obsolète et restent bien loin derrière l'Occident (voir tableau 1.6).

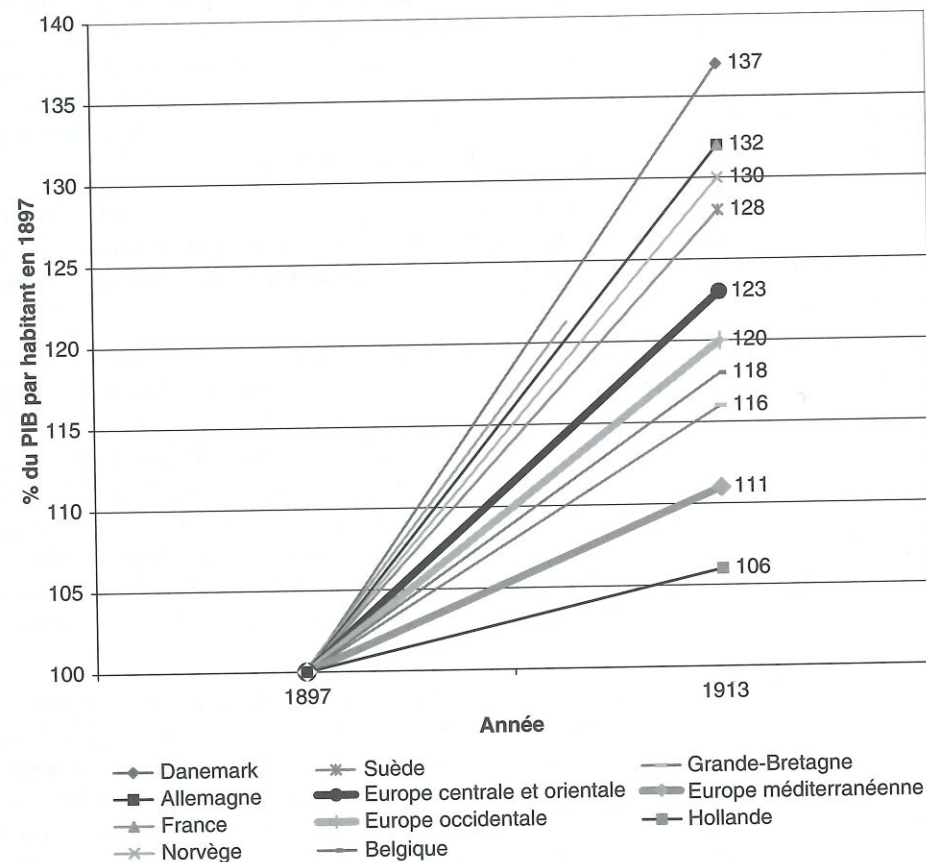


Figure 1.1 Disparité dans la croissance économique, 1897-1913

Tableau 1.6 Disparité de revenus entre régions européennes, en termes de PIB par habitant (Maddison, 1995a : 23)

| Régions | \$ en 1820 | % en 1820 | \$ en 1870 | % en 1870 | \$ en 1913 | % en 1913 |
|---------------------------------------------|------------|-----------|------------|-----------|------------|-----------|
| Europe occidentale | 1,372 | 100 | 2,337 | 100 | 4,013 | 100 |
| Région semi-industrialisées | 844 | 62 | 1,154 | 49 | 2,294 | 57 |
| Régions préindustrielles et poches modernes | 907 | 66 | 1,161 | 50 | 1,699 | 42 |
| Régions retardataires | — | — | — | — | 1,037 | 26 |

Bien que les taux de croissance de l'Europe centrale et orientale soient similaires à la tendance occidentale, ils ne sont pas assez rapides pour générer un processus de rattrapage des pays du noyau dur. Le gouffre entre l'Occident d'une part et l'Europe du Sud et de l'Est de l'autre reste profond ; il se creuse même en ce qui concerne l'Europe du Sud. L'industrialisation a plus ou moins échoué dans cette région. L'emploi agricole continue à dominer, avec 75 à 80 % de la population active en Russie et dans les Balkans, et 55 à 70 % en Italie, au Portugal, en Hongrie, en Pologne et en Espagne. L'emploi industriel reste en dessous du cinquième de l'emploi total et, vers 1910, la production industrielle représente moins du quart du PIB (Berend et Ranki, 1982 : 159). La croissance économique reste lente ; entre le début du siècle et 1914, l'Irlande et l'Espagne ont profité de 10 % seulement de croissance et, au Portugal, elle baisse de 4 %. La plupart des pays balkaniques font l'expérience d'une croissance négative. La Russie, la Pologne et la Hongrie, malgré d'importants progrès vers l'industrialisation, ne peuvent dépasser de façon significative les taux de croissance occidentale. Les disparités entre régions d'une part et entre le noyau dur et les périphéries d'autre part n'ont pas disparu (voir tableau 1.7). Dans certains cas, elles ont même grandi. Quel que soit l'acquis de l'industrialisation orientée vers les exportations dès avant la Première Guerre mondiale, il ne peut produire une percée ni même commencer à combler le retard qui sépare ces périphéries de l'Occident.

Tableau 1.7 Disparités du PIB par habitant entre le noyau dur et les périphéries (Maddison, 1995a : 228)

| Année | Europe occidentale | Europe du Sud | Europe de l'Est |
|-------|--------------------|---------------|-----------------|
| 1820 | 100 | 62 | 60 |
| 1870 | 100 | 53 | 51 |
| 1913 | 100 | 47 | 46 |

7. LE DÉFI DU LAISSER-FAIRE MONDIALISÉ

Bien qu'ils essaient d'adopter le modèle occidental des politiques du laisser-faire, la plupart des pays de l'Europe du Sud et de l'Europe orientale sont de moins en moins capables de réussir une industrialisation. Peu à peu, l'optimisme exagéré du XIX^e siècle, l'envie enthousiaste de copier le modèle économique occidental et la croyance quasi religieuse dans le progrès selon la voie adoptée par l'Occident (Berend, 2003 : 1-4) s'évaporent. Le laisser-faire mondialisé ne tient pas ses promesses pour certains pays de la périphérie européenne confrontés à des défis croissants. L'interventionnisme de l'État gagne du terrain.

Karl Polanyi estime aussi que « la foi libérale n'assume sa ferveur évangélique qu'en réponse aux besoins d'une économie de marché complètement déployée » (Polanyi, 1964, 135). Les quinze années qui ont précédé la Première Guerre mondiale ont, en effet, marqué à la fois le zénith et le déclin de ce système. « La civilisation du XIX^e siècle », pour reprendre les termes qu'utilise Polanyi dans l'introduction de son ouvrage *La Grande Transformation : aux origines politiques et économiques de notre temps*, « s'effondra » à l'aube du XX^e siècle. Selon Polanyi, le fondement de cette civilisation est le marché autorégulé, et l'étalon-or est l'un de ses principaux symboles (Polanyi, 1964, 3). L'effondrement du système, à ses yeux, est le fait d'une réponse paradoxale au succès de l'étalon-or, qui provoque l'idée d'une « autodéfense réaliste de la société ». Polanyi parle de « protectionnisme social et national », c'est-à-dire de « législation sociale et [de] tarifs douaniers ». Sur la toile de fond du libéralisme économique, un produit des économies de marché développées,

Protéger l'homme, la nature et l'organisation de production, c'était intervenir dans les marchés. La protection de l'homme, de la nature, et l'organisation productive entrèrent en interférence avec les marchés [...] et par là, *ipso facto*, [compromirent] l'autorégulation du système. Puisque le but de l'intervention était de restaurer la vie des hommes et leur environnement, [...] donner de la stabilité aux revenus, de la continuité à la production, [...] nations et peuples [...] se protégeaient du chômage et de l'instabilité à l'aide de Banques centrales et de droits de douane. [...] Ces dispositifs étaient destinés à contrer les effets destructeurs du libre-échange [...] (Polanyi, 1964, 214, 216-217, trad. fr. Catherine Malamoud, *La grande transformation : aux origines politiques et économiques de notre temps*, Paris, Gallimard, 1983).

Parallèlement à ses réussites, le système du laisser-faire entame un processus de dissolution dans les années 1870, quand la première Grande Dépression et une grave crise céréalière frappent plusieurs pays du continent. Au même moment, une Allemagne ambitieuse cherche à rattraper ses homologues de l'ouest, tandis que l'Europe du Sud, l'Europe centrale et l'Europe de l'Est, désespérées, ne peuvent qu'à peine rêver à la modernisation et à l'industrialisation selon le modèle occidental. « À la fin de la Dépression, conclut Polanyi, l'Allemagne s'était entourée de tarifs [douaniers] protecteurs [et] avait mis en place un système complet d'assurance sociale [...] » (Polanyi, 1964, 216).

L'apparition des idées du laisser-faire, en même temps que l'hégémonie économique britannique et la domination politique napoléonienne, suscita en réalité une opposition très rapide chez les économistes et les penseurs politiques des pays non industrialisés. Dans son *Rapport sur les Manufactures* au Congrès américain de 1791, Alexandre Hamilton argumente en faveur de tarifs protecteurs, de subsides industriels et d'autosuffisance. Il affirme que la protection pourrait libérer les industries naissantes de la concurrence des pays plus avancés, et donc garantir qu'elles puissent rattraper leurs rivaux :

La richesse, mais aussi l'indépendance et la sécurité d'un pays apparaissent comme matériellement associées à la prospérité des manufactures. Chaque nation [...] se doit de tenter de posséder en son sein toutes les bases de l'approvisionnement national (Hamilton, 1904, 69).

Dans *L'État commercial fermé* (*Der geschlossene Handelsstaat*, 1800), Johann Gottlieb Fichte indique que l'Allemagne est alors dans une position similaire. Les défis napoléoniens le convainquent de la nécessité d'une solide intervention de l'État en Allemagne. Un État souverain doit réguler chaque aspect de la vie sociale et économique. Les mots clés de sa conception sont « loi » et « coercition » (*Gesetz und Zwang*), et non l'automatisme du marché et de l'harmonie d'Adam Smith. Il préconise une forte réglementation publique et l'isolement de l'État, en ce compris la fixation des prix, l'interdiction des importations et de la communication avec les étrangers et l'impression de papier-monnaie à seule valeur locale, afin de stopper les relations économiques internationales. De la sorte, le commerce deviendrait un monopole de l'État, tandis que celui-ci assurerait l'autosuffisance et une distribution égalitaire (Fichte, [1800] 1920).

Friedrich List reprend l'argument en 1841. Son *Système national d'économie politique* est clairement un débat avec Adam Smith et l'école anglaise d'économie. Il critique vivement le « cosmopolitisme », le « matérialisme » et « l'individualisme » smithiens et souligne l'importance d'une économie nationale.

Une industrialisation de substitution des importations a une mission nationale distincte. List soutient que le laisser-faire n'est avantageux que pour les pays avancés, industrialisés. Il recommande une politique stricte de protection – les « tarifs pédagogiques » – durant la transition d'une structure économique agraire à une structure économique industrielle (List, [1841] 1922). Sa théorie est en vogue dans les pays non industrialisés. Lajos Kossuth, le leader révolutionnaire hongrois des années 1840, utilise les métaphores de List et avance l'argument selon lequel les pays industrialisés et les régions agraires entretiennent la même relation que le tavernier et son tonneau : le premier peut frapper le second en toute impunité.

Les États-Unis suivent les conseils de Hamilton et introduisent des tarifs protectionnistes modérés dès 1816, mais cette protection augmente fortement à la suite d'une succession de décisions tarifaires prises après 1824, 1862 et 1864. Les plus importantes sont cependant introduites par la loi McKinley de 1890 et par le tarif Dingley de 1897. Ces mesures élèvent les droits de douane jusqu'à 57 % de la valeur des produits importés. L'Amérique entre dans le XX^e siècle sous la bannière d'un protectionnisme élevé.

Cependant, les premières attaques fructueuses contre le système du laisser-faire se produisent pendant ce que l'on appelle la première Grande Dépression de 1873-1896. En 1879, l'Allemagne met en place des tarifs modérés à la fois sur les produits agricoles et sur les produits industriels. Ici aussi, ils augmentent en 1885 et 1888. En 1902, un nouveau tarif général introduit de très hauts niveaux de protection pour les produits finis manufacturés et agricoles. Au tournant du siècle, les intérêts conjoints de l'agriculture, fortement frappée par la concurrence d'outre-mer depuis les années 1870 et par celle d'une industrie en croissance, rendent les tarifs protectionnistes populaires partout en Europe : l'Italie introduit une protection efficace en 1887, la Suisse en 1884, puis plus fortement en 1906. En France, le tarif Méline de 1892 protège l'agriculture et l'industrie, mais les mesures de 1910 haussent encore plus les droits sur les produits chimiques, électriques et sur le caoutchouc. La Russie apparaît comme le pays le plus protectionniste de toute l'Europe : les tarifs de 1868 protègent son industrie naissante de la concurrence étrangère et sont fortement augmentés en 1891, 1893 et 1900. Durant la Première Guerre mondiale, seuls la Grande-Bretagne, la Hollande, et le Danemark maintiennent un système de libre-échange (Kenwood et Lougheed, 1971, 83-85).

Au-delà des tarifs, la stratégie de l'interventionnisme d'État obtient de plus en plus la faveur des pays non industrialisés du continent. Différents types de subsides publics soutiennent l'industrialisation en Russie, en Hongrie, en Roumanie et en Bulgarie. Alexandre Gerschenkron estime que l'interventionnisme de l'État est un substitut à l'absence de facteurs internes d'industrialisation en Europe de l'Est (Gerschenkron, 1962).

Les marchés libres, la première vague de mondialisation, l'individualisme capitaliste, « le matérialisme égoïste » de même que la démocratie parlementaire sont souvent mis en cause et rejetés avec colère par des groupements politiques révolutionnaires et des militants, à défaut de l'être par les gouvernements. Un populisme de droite et des idéologies protofascistes surgissent dans plusieurs pays : en Russie, en Roumanie, en Italie et, pour d'autres raisons, dans une France et une Allemagne déçues (Mosse, 1966 ; Arendt, 1966). Un radicalisme de gauche est également en hausse en Europe orientale et dans plusieurs parties de l'Europe du Sud. L'idéologie bolchevique offre à la Russie une solution révolutionnaire. Ces tendances politiques révolutionnaires, selon des modes et avec des moyens différents, contestent le système mondial européen ainsi que ses institutions économiques, sociales et politiques et rejettent le système politique parlementaire associé à une économie de marché libre. Les graines de sévères conflits et de révoltes sont semées.

Bien qu'elles constituent une période d'expansion coloniale exaltée, les premières décennies du XX^e siècle trahissent les premiers signes d'une modification de l'équilibre mondial du pouvoir. Le gouvernement colonial est mis en question. Les établissements européens, ou « colonies de Blancs », avancent sur la voie de l'indépendance. Le Canada, l'Australie, la Nouvelle-Zélande et l'Afrique du Sud deviennent des « dominions » bénéficiant d'une autonomie interne ; l'autonomie prend la même direction en Irlande. Le Congrès national indien adopte l'idée d'« autogouvernement » en 1906 et ce mouvement conduira à l'indépendance. L'Empire ottoman, après cinq siècles de domination dans les Balkans, est virtuellement expulsé

d'Europe. Après la Première Guerre mondiale, la Russie perd ses conquêtes européennes. L'Allemagne, déjà la plus grande puissance industrielle d'Europe, se mobilise pour contester l'ordre mondial existant et commence à mettre en place un système d'alliances. Ses rivaux occidentaux y répondent et l'Europe évolue rapidement vers une guerre mortelle.

Signe clair de la fin du siècle européen, les États-Unis s'imposent comme la première puissance économique mondiale. En 1900, la Grande-Bretagne est toujours le pays le plus riche au monde et les quatre pays d'outre-mer qui montent – les États-Unis, le Canada, la Nouvelle-Zélande et l'Australie – n'atteignent que 84 % de son niveau de revenu par habitant ; vers 1913, les moyennes de ces quatre pays égalent le niveau anglais. Le niveau combiné moyen par habitant des États-Unis et de l'Australie, qui, en 1891, dépasse déjà le niveau anglais de 4 %, a grimpé de 24 % en 1913. La même année, le PIB par habitant des quatre pays d'outre-mer, anciennes colonies « blanches », dépasse de 45 % le revenu moyen de l'Europe occidentale.

Cette année-là, le parc de machines, d'équipement et d'immeubles de bureau employé par personne aux États-Unis est trois fois plus étoffé qu'en Grande-Bretagne. La productivité de la main-d'œuvre américaine est désormais la plus élevée. Les niveaux britannique et hollandais accusent 15 à 20 % de retard, les niveaux belge, allemand et suisse près de 30 %. Le symbole d'une nouvelle époque, l'automobile, a gagné les États-Unis, qui comptent onze fois plus de voitures que la Grande-Bretagne, et au moins trois fois plus que l'ensemble de l'Europe occidentale. Aux États-Unis, le taux de croissance de la population, en partie à cause de l'immigration massive en provenance d'Europe, est 2,3 fois plus élevé qu'en Europe avant la Première Guerre mondiale. Durant la guerre, les États-Unis deviennent la première puissance industrielle mondiale. Avant la guerre, l'Europe compte pour 43 % de la production mondiale, mais sa part baisse à 34 % après la guerre et reste en retard par rapport au niveau américain. Les États-Unis représentent environ 36 % de la production mondiale en 1913, soit plus que la Grande-Bretagne, l'Allemagne et la France réunies. La Grande-Bretagne et l'Allemagne n'atteignent que 40 % de la production américaine. Après la guerre, la part des États-Unis dépasse 42 % de la production mondiale et c'est déjà un tiers de plus que les trois principales puissances européennes réunies. L'Europe perd un tiers de ses investissements étrangers d'avant-guerre et les États-Unis s'affirment comme le premier créancier international. L'Europe a perdu son rôle prédominant de chef de file de l'économie mondiale. L'Europe est contestée, et le régime du laisser-faire est attaqué et menacé de mort.

CHAPITRE 2

LE DÉCLIN DU LAISSER-FAIRE ET LA MONTÉE DU SYSTÈME DE MARCHÉ RÉGLEMENTÉ

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UNE EUROPE POLITIQUE PAR LE MARCHÉ ET PAR LA MONNAIE

Nicolas Jabko

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Une Europe politique par le marché et par la monnaie

par Nicolas Jabko

aux yeux des pères fondateurs, la raison d'être de la construction européenne était tellement évidente que la question ne se posait même pas. Au lendemain de la Seconde Guerre mondiale, l'objectif de pacification des relations entre les pays membres de l'Europe communautaire était en soi suffisamment ambitieux pour justifier toutes les avancées possibles vers l'unité. Le paradoxe d'aujourd'hui est celui d'une réalisation si éclatante de cet objectif que l'Union européenne semble privée de projet véritablement mobilisateur. Cette impression d'une Europe sans âme est renforcée par le fait que la dimension *politique* des deux grands projets qui n'ont cessé de nourrir l'ordre du jour depuis 1985 ne va pas de soi. À première vue en effet, aussi bien le marché unique, symbolisé par l'échéance de 1992, que l'union monétaire, avec la naissance de l'euro, sont des projets essentiellement « économiques ». D'où les nombreux appels lancés en faveur d'une Europe plus « politique » – c'est-à-dire plus sociale dans son action, plus démocratique dans ses mécanismes de décision, voire plus puissante en matière de politique étrangère et de défense. Se dessine ainsi une critique plus ou moins explicite de l'« economicisme » de la construction européenne récente.

On voudrait reconsidérer ici, sous l'angle des finalités, les principales avancées du processus européen des deux dernières décennies. Même s'il ne suffit pas d'extrapoler la trajectoire passée pour tracer l'avenir, et quoi qu'on pense de la physiologie actuelle de l'Union, il est difficile d'imaginer qu'on pourra inventer une Europe « véritablement politique » sans partir de ce qui existe déjà. Il faut donc commencer par se demander ce qui, dans les avancées récentes, peut déjà préfigurer cette Europe-là. Car, contrairement à ce qu'on pourrait croire, le simple constat d'évidence que le marché unique et l'euro sont des constructions « économiques » ne mène pas très loin. Il est vrai que le marché occupe, dans les représentations de l'organisation économique et sociale, une place qui s'est singulièrement élargie depuis vingt ans. Mais la réalisation du marché unique et de l'euro ne peut pas être comprise simplement comme une réaction logique aux « forces » ou à l'« idéologie » du marché mondialisé. C'est adopter une vision très réductrice des enchaînements historiques que d'assimiler la construction européenne récente à la simple traduction politique d'évolutions économiques structurelles ou à l'application mécanique d'une idéologie économique néolibérale. Si la construction de l'Europe est redevenue un impératif aussi important à partir des années quatre-vingt, c'est avant tout parce que ses promoteurs ont su saisir l'opportunité politique que représentait la résurgence soudaine de la rationalité de marché dans un contexte historique particulier. Ce n'est pas tant l'objet « économique » des réformes qui permet de comprendre en profondeur ce processus, que l'importante mobilisation politique à laquelle il a donné lieu, avec des résultats d'ailleurs très divers qui, à leur tour, ne peuvent être compris simplement comme les effets de dynamiques d'intérêts économiques.

Réapparition du marché

Le contexte historique de la construction européenne depuis le milieu des années quatre-vingt est marqué par un événement fondamental : le retour du marché comme principe d'organisation de l'économie. Il s'agit là d'un revirement historique. En effet, la période qui va de la fin de la Seconde Guerre mondiale au moins jusqu'à la fin des années soixante-dix fut marquée par le renforcement des différents « modèles » nationaux de régulation de l'économie¹. Ces différents modèles avaient prospéré dans le contexte très particulier de l'après-guerre. Le double traumatisme de la crise économique des années trente et d'une guerre de destruction massive rendait impossible le simple retour au système de démocratie libérale antérieur. Un certain consensus émergea alors au sein des élites dirigeantes européennes pour condamner les « vices » du marché et le laissez-faire économique². Concrètement, ceci se traduit notamment par la mise en place de garde-fous contre les facteurs d'instabilité sociale liés au fonctionnement de l'économie de

marché – sans pour autant en remettre en cause les principes, compte tenu de l’affrontement idéologique avec l’Union soviétique. Ainsi se constituèrent dans l’Europe d’après-guerre des formes d’organisation économique et sociale qui se démarquaient nettement de la doctrine économique libérale, en particulier la consolidation du secteur public et l’extension d’un État-providence chargé de la protection sociale des citoyens, traits communs aux différents modèles nationaux.

Avec la crise des années soixante-dix et les restructurations économiques engagées dans les années quatre-vingt, les contours de ces modèles nationaux sont devenus plus flous. Ils n’ont, bien entendu, pas disparu du jour au lendemain, mais ils ont été sérieusement érodés par un ensemble de facteurs économiques, politiques et sociaux³. Le cas le plus manifeste est celui du Royaume-Uni, où les réformes Thatcheriennes remirent profondément en cause le compromis socio-politique qui avait cours depuis la fin de la Seconde Guerre mondiale. Quoiqu’extrêmes, ces réformes n’en étaient pas moins symptomatiques d’un phénomène plus large, dont les effets n’ont pas fini de se faire sentir. En France, le tournant socialiste de la rigueur en 1983 peut être interprété rétrospectivement comme le prélude à un retrait relatif de l’État dans la gestion de l’économie. Même en Allemagne et en Scandinavie, les modèles « néo-corporatistes » de gouvernance de l’économie, qui étaient apparus un moment comme une alternative possible à sa libéralisation sur le modèle anglo-américain, ont été de plus en plus contestés à partir de la fin des années quatre-vingt.

Cette érosion des modèles économiques nationaux malmenés par les forces de la mondialisation est-elle le signe de leur refonte plutôt que de leur disparition ? C’est très possible, même s’il est difficile de répondre avec si peu de recul historique. On peut fort bien imaginer leur renaissance, et même une remise en cause profonde des principes du libéralisme économique. Cette question fait l’objet de débats importants parmi les spécialistes d’économie politique internationale et

1. On pense bien sûr au modèle « dirigiste » français, dans lequel l’État jouait un rôle moteur comme maître d’œuvre de l’économie ; mais on pourrait évoquer également le modèle allemand, qui reposait sur une forte centralisation des structures sociales et sur la coopération entre les différents acteurs sur un mode « corporatiste » ; ou encore le modèle scandinave, caractérisé notamment par une protection sociale très poussée et par une forte homogénéité des revenus.

2. Voir notamment deux ouvrages assez représentatifs de cette époque et devenus par la suite des classiques de l’économie politique : Joseph A. Schumpeter, *Capitalism, Socialism and Democracy*, New York, Harper & Brothers, 1942 (traduction française *Capitalisme, socialisme et démocratie*, Paris, Payot, 1961) ; Karl Polanyi, *The Great Transformation*, New York, Rinehart, 1944 (traduction française *La grande transformation*, Paris, Gallimard, 1983).

3. Sur les nouvelles politiques économiques mises en œuvre en Europe depuis une vingtaine d’années, on peut se référer notamment à Peter A. Hall, *Governing the Economy*, Cambridge, Polity Press, 1986 ; Fritz W. Scharpf, *La social-démocratie européenne face à la crise*, Paris, Economica, 1990 ; Peter A. Hall, « The movement from Keynesianism to monetarism : Institutional analysis and British economic policy in the 1970s », dans Sven Steinmo *et al.*, *Structuring Politics*, Cambridge, Cambridge University Press, 1992 ; Bruno Jobert (dir.), *Le tournant néo-libéral en Europe*, Paris, L’Harmattan, 1994 ; Suzanne Berger et Ronald Dore (eds.), *Global Capitalism and National Diversity*, Ithaca, Cornell University Press, 1996 ; Herbert Kitschelt *et al.* (eds.), *Continuity and Change in Contemporary Capitalism*, Cambridge, Cambridge University Press, 1999.

comparée, qui s'interrogent tous sur le sens des évolutions complexes communément regroupées sous le vocable de « mondialisation ». Sans prétendre y répondre directement, il est néanmoins possible d'analyser comment la résurgence du marché constatée depuis le milieu des années quatre-vingt est devenue la toile de fond de la construction européenne.

De ce point de vue, on peut distinguer quatre logiques de cette construction, chacune fondée sur une certaine signification du marché : le marché comme réalité substantielle ; le marché comme modèle normatif ; le marché comme espace de développement ; le marché comme horizon commun. Ces quatre significations sont compatibles plutôt que contradictoires : ce sont des « idéaux-types » (pour utiliser une terminologie empruntée à Max Weber), c'est-à-dire qu'elles ne correspondent pas à des catégories présentes à l'état pur dans la réalité mais qu'elles peuvent néanmoins être isolées à des fins heuristiques. En effet, cette distinction présente l'avantage de différencier, et en même temps de rapprocher, plusieurs aspects de ce processus. Dans chaque cas, on verra en quoi « l'Europe » s'est progressivement imposée comme une façon viable de résoudre les tensions provenant de cette réapparition soudaine du marché. En définitive, la conjonction de ces quatre logiques permet de mieux comprendre les liens entre la réapparition du marché et la relance européenne des années quatre-vingt autour des deux grands projets que furent le marché unique et la création de l'euro.

Le marché comme réalité substantielle

À un premier niveau d'analyse, la résurgence du marché depuis les années quatre-vingt se manifeste d'abord par son irruption soudaine comme « réalité », résultant notamment de diverses évolutions technologiques majeures dans certains secteurs économiques. C'est ce qu'évoque généralement l'idée du marché comme ensemble de « forces » ou de « contraintes ». Ceci constitue sans doute la facette la plus purement économique et la moins directement politique du marché⁴. Les « forces du marché » acquièrent un caractère impératif parce qu'un nombre très important d'individus ajustent leur comportement en fonction de leur existence et tentent de surmonter les éventuels obstacles qui entravent la réalisation de transactions. À partir des années soixante-dix et surtout quatre-vingt, ces forces ont fait soudain irruption dans la réalité économique de certains secteurs où l'innovation technologique était particulièrement rapide. Ainsi, le secteur de la finance, jusqu'alors très cloisonné et relativement abrité de la concurrence internationale, s'ouvrit à tel point que son fonctionnement est apparu de plus en plus conforme à la vision du marché comme mécanisme de coordination entièrement concurrentiel et décentralisé. Même si l'on peut demeurer sceptique sur le pouvoir explicatif des « forces du marché » quand il s'agit de comprendre les évolutions politiques, il est difficile de

nier l'existence de tendances économiques particulièrement lourdes qui allaient dans le sens de réformes profondes, notamment dans des secteurs très exposés aux flux économiques et technologiques internationaux. C'est vers la fin des années quatre-vingt qu'on commence à parler de « mondialisation » (ou encore de « globalisation »), terme qui s'applique tout d'abord à certains secteurs de l'économie où la dimension internationale des mécanismes de marché apparaît alors avec une visibilité sans précédent⁵. Les innovations technologiques renforçaient l'instantanéité des transactions, rapprochaient les offreurs des demandeurs de services financiers ou de télécommunication, et multipliaient les possibilités d'arbitrage et donc la concurrence entre fournisseurs de services : la réalité d'un marché de plus en plus mondial et concurrentiel s'est donc développée d'abord « par le bas ».

En fait, l'irruption du marché comme réalité substantielle dans certains secteurs économiques doit être comprise non pas comme un raz-de-marée qui balaie tout sur son passage, mais plutôt comme un ensemble de « forces » de corrosion externe qui s'attaquent aux modèles de régulation de l'économie hérités du passé. Le renouveau des forces du marché à la faveur des innovations technologiques des années soixante-dix et quatre-vingt fut d'autant plus surprenant qu'on les croyait définitivement domestiquées par les modèles nationaux de l'après-guerre. Du fait de l'importance croissante des technologies de la finance et de la communication dans les économies avancées, les acteurs économiques et politiques européens furent confrontés à une série de nouveaux défis qui se posèrent en termes d'accroissement de la concurrence et d'internationalisation économique. Cette évolution mit rapidement en lumière des contradictions au sein des modèles de gouvernance économique qui s'étaient enracinés en Europe occidentale : notamment entre une mobilité accrue des capitaux et la capacité des États à taxer et à transférer des ressources, entre la volonté politique de créer les conditions d'un plus grand dynamisme économique et les facteurs d'instabilité liés au décloisonnement de l'économie, et plus généralement entre les considérations d'efficacité économique et d'équité sociale.

Face à la montée de ces tensions, la marche vers l'unité européenne put apparaître comme une question de bon sens. Ce fut le cas notamment pour le gouvernement socialiste français de l'époque, après la fameuse décision de mars 1983 de rester dans le système monétaire européen. Plutôt que de tenter de s'affranchir de la discipline imposée par les marchés financiers du fait d'une mobilité accrue des

4. Il faut cependant remarquer que la conception du marché comme sphère séparée du reste de la vie sociale a une dimension anthropologique et donc, en quelque sorte, méta-politique. Voir notamment Louis Dumont, *Homo aequalis. Genèse et épanouissement de l'idéologie économique*, Paris, Gallimard, 1985.

5. Voir par exemple Michel Aglietta, Virginie Coudert et Anton Brender, *Globalisation financière : l'aventure obligée*, Paris, Economica, 1990 ; Eric Helleiner, *States and the Reemergence of Global Finance : From Bretton Woods to the 1990s*, Ithaca, Cornell University Press, 1994.

capitaux, le président François Mitterrand choisit de suivre les conseils de son ministre des Finances Jacques Delors et d'amorcer une politique de « rigueur ». Ce choix politique apparaît rétrospectivement comme déterminant car il s'ensuivit une série de réformes du financement de l'économie, non seulement en France mais dans toute l'Europe. À partir du moment où les gouvernements décidaient de s'imposer une discipline financière notamment au travers d'objectifs de change, les cadres réglementaires de l'après-guerre, fondés entre autres sur des mécanismes de cloisonnement des marchés financiers et de contrôle des mouvements de capitaux, n'étaient plus pertinents. Les uns après les autres, les États membres de l'Europe communautaire engagèrent donc leur réforme dans les secteurs les plus directement concernés par la mondialisation des marchés, notamment la finance. Mais ces réformes créaient l'inquiétude car les rôles de l'économie paraissaient dès lors échapper au contrôle politique national.

Puisque les problèmes étaient d'ordre économique et d'origine externe, il fallait une solution à la fois économique et internationale : l'Europe du grand marché unique. Ainsi, la caractérisation par Jacques Delors de l'échéance de 1992 comme « objectif pragmatique » résume parfaitement une première dimension importante de l'europanisme des années 1980-2000⁶. L'unification européenne fut défendue comme une réponse allant de soi face aux tendances lourdes de l'économie mondiale. Le Livre blanc de 1985 sur l'achèvement du marché unique s'inscrit tout à fait dans cette vision⁷. Ce document fut préparé à la hâte par les services de la Commission européenne sous l'autorité du commissaire Cockfield, présenté au Parlement européen en janvier 1985, et approuvé six mois plus tard par le Conseil. Il recense environ trois cents mesures destinées à la réalisation d'un véritable marché à l'échelle communautaire. Il s'agissait en un sens de la remise au goût du jour du vieux projet de marché commun, rebaptisé pour l'occasion marché unique. Ce dernier devait servir à abattre les barrières protectionnistes non tarifaires qui avaient proliféré au sein de la Communauté, notamment depuis la crise des années soixante-dix. Dans ce but, une méthode était définie : la « reconnaissance mutuelle » des réglementations, qui interdisait une application mécanique des réglementations nationales contre les importations d'origine communautaire, et le principe de leur harmonisation « au niveau minimum », qui posait le principe de réglementations sectorielles aussi peu contraignantes que possible.

Le succès de ce programme dans les années suivantes s'explique par son réalisme. Réalisme économique, tout d'abord : puisque les cloisons entre les économies nationales de la Communauté étaient devenues poreuses mais que les échanges intra-communautaires restaient limités par la lourdeur des réglementations, il semblait nécessaire de changer la dimension du cadre réglementaire de l'économie et de passer au niveau européen. Il n'y avait rien de particulièrement révolutionnaire dans cette idée, qui ne traduisait après tout que des raisonnements tout à fait classiques

sur l'exploitation des économies d'échelle et des avantages comparatifs du commerce international. En revanche, le sentiment d'une accumulation sans précédent de pressions économiques externes, qui était de plus en plus répandu parmi les élites européennes, était une nouveauté⁸. En ce sens, le programme du marché unique répondait à diverses perceptions et attentes du moment. Il s'inscrivait, somme toute, dans la logique de nombreuses réformes accomplies au niveau national par les réactions des gouvernements des États membres face aux pressions économiques et technologiques. Même si, dans certains cas, Delors était en fait moins convaincu de cette nécessité que d'autres commissaires comme Cockfield, il décida néanmoins de soutenir intégralement les propositions du Livre blanc⁹. Le marché unique ne faisait que traduire, à leurs yeux, la nécessité d'une adaptation aux réalités économiques nouvelles et incontournables.

Mais c'est aussi avec un grand réalisme politique que le Livre blanc fut présenté comme s'inscrivant dans la continuité des ambitions des pères fondateurs. En apparence très techniques, ses propositions ne semblaient pas particulièrement risquées d'un point de vue politique. Lorsque, en 1984, Jacques Delors avait fait le tour des capitales européennes afin de vendre son idée de marché unique aux gouvernements des États membres, il n'avait pas rencontré de fortes objections *a priori*¹⁰. Ce large accord obtenu au plus haut niveau fut bientôt raffermi par la signature d'un nouveau traité, l'Acte unique, dont la nouveauté essentielle consistait à étendre la règle du vote à la majorité qualifiée au Conseil des ministres pour faire passer les « mesures [...] qui ont pour objet l'établissement et le fonctionnement du marché unique » (Article 100a). Delors arracha cette réforme, à l'époque, au nom de la nécessité d'une plus grande efficacité dans la mise en œuvre de l'agenda de 1992. Là aussi, les promoteurs de l'unification européenne pouvaient présenter leur programme comme la continuation de ce qui avait été entrepris dans les années cinquante puisque, officiellement, la règle de la majorité qualifiée n'avait jamais cessé d'être le principe de base des procédures de décision européennes.

Ainsi, la portée de ces deux initiatives politiques que furent le Livre blanc de 1985 et l'Acte unique de 1986 semblait plutôt modeste. Ce sont justement cette modestie apparente de la relance européenne et son inspiration pragmatiste qui contribuent à en expliquer le succès. Le marché apparaissait, dans les années quatre-vingt,

6. « La question posée était celle d'une relance, mais comment ? [...] J'ai dû me rabattre sur un objectif pragmatique correspondant aussi à l'air du temps, puisqu'à l'époque il n'était question que de dérégulation, de suppression de tous les obstacles à la compétition et au jeu du marché ». Jacques Delors, *L'Unité d'un homme*, Paris, Odile Jacob, 1994, p. 220.

7. Sur les origines du Livre blanc de 1985, voir notamment Arthur Cockfield, *The European Union : Creating the Single Market*, Londres, Wiley Chancery Law, 1994.

8. Voir Wayne Sandholtz et John Zysman, « 1992 : Recasting the European bargain », *World Politics* vol. 42, octobre 1989.

9. Voir Charles Grant, *Delors : Inside the House that Jacques Built*, Londres, Nicholas Brealey Publishing, 1994, pp. 70 et sq.

10. Voir son récit dans *L'Unité d'un homme*, pp. 219-222.

comme une réalité substantielle, et cette perception commune servit à justifier la relance du processus. De ce point de vue, l'Europe se mit à incarner un principe de réalité : il s'agissait d'améliorer le fonctionnement d'un marché qui existait déjà en puissance et qui ne demandait qu'à produire plus de bien-être collectif. Cependant, à partir du moment où l'Europe s'imposa comme synonyme de pragmatisme économique, elle devint également un lieu d'expression privilégié des aspirations réformatrices et modernisatrices les plus diverses. C'est ici qu'on voit poindre une deuxième logique de la construction européenne, fondée sur une autre facette du marché.

Le marché comme idéal normatif

Comme la précédente, cette deuxième logique de la construction européenne repose sur l'articulation entre une catégorie de signification du « marché » et un certain type de réformes entreprises au niveau européen. *A priori*, la dimension normative du marché est difficile à distinguer de sa dimension substantielle, car dans la réalité économique la concurrence marchande agit comme une force de rappel et donc, indirectement, comme un schème normatif. Cependant, il est possible de le faire dans certains secteurs d'activité relativement épargnés par l'effet de corrosion des « forces » du marché. C'est notamment le cas de certains services dits publics qui, dans un contexte historique donné, avaient été soustraits à la concurrence marchande et dont les structures n'avaient pas été ensuite directement remises en cause par l'évolution technologique : par exemple le secteur de l'électricité, dans lequel les évolutions technologiques étaient relativement lentes.

À cet égard, une des grandes nouveautés des années quatre-vingt réside dans la généralisation de la norme de marché bien au-delà des domaines directement affectés par son affirmation comme réalité contraignante. Dans ce cas, le marché ne se présente pas comme un ensemble de « forces », mais comme un « idéal » d'efficacité ou de compétitivité. Il permet alors de justifier diverses réformes de structure dans des secteurs qui ne sont pas directement exposés à ses lois, mais qui cessent d'être considérés comme soustraits par nature aux impératifs du secteur marchand. Les objectifs traditionnels de présence du secteur public dans l'économie – la correction des dysfonctionnements du marché, le développement de certaines infrastructures, l'égalité d'accès aux services publics, la planification au service de la croissance, etc. – ont été progressivement, sinon supplantés, du moins déplacés par la norme marchande. À travers toute l'Europe et en l'espace de seulement deux décennies, les objectifs de renforcement de la compétitivité, notamment par injection de concurrence marchande dans de nombreux secteurs, sont devenus synonymes de modernité économique.

Ce processus eut indéniablement une dimension idéologique, dans la mesure où

ces objectifs – conçus en termes de démonopolisation et de libéralisation, voire de déréglementation et de privatisation – constituèrent des points de ralliement pour des acteurs situés à droite des échiquiers politiques nationaux. Le modèle thatchérien tel qu'il se développa tout au long des années quatre-vingt exerça une séduction évidente bien au-delà des frontières du Royaume-Uni. Cependant, le regain du marché comme idéal normatif ne se limita pas à un phénomène idéologique au sens strict. Les conceptions traditionnelles du rôle de l'État dans l'économie étaient passablement discréditées non seulement dans les pays qui s'engagèrent ouvertement sur la voie libérale tracée par le Royaume-Uni, mais aussi dans d'autres, comme l'Allemagne ou la France, où les élites et les grands partis restaient idéologiquement attachés à des modèles conjuguant le marché avec d'autres principes d'organisation économique. Avec la récession et l'internationalisation des économies européennes depuis la fin des années soixante-dix, de nombreux « champions nationaux » du secteur public français s'étaient transformés en « canards boiteux », tandis que le consensus social à l'allemande commençait à s'essouffler.

Les promoteurs de la construction européenne, à la Commission, surent percevoir et mettre à profit cette vogue au moment où elle battait son plein¹¹. Les propositions des institutions européennes visant à améliorer la compétitivité de l'économie sont alors innombrables¹². Lord Cockfield défendit son Livre blanc, puis d'autres prirent le relais ; la Commission avait également très souvent recours à des personnalités extérieures, comme l'économiste italien Paolo Cecchini, le gouverneur de la Banque d'Italie Carlo Ciampi, ou encore le secrétaire général de l'OCDE Jean-Claude Paye. Tous ces programmes et rapports contribuèrent à diffuser l'idéal de compétitivité parmi les élites européennes au cours de la période 1985-2000. L'attrait de « l'Europe » était évidemment d'autant plus grand que la construction européenne offrait un moyen politique pour faire passer des réformes quelquefois impopulaires. Le caractère très général, voire l'ambiguïté, de cet objectif de compétitivité fut sciemment exploité pour justifier ou même réconcilier divers aspects de la construction politique en cours¹³. Ce fut le cas en particulier dans deux domaines phares de l'action publique européenne pendant les années quatre-vingt

11. Voir notamment les nombreux articles sur ce thème dans les grands leaders d'opinion économique comme le *Financial Times* ou *The Economist*.

12. Citons notamment le Livre blanc sur l'achèvement du marché unique (1985), le Livre blanc sur la compétitivité, l'emploi et la croissance (1993), le Rapport sur le marché unique (1995), les rapports trimestriels sur la compétitivité-prix et la compétitivité-coût (à partir de 1996), le Programme d'action sur le marché unique (1997), ainsi que les nombreuses études non officielles sur les « coûts de l'absence d'Europe » ou sur les « réalisations du marché unique », dont beaucoup furent commanditées par la Commission européenne.

13. Sur l'ambiguïté de la notion de compétitivité, voir notamment : Susan Strange, « Who are EU ? Ambiguities in the concept of competitiveness », *Journal of Common Market Studies*, vol. 36, n° 1, 1998 ; Ben Rosamond, « Discourses of globalization and the social construction of European identities », *Journal of European Public Policy*, vol. 6, n° 4, 1999.

et quatre-vingt-dix : la politique de la technologie et celle de la concurrence.

La politique technologique est chronologiquement la première politique de compétitivité conduite au niveau européen au cours des années quatre-vingt. Elle consistait à diffuser les technologies de pointe dans l'économie, à travers de grands programmes européens de soutien à la recherche « pré-concurrentielle », comme le Programme stratégique européen pour les technologies de l'information (ESPRIT)¹⁴. L'un des buts recherchés par les promoteurs de ces programmes communautaires était de se démarquer de la politique industrielle traditionnelle, fondée sur le soutien financier direct à des firmes individuelles selon des objectifs industriels conçus en termes principalement nationaux¹⁵. Il s'agissait de réorienter l'aide publique vers le financement de coopérations technologiques susceptibles d'améliorer la capacité des entreprises européennes à affronter une concurrence internationale accrue dans les domaines de haute technologie. Les programmes technologiques communautaires, dont l'origine remonte aux grands projets mis en place sur une base intergouvernementale au cours des années soixante-dix et au début des années quatre-vingt (comme Airbus ou Eurêka), connurent leur apogée dans la deuxième moitié des années quatre-vingt. Tout en restant très modestes à l'échelle du PIB européen, les sommes allouées, qui ne représentaient que 1,6 % du budget communautaire pour 1981, ont atteint 3,6 % de celui de 1999 (qui avait lui-même beaucoup progressé).

La politique de la concurrence est aujourd'hui l'un des aspects les mieux connus de la politique économique européenne. Pourtant, c'est seulement en 1989, avec le vote par le Conseil des ministres du Règlement sur les concentrations, que se dessine un véritable pouvoir des institutions européennes en la matière¹⁶. Ses justifications ordinaires correspondent à l'idéal normatif du marché : si une entité économique détient une position dominante dans l'offre d'une certaine catégorie de produits ou de services, alors le risque de voir se développer une « rente monopolistique » est particulièrement grand, la compétitivité de l'économie est en danger, et par conséquent des mesures de préservation de la concurrence doivent être prises. Même si cette politique est réputée neutre quant à la nature (privée ou publique) du capital des entreprises en question, la Commission – et notamment sa Direction générale de la concurrence – accorde aujourd'hui une attention particulière aux pratiques du secteur public marchand. L'effet recherché est de dissuader les États d'accorder aux entreprises publiques des avantages qui dérogent au fonctionnement « normal » du marché (subventions, régimes juridiques favorables, etc.). Ce faisant, la politique de la concurrence contribue à renforcer la présence du marché comme idéal normatif.

De façon générale, les promoteurs de l'Europe surent tirer profit de la demande diffuse de réformes en la reportant sur l'élaboration de politiques communautaires orientées vers la compétitivité. Même si celles-ci se démarquaient clairement

de la politique industrielle traditionnelle, leur volontarisme affiché était de nature à rassurer ceux qui restaient sceptiques quant aux bienfaits de l'ouverture des marchés. La Commission a été particulièrement présente dans les discussions de la fin des années quatre-vingt sur la rénovation des conceptions de politique industrielle¹⁷. Sur le terrain de la réforme des services collectifs, ce sont plutôt les commissaires à la Concurrence successifs qui déclinèrent l'idéal normatif du marché sur le mode de la démonopolisation et de la libéralisation. Des commissaires plus libéraux que Delors, notamment Peter Sutherland et surtout Leon Brittan, jouèrent un rôle pionnier dans la mise en œuvre par la Commission de compétences en matière de concurrence qui, jusque-là, n'avaient jamais été utilisées¹⁸. En définitive, l'Europe fit évoluer les perceptions nationales dans ce domaine au point de remettre directement en cause les fondements de certaines structures économiques pourtant très ancrées dans les paysages nationaux¹⁹. La vision modernisatrice du marché comme idéal normatif, articulée autour d'objectifs d'efficacité et de compétitivité, présentait l'avantage de correspondre – en théorie du moins – au renouvellement des conceptions européennes de l'économie, relayé par un très net mouvement d'opinion au sein des élites.

Il est clair cependant que cette quête de compétitivité n'était pas sans contradictions. Par exemple, il y avait un conflit latent entre le principe même d'une politique technologique active et la réalité d'une politique de concurrence de plus en plus vigilante au niveau européen²⁰. Plus généralement, des réformes structurelles de l'envergure de celles qui ont été engagées dans le cadre communautaire ne pouvaient que susciter des tensions politiques et sociales. Des frictions très

14. ESPRIT était le programme le plus important, mais il y en eut beaucoup d'autres de taille variable : RACE, BRITE, etc. Sur ces grands projets européens du début des années quatre-vingt, voir notamment Wayne Sandholtz, *High-Tech Europe*, Berkeley, University of California Press, 1992.

15. Voir notamment Ch. Grant, *op. cit.* pp. 153-157 ; George Ross, *Jacques Delors and European Integration*, Oxford, Oxford University Press, 1995, pp. 107-129.

16. Voir à ce sujet Ch. Grant, *op. cit.*, pp. 159-180 ; G. Ross, *op. cit.*, pp. 129-135.

17. Certains membres du cabinet de Delors, comme Jean-Pierre Jouyet, étaient très liés au cercle du ministre de l'Industrie Roger Fauroux qui, en France, défendait une approche « horizontale » de la politique industrielle, consacrée au maintien d'un environnement économique favorable plutôt qu'au soutien direct de firmes ou de secteurs industriels particuliers.

18. Brittan a toujours eu le mérite de la franchise en la matière : « Je cherche à contribuer, à la place qui est la mienne, à faire de la Communauté un espace déréglementé et ouvert au monde extérieur. C'est la tâche que je me suis fixée, et je n'en fais pas mystère. » (entretien au *New York Times*, 8 mai 1991).

19. Pour une étude de la façon dont la norme marchande conduisit progressivement à remettre en cause les modèles traditionnels français et allemand d'organisation économique dans le secteur de l'électricité, voir Rainer Eising et Nicolas Jabko, « Moving targets : National interests and electricity liberalization in the European Union », *Comparative Political Studies*, septembre 2001.

20. La possibilité d'un conflit entre ces deux types de politiques éclata lors de la décision prise par la Commission d'empêcher la fusion entre le consortium aérospatial franco-italien ATR et l'avionneur canadien De Havilland. Sur cet épisode, voir notamment : Hervé Dumez et Alain Jeunemaitre, « La France, l'Europe et la concurrence : enseignements de l'affaire ATR/De Havilland », *Commentaire*, vol. 15, n° 57, printemps 1992, pp. 109-116.

importantes apparurent vers le début des années quatre-vingt-dix, non seulement au sein du collège des commissaires mais entre la Commission et de nombreux dirigeants politiques nationaux pourtant favorables à la construction européenne. En France, les grandes grèves de l'hiver 1995 témoignèrent du mécontentement social face à des restructurations économiques dont la finalité modernisatrice restait relativement abstraite. Pour accompagner de telles mutations, les dirigeants politiques européens ressentirent très tôt le besoin de trouver des objectifs susceptibles de donner davantage de sens à la modernisation économique en cours.

Le marché comme espace de développement

Le marché est un principe d'organisation économique, mais en pratique celui-ci est nécessairement incarné dans des réseaux et des flux d'échanges relativement stables, qui dessinent un espace géographique d'autant plus cohérent que les échanges y sont réguliers et mutuellement bénéfiques. Dès lors qu'on essaie de mettre en place un marché, il se pose le problème d'en assurer l'intégrité comme espace de développement. En effet, même si l'appartenance à un réseau d'échanges peut être considérée comme bénéfique pour toutes les parties concernées, dans la mesure où elle permet l'exploitation des avantages comparatifs, la seule maximisation des gains à l'échange ne résout pas nécessairement le problème du développement des régions les moins bien loties. À terme, l'intégrité du marché peut être menacée, car les avantages que retirent ces régions de l'appartenance à un réseau d'échanges ne sont pas nécessairement suffisants pour leur permettre de rattraper le rythme de développement des régions plus performantes. Dans ce cas, la perception d'une répartition peu équitable des économies d'échelle liées à la mise en place d'un grand marché a naturellement tendance à se propager, ce qui peut susciter des risques localisés de rejet de l'appartenance au marché.

Ainsi, même si l'on accepte le marché comme principe cardinal d'organisation économique, il est possible de justifier, précisément au nom de la préservation de son intégrité, la mise en place de politiques publiques visant à corriger les inégalités de rythmes de développement et à assurer une certaine convergence entre les différentes régions. Cette conception relativement large du marché comme espace de développement a été très importante dans les deux dernières décennies. Une de ses sources d'inspiration fut la mise en place des grands projets d'amélioration de la compétitivité européenne par la politique de recherche. Celle-ci visait non seulement à muscler les secteurs industriels à forte intensité technologique pour leur permettre d'affronter la concurrence internationale, mais aussi à affecter des ressources publiques au développement de certains secteurs. C'était s'écarter de la conception strictement libérale sans pour autant la remettre directement en cause. En somme, pour préserver le marché, il fallait paradoxalement mettre en place des

politiques qui contredisent l'idée d'une régulation exclusivement assurée par lui.

Cette idée du marché comme espace de développement rencontra en outre, dans les années quatre-vingt, une double demande politique au niveau européen. D'une part, les projets de marché unique et d'union monétaire devaient, pour réussir pleinement, emporter l'adhésion des États membres de la périphérie de l'Europe et celle des régions, dont les représentants risquaient de se sentir marginalisés par un projet communautaire qui semblait profiter surtout aux intérêts économiques des grands pays et aux dirigeants politiques nationaux²¹. D'autre part, le marché comme espace de développement permet de répondre à une demande de politique sociale au niveau européen. Delors et son équipe s'efforcèrent constamment, notamment à la fin des années quatre-vingt, de maintenir l'équilibre entre les différentes sources d'inspiration des politiques communautaires, en particulier et notamment pour nourrir la dimension sociale du marché unique²². Le problème de la finalité politique de l'Europe resurgit de façon très nette lors des discussions sur la ratification du traité de Maastricht. En France notamment, on vit bien alors que « l'Europe » avait permis de retarder, mais pas d'effacer, le débat sur la contrepartie sociale des réformes économiques.

Cette volonté de plus en plus nette d'aménager une dimension locale et sociale au sein du marché unique a eu des effets concrets importants en termes d'action publique européenne. En particulier, la « politique structurelle » (ou « politique de cohésion ») recouvre principalement des programmes d'infrastructure économique et de développement régional. Les grands principes en furent progressivement posés dès le milieu des années quatre-vingt, et surtout au travers de l'importante réforme des fonds structurels en 1988 : il s'agissait d'assurer la « cohésion » du marché unique grâce à une politique d'accompagnement favorisant les investissements productifs dans certaines régions, choisies en fonction de leur retard de développement. La mise en œuvre de cette politique devait être financée par des instruments budgétaires qui existaient déjà : le Fonds européen de développement régional, le Fonds social européen et la ligne budgétaire consacrée à l'« orientation » au sein du Fonds européen d'orientation et de garantie agricoles, ainsi que l'Instrument financier d'orientation de la pêche²³. Ces moyens furent rebaptisés

21. Voir notamment Gary Marks, « Structural policy in the European Community », dans Alberta M. Sbragia (dir.), *Euro-Politics : Institutions and Decision-Making in the « New » European Community*, Washington, Brookings Institution, 1992, pp. 191-224.

22. Voir notamment G. Ross, *op. cit.*, chap. 4. Certains collaborateurs de Delors furent particulièrement actifs dans ce domaine, notamment Patrick Venturini, auteur dès 1988 d'un rapport sur « la dimension sociale du marché unique », ou encore Jérôme Vignon dans le domaine de la politique régionale et des fonds structurels.

23. En 1991, le traité de Maastricht amena également la création du Fonds de cohésion. Ce nouvel instrument fut conçu pour répondre à une exigence espagnole de contrepartie à l'UEM et conserva un statut différent de celui des autres fonds communautaires.

« fonds structurels ». Il s'agissait de faciliter les ajustements des structures économiques rendus nécessaires à la fois par la concurrence accrue du fait de la mise en place du marché unique, et par la perspective d'union monétaire. Des instances de coordination furent créées au sein de la Commission, et une partie croissante du budget communautaire fut allouée à cette politique à partir de 1988.

Le Livre blanc de 1993 sur la compétitivité, la croissance et l'emploi peut être interprété rétrospectivement comme le point culminant de l'effort de rationalisation de la politique structurelle européenne conduit au début des années quatre-vingt-dix. Sa partie la plus emblématique concernait les Réseaux transeuropéens, qui devaient resserrer au maximum les liens – transports, énergie, télécommunications – entre les différentes parties de l'Europe. Il s'agissait de parachever ainsi l'intégration de l'« espace économique » européen qui avait vu le jour avec le marché unique de 1992. Cet effort ne fut pas suivi d'effets très probants. Dans la période de récession et de difficultés budgétaires que traversa l'Europe à partir du début des années quatre-vingt-dix, son financement posa rapidement problème. Les négociations budgétaires de 1999 furent à nouveau très difficiles et ne permirent pas une progression nouvelle des dépenses de politique structurelle pour l'exercice budgétaire 2000-2006. Cependant – et contrairement aux pronostics pessimistes de nombreux observateurs à la fin de la décennie quatre-vingt-dix –, la part des dépenses structurelles dans le budget communautaire fut stabilisée à un niveau annuel d'environ 38 milliards d'euros par an, si l'on inclut les dépenses structurelles (dites de « pré-accession ») à destination des pays candidats à l'adhésion. Autrement dit, la part globale des dépenses structurelles se situe désormais à hauteur de 35-40 % du budget communautaire. L'idée d'une transition de la politique industrielle classique vers des politiques plus orientées vers le développement régional « par le bas » a été institutionnalisée, même si les moyens mis à la disposition de ces politiques au niveau communautaire restent modestes (plafonnées à 0,46 % du PIB de l'Union) et même si leur avenir reste incertain dans la perspective de l'élargissement.

Le fait que la politique structurelle ait été présentée comme une façon de mettre en valeur un potentiel de développement économique local explique sans aucun doute son succès politique. Même si elle a des effets redistributifs certains, ses promoteurs ont toujours veillé à la distinguer d'un exercice classique de redistribution sociale au profit des plus défavorisés²⁴. Ce type de justification n'est pas toujours facile à soutenir, car les objectifs d'efficacité et d'équité appellent des choix au moins partiellement contradictoires²⁵. De plus, les gouvernements des États membres ont naturellement tendance, dans le cadre des négociations budgétaires, à considérer les fonds structurels comme des droits ou bien, au contraire, comme des charges et, par conséquent, à en faire des enjeux purement distributifs. La complexité de ces enjeux contribue à expliquer certains problèmes de mise en

œuvre et déboires politiques. D'une part, les objectifs de développement équitable sont parfois mal assumés, et donc mal distingués des objectifs d'efficacité économique globale. D'autre part, il est légitime de se poser des questions sur les choix d'utilisation des fonds structurels, comme de toute politique d'allocation de ressources par la puissance publique : même s'il existe un accord pour qu'ils servent un objectif d'équité, ces fonds publics doivent être utilisés à bon escient et donc de façon aussi efficace que possible. Or une certaine confusion peut s'instaurer, précisément parce que l'idée qu'il faut « construire un grand marché », telle qu'elle a été mise en œuvre à travers les « politiques structurelles » de l'Union européenne depuis le milieu des années quatre-vingt, combine en fait des considérations d'efficacité et d'équité.

En définitive, l'existence d'une justification des politiques structurelles conçue principalement en termes de marché comme espace de développement est en soi très symptomatique. Cette conception du marché est clairement politique. Elle est fondée sur l'idée que le développement économique n'est pas un simple effet induit de l'ouverture aux échanges, et donc que la libéralisation doit être « accompagnée » par des politiques micro-économiques actives. Autrement dit, la mise en place de nouvelles politiques communautaires visant à faire du marché un espace de développement ne répondait pas simplement à une nécessité ou à des intérêts économiques. Au contraire, elle témoigne de l'opportunité politique que représente, dans un contexte historique particulier, la mobilisation d'un ordre de justification de la construction européenne par le marché. Mais cette malléabilité de la rationalité de marché est sans doute encore plus éclatante dans le cas qui va nous intéresser maintenant : celui de la constitution du marché en horizon politique commun lors de la construction de l'Europe monétaire.

Le marché comme horizon commun et la monnaie comme point de fuite

Cette quatrième facette est en quelque sorte le pendant des trois précédentes dans l'univers des représentations politiques. En effet, avec le phénomène de résurgence du marché depuis les années quatre-vingt, celui-ci s'est imposé non seulement comme réalité substantielle, comme idéal normatif et comme espace de

24. Cette distinction importante est constamment réitérée dans les textes officiels sur la politique de cohésion, jusqu'à aujourd'hui : « Les politiques de cohésion visent à accroître l'investissement pour obtenir une croissance plus forte et ne sont pas spécifiquement concernées soit par une expansion directe de la consommation soit par la redistribution du revenu. Cela diffère fondamentalement des politiques de cohésion nationales qui visent en partie à transférer du revenu aux régions les plus pauvres » (Deuxième rapport sur la cohésion économique et sociale, janvier 2001, p. 117).

25. Voir notamment Petra Behrens et Marc Smyrl, « A conflict of rationalities : EU regional policy and the Single Market », *Journal of European Public Policy*, vol. 6, n° 3, 1999 ; Philippe Martin, « À quoi servent les politiques régionales européennes ? », *Économie Internationale*, n° 81, 1^{er} trimestre 2000.

développement, mais aussi comme horizon commun à la plupart des dirigeants politiques. Cela ne veut pas dire qu'il a éclipsé tous les autres grands principes d'organisation qui structurent la vie politique aujourd'hui (comme la démocratie, le droit, la justice sociale, etc.), mais simplement qu'il a gagné en visibilité et en importance relative au sein de cet ensemble. Ce glissement s'est manifesté notamment par certaines évolutions sensibles du discours politique, aussi bien à gauche qu'à droite²⁶. Dans les partis de droite, le souci traditionnel de préservation de l'ordre social a été éclipsé par un libéralisme économique qui avait été mis en veilleuse depuis la fin de la Seconde Guerre mondiale. Le thatchérisme en fut l'exemple le plus extrême, mais la montée du néo-libéralisme à droite est un phénomène européen qui dépasse largement le cas britannique. À gauche, l'évolution des partis est peut-être encore plus étonnante. Les difficultés et les évolutions internes vécues par les partis socialistes, sociaux-démocrates, et surtout communistes de l'Europe communautaire tout entière sont fortement liées à cette résurgence du marché. Depuis le milieu des années quatre-vingt, les vieux objectifs d'extension continue des acquis sociaux ont généralement fait place à des objectifs plus modestes d'équité dans le partage des coûts sociaux des restructurations économiques. L'effondrement du bloc soviétique n'a fait qu'amplifier le phénomène. Les communistes ont engagé un difficile processus de rénovation, tandis que les socialistes et sociaux-démocrates européens se sont progressivement convertis à l'économie de marché, bien qu'à des rythmes et à des degrés différents selon les pays.

Ces changements doctrinaux ne peuvent pas être compris comme de simples conversions idéologiques rendues nécessaires par une réalité économique nouvelle qui s'impose à tous. La revalorisation du marché comme principe d'organisation économique fut source de graves tensions dans les différents systèmes politiques nationaux, voire de crise d'identité des partis à partir du début des années quatre-vingt. En effet, de tels changements dans l'univers des représentations impliquaient des révisions très difficiles, comme en témoignent les vifs débats français entre la « première » et la « deuxième » gauche au début des années quatre-vingt, de même que les luttes des années quatre-vingt-dix entre le « Old Labour » et le « New Labour » de Tony Blair au Royaume-Uni. À la faveur de ces difficultés, de nouveaux partis et mouvements politiques d'inspiration contestataire ont émergé, en particulier à l'extrême droite. Ces développements ont accéléré les évolutions internes des partis traditionnels et la recherche de nouvelles idées susceptibles de renouveler le discours politique. Dans ces conditions, « l'Europe » offrait la possibilité de faciliter la revalorisation du marché dans l'univers politique européen. En effet, la construction européenne constituait une perspective politique à laquelle les acteurs pouvaient se raccrocher pour des raisons très diverses. Elle représentait un terrain suffisamment neutre pour pouvoir recueillir des aspirations variées, voire contradictoires. L'europanisme permit à des acteurs politiques européens de toutes natio-

nalités et de tous bords de s'adapter à cette nouvelle donne sans perdre la face et, ainsi, d'ajourner un certain nombre de conflits entre différentes visions du monde.

Ceci est particulièrement clair quand on observe la dynamique politique de l'union monétaire européenne, qui fut constamment alimentée par un va-et-vient entre le désir de régénérer la souveraineté des États et l'appel à une plus grande orthodoxie dans la gestion de l'économie et des finances publiques. D'une part, le problème de la souveraineté émergea progressivement à propos de l'évolution du système monétaire européen (SME) au cours des années quatre-vingt. Pour la France ou pour l'Italie, celui-ci présentait l'avantage de diminuer les pressions inflationnistes et, plus généralement, de conférer de la crédibilité aux politiques économiques des gouvernements, mais impliquait également un certain renoncement à l'autonomie dans la conduite des politiques économiques. Or la préservation d'une autonomie de décision nationale était non seulement un objectif politique mais un symbole particulièrement puissant pour les grands pays. Depuis la création du SME, les gouvernements français successifs s'étaient de fait toujours employés – avec un succès mitigé – à éviter l'évolution du SME en « zone mark ». L'union monétaire était donc perçue comme un moyen de reconquérir de la souveraineté monétaire, dans un contexte où l'autonomie des États avait été mise à mal par le SME et par la libéralisation des marchés financiers.

D'autre part, l'avènement d'une Europe monétaire pouvait servir à consolider les grands principes de l'économie de marché ainsi qu'une plus grande orthodoxie dans la gestion macro-économique. En effet, depuis le début des années quatre-vingt, les banquiers centraux allemands (et hollandais) avaient posé l'abolition du contrôle des capitaux comme condition préalable à tout renforcement du SME. Il s'agissait pour les Allemands de soumettre la politique économique de leurs partenaires à la « discipline du marché ». Or, malgré la libéralisation du système financier français, les responsables monétaires allemands continuaient de soupçonner que l'intérêt français pour un renforcement du SME était motivé par un désir d'exporter vers l'Allemagne les conséquences potentiellement inflationnistes de politiques « dirigistes ». Il fallait donc faire quelque chose pour rassurer les Allemands sur ce point.

La Commission européenne se prononça, à partir de la fin des années quatre-vingt, en faveur d'une dynamique de réforme fondée sur un parallélisme entre deux processus – union monétaire et libéralisation financière dans le cadre du marché unique – et, du moins implicitement, entre les aspirations de souveraineté et d'orthodoxie²⁷. Cette dialectique constante entre souveraineté et orthodoxie a

26. Voir notamment F. Scharpf, *op. cit.* ; B. Jobert (dir.), *op. cit.*

27. Voir mon article sur ce sujet : « In the name of the market: How the European Commission paved the way for monetary union », *Journal of European Public Policy*, vol. 6, n° 3, septembre 1999.

fourni un prisme au travers duquel les principaux responsables politiques et monétaires interprétaient les grands enjeux, ce qui permettait de nourrir le processus d'unification monétaire. Par exemple, l'événement soudain qu'a été la réunification de l'Allemagne eut pour effet de valoriser les enjeux de souveraineté en ravivant les craintes, notamment en France, de voir émerger une Allemagne « moins européenne » parce que plus disposée à se satisfaire de sa position de force au sein du marché unique. Du coup, la France aspirait encore davantage à participer au *leadership* monétaire de l'Europe, fût-ce au prix de concessions très nettes en faveur de la stricte orthodoxie allemande. Ceci explique certains éléments du traité de Maastricht, notamment la primauté extrême donnée à la lutte contre l'inflation et l'inclusion de critères de convergence (les « critères de Maastricht ») qui se révélèrent ensuite très rigides.

Les vertus opposées de l'UEM en termes de souveraineté et d'orthodoxie éclairaient non seulement le changement de tonalité des débats sur l'Europe au cours des années quatre-vingt-dix, mais aussi l'évolution doctrinale des principaux partis. La promesse que représentait l'UEM en termes de souveraineté a été un élément particulièrement important de la mise au goût du jour du programme des socialistes et des sociaux-démocrates européens. Elle apparaît très clairement dans les prises de position des chefs de file de la gauche française lors du débat sur le traité de Maastricht²⁸. Pour la majeure partie de la gauche européenne et notamment française, l'union monétaire était perçue non seulement comme une façon de s'acclimater à « l'Europe-marché », mais aussi comme un progrès sur la voie d'une « Europe politique » permettant d'assurer la régulation de ce marché. Du point de vue des partis de la droite continentale classique, notamment en France ou en Allemagne, elle permettait de repousser le spectre de l'ultra-libéralisme tout en institutionnalisant à la fois les acquis du marché unique et les objectifs de lutte contre l'inflation et de gestion prudente des grands équilibres²⁹. Bien entendu, cette conception orthodoxe de la construction européenne n'était pas universellement partagée à droite – comme le prouve la résistance farouche de Margaret Thatcher – mais elle permettait précisément de définir un conservatisme à la fois modéré et moderniste qui fit recette sur le continent.

Or ces deux modes de justification de l'union monétaire que sont la souveraineté et l'orthodoxie se situent tout deux par rapport au marché. Bien entendu, souveraineté et orthodoxie sont au moins partiellement contradictoires : dans le premier cas, on se résigne au marché et on essaie de trouver des espaces de liberté ; dans le second, on l'accepte comme une discipline salutaire. En ce sens, le marché n'est qu'un horizon commun et non pas un objet de consensus ; la décision de passer à une monnaie unique doit alors se comprendre comme un point de fuite sur cet horizon commun. Même si le passage à l'UEM a fondamentalement modifié le contexte institutionnel des débats de politique économique, il n'a pas permis

de résoudre complètement cette contradiction. Ainsi, les paramètres ont changé mais le débat de fond – très politique – sur les modes de régulation de l'économie a subsisté jusqu'à aujourd'hui.

En un sens, la difficulté à définir des objectifs consensuels au-delà de l'idée qu'il faut « construire l'Europe » n'est pas nouvelle. Dès les années cinquante, les promoteurs de la construction européenne appliquaient des logiques de minimisation des conflits et d'équilibre entre le libéralisme et le dirigisme, de façon à maximiser leurs soutiens politiques³⁰. Ce type de considérations reste d'actualité, puisque l'Europe continue à naviguer entre des aspirations diverses, voire divergentes. Ce qui est nouveau néanmoins, à partir des années quatre-vingt, c'est la référence constante au « marché » dans les modes de justification de la construction européenne. Paradoxalement, la relance de l'Europe à cette époque a permis d'amortir le mouvement de balancier politique en direction du marché, autant qu'elle s'est nourrie de ce mouvement. En effet, à partir du moment où l'on crée des institutions pour gérer des politiques communes au niveau européen, la question n'est plus tant de « s'adapter » aux réalités du marché que de faire fonctionner ces institutions au service d'objectifs qui restent à définir.

Rétrospectivement, le remarquable retour du marché tel qu'il s'est manifesté en Europe occidentale à partir des années quatre-vingt peut s'interpréter comme le *Zeitgeist* de la relance européenne récente. Sans lui, on peut raisonnablement penser que la construction européenne n'aurait pas avancé aussi vite ni aussi loin. À travers ses différentes facettes, le marché a servi de point de départ à un grand nombre d'initiatives.

Si les quatre logiques du marché que nous avons analysées ici se sont renforcées mutuellement, elles méritent néanmoins d'être clairement distinguées car elles reposent sur des enchaînements causaux assez différents. Contrairement à ce que l'on pourrait penser, les motivations de la construction européenne en termes de marché ne doivent pas être interprétées simplement comme « économiques ». Cela ne vaut (au moins en partie) que dans les cas bien précis où le marché a fait irruption comme manifestation substantielle de la réalité. Dans ces secteurs, il est

28. Voir par exemple les déclarations d'Elisabeth Guigou et de Michel Rocard : « Vers l'Europe sociale », *Le Figaro*, 7 mai 1992 ; « L'Europe, c'est la social-démocratie », *Libération*, 3 juillet 1992. Il est vrai qu'une partie de la gauche européenne, notamment les partis communistes et l'aile gauche des partis socialistes, se mit à rejeter l'Europe identifiée à l'hégémonie du marché (« l'Europe libérale ») ; le « souverainisme » prit ainsi une signification nouvelle, de sorte qu'on a aujourd'hui un peu oublié l'importance des motivations souverainistes (version « soft ») dans le lancement de l'UEM vers la fin des années quatre-vingt. Cependant, le courant souverainiste dur est toujours resté minoritaire.

29. Voir par exemple l'entretien avec Raymond Barre, *Libération*, 1^{er} septembre 1992.

30. Voir notamment Ernst B. Haas, *The Uniting of Europe*, Stanford, Stanford University Press, 1958, 1^{re} partie et surtout pp. 19-31.

possible d'affirmer que les « forces » du marché ont créé des opportunités et des incitations poussant dans le sens d'une intégration régionale. Pour le reste – c'est-à-dire lorsque le marché est invoqué, pour justifier la construction européenne, comme idéal normatif, comme espace de développement ou bien comme horizon politique –, on est renvoyé bien davantage à des logiques politiques qu'à des causalités économiques. Justement parce que la sphère politique fonctionne selon des logiques institutionnelles qui lui sont propres, il est rare que l'accroissement des ressources économiques de certains groupes se traduise mécaniquement par des réformes reflétant fidèlement les intérêts de ces derniers. C'est l'évolution des perceptions et du discours politique, bien davantage que celle des intérêts « objectifs », qui constitue le contexte dans lequel les réformes sont proposées, négociées, puis mises en œuvre.

On arrive donc au paradoxe suivant : la résurgence du « marché » est un élément fondamental pour comprendre la construction européenne des deux dernières décennies ; mais la logique de cette construction est, bien souvent, plus politique qu'économique. Cela ne doit pas complètement nous surprendre : un processus aussi ambitieux que la création d'un marché sans frontières et d'une nouvelle monnaie à l'échelle d'un continent ne pouvait être qu'intensément politique. S'il avait fallu compter uniquement sur les forces du marché, il n'y aurait sans doute pas eu d'union monétaire, et le marché unique se serait limité tout au plus à quelques secteurs économiques où les barrières protectionnistes étaient les plus coûteuses et les mutations technologiques les plus importantes. C'est seulement lorsque ces forces furent relayées par des motivations plus clairement politiques – même si elles étaient également formulées en termes de « marché » – que la construction européenne prit véritablement tout son élan.

Pour revenir aux débats actuels, il est donc entièrement justifié de vouloir affirmer la vocation « politique » de la construction européenne. Mais, en un sens, l'« Europe politique » existe déjà, même si elle n'est pas toujours clairement appréhendée comme telle. En effet, le marché n'est pas simplement un champ de forces et de mécanismes purement économiques. Il est également devenu, au moins depuis la fin des années quatre-vingt, un mode de rationalité protéiforme, fortement institutionnalisé et de plus en plus largement accepté par les principaux partis européens. En définitive, il aurait été assez étonnant qu'une évolution politique aussi fondamentale demeure sans conséquences institutionnelles. Si la construction européenne a connu une telle relance dans les deux dernières décennies, c'est dans une grande mesure parce que ses promoteurs se sont adossés à la rationalité de marché et ont su heureusement décliner ses différentes facettes dans divers domaines d'action publique.

Une compréhension plus politique de l'ère du marché unique et de l'union monétaire permet également de mettre en perspective les difficultés actuelles de

la construction européenne. Le débat sur ses finalités est symptomatique d'un certain malaise, qui vient rappeler, si c'était nécessaire, que le progrès continu vers « davantage d'Europe » n'est pas une fatalité. Tout d'abord, les recettes qui ont fonctionné dans les deux dernières décennies ne rencontreront pas nécessairement le même succès dans un contexte historique qui a évolué depuis. Ensuite, politiques et réformes communautaires articulées autour de la rationalité de marché n'ont pas surgi en un seul jour. C'est seulement *a posteriori* qu'il devient possible de discerner une rationalité d'ensemble de la construction européenne des années 1980-2000. Comme tout processus politique complexe, elle a progressé par tâtonnements. Rien ne permet de supposer qu'elle se déroulera désormais de façon plus ordonnée.

Cela dit, la recherche tous azimuts de formes de coopération réputées plus « politiques » n'est peut-être pas la voie la plus réaliste pour régénérer le projet européen. *A contrario*, le succès passé de la construction européenne par le marché et par la monnaie s'explique par le fait que cette formule correspondait à un contexte politique particulier dans lequel elle permettait de répondre, sur un mode apparemment cohérent, à des attentes aussi diverses que profondes. Les principaux artisans de la relance européenne du milieu des années quatre-vingt surent identifier puis exploiter au maximum la résurgence historique du marché, qui était un point de repère acceptable et compréhensible par la plupart des acteurs. Le moins qu'on puisse dire est que les propositions de relance « politique » discutées depuis quelque temps ne manifestent pas toutes une intelligence approfondie des attentes diffuses de l'époque³¹.

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1

Making Sense of the EMU Negotiations

How can we explain how the EC reached its historic agreement on EMU at Maastricht in 1991? What occurred appears as a complex drama, with many actors in different scenes following an only partially connected script. Much of the drama is a source of confusion, distraction, and obscurity rather than of clarification. The starting-point is to define what the focus is. Here we intend to get 'inside' the negotiations, to present a 'micro-history' of how they originated and progressed. What follows is a history 'from below', based on four large case studies.¹ In the language of the social sciences, the book follows an 'actor-centred' approach. It concentrates on the individual negotiators driving (and resisting) the process: their beliefs, motives, strategies, and tactics. The book seeks to analyse and compare how they defined and performed their roles and show how this activity helps us to understand how EMU emerged and was successfully negotiated.

In focusing on the actors, we are not ignoring the big picture. The negotiators were not free agents but rather were subjected to various constraints and conditioning influences which structured their roles. They were affected by reigning ideas of 'sound' finances and money which helped to structure, inform, and legitimize their discourse and empowered some negotiators—notably central bankers—rather than others—like trade unions (Marcussen 1998). Their outlooks were shaped by the institutions in which they operated, by the informal rules governing their behaviour, and in particular by transnational fora like the EC Monetary Committee, the Committee of EC Central Bank Governors, and the management of the European Monetary System (EMS). In effect, ideas of 'sound' finances and money had become institutionalized at the European level. They were also bound up in the changing geography of money, involving the deterritorialization of currencies and a market-driven competition between them with the huge growth in cross-border use of currencies (Cohen 1998). In the process the role of currency policy had been transformed: from the territorial control of money to strategic interaction of EC states with more powerful market actors; from authoritative action (symbolized by capital controls) to a concern with credibility and reputation (symbolized by 'sound' policies). Hence, EMU negotiators did not start with a clean sheet in devising their positions. They operated in a new structure of power in the hands of privileged private agents

¹ In this sense it differs from Milward (1984).

(generated by market competition) and of dominant ideas (about ‘sound’ finances and money), a context that led them to reflect on whether the traditional state-based system of monetary governance was any longer appropriate.

The ‘macro-history’ of the structural forces leading to the EMU agreement is given lengthy treatment in Dyson’s *Elusive Union* (1994). But with this volume we stress the role of EMU negotiators as agents of change and analyse their motives. The assumption is that agency mattered. This book seeks to show that the reflection, learning, and strategic calculation of the EMU negotiators were crucial constitutive elements of the negotiating process. EMU negotiators sought, and were able, to influence the context in which they negotiated. There are relatively few ‘inside’ histories available of negotiations in the European Union. We hope that, in drawing attention to the importance of variables endogenous to the negotiating process, this book will help to fill this gap.

This first chapter provides the framework for the later historical case studies. It places what is an historical study in the context of the social sciences. Drawing on concepts and insights generated in contemporary political science, policy studies, and International Relations, it identifies a set of questions on which the subsequent national case studies will be based. Different approaches are evaluated, each drawing out different aspects of the terrain whilst also overlapping in their coverage. Emphasis is placed on unpacking the two main dimensions of the EMU negotiations—cognitive and strategic. The core argument is that, though the EMU negotiations were prestructured, these two dimensions were vital components of the process. In stressing the interpenetration of the cognitive and strategic dimensions we have rejected the temptation to view the history of the EMU negotiations through a single lens. We do not accept that it can be understood—and the question that we are addressing answered—by reference to any individual causal theory. Such an approach risks forcing reality into a straitjacket. The multi-dimensional nature of the EMU negotiations requires the combination of different perspectives to reveal its full complexity.

EMU Negotiations as a ‘Core Executive’ Activity

More precisely, the object of our interest has been how EMU was put back on the EC’s agenda; the role of political leaders as craftsmen or artists of beliefs and memories; the kinds of strategic choices that they made; and how the negotiations were handled and developed in different institutional venues (the phenomenon of ‘venue-hopping’ by negotiators). Most notably, these venues included the Delors Committee, the Guigou Group, the EC Monetary Committee, the Committee of EC Central Bank Governors, the Intergovernmental Conference on EMU, the EC Presidencies, and the various European Councils between 1988 and 1991, and a complex set of formal and informal bilaterals, particularly Franco-German bilaterals. Though this institutional setting looks complex, we soon discovered that we were dealing with a small, inti-

mate, and isolated set of actors in the 'core executive' territory (Rhodes and Dunleavy 1995: 12).²

Sectoral interests were very much excluded from the EMU negotiations. Employer organizations, trade unions, and industrial and banking associations were not incorporated in the process, either at national or EC levels. This exclusion derived from certain key attributes of EMU as a policy sector:

- the construction ('framing') of EMU as at heart a monetary problem, and the corresponding downplaying of its fiscal and structural policy dimensions as epiphenomena;
- the definition of decisions about the future of currencies as 'high politics' and therefore intrinsically a matter for states (showing how policy content drove process);
- the traditional mystique surrounding monetary policy, the sense that it was an arcane area for the exercise of central bank professionalism, a mystique that was sustained by central bankers;
- the difficulty that sectoral bodies—employers, trade unions, and industrial associations—had in specifying the likely consequences of EMU for their members. This difficulty derived from uncertainty about the likely complex effects of the transition process and of interest rates and exchange rates under EMU. The distributional effects remained too unclear for sectoral interests to be able to specify their interests in an unambiguous manner. This uncertainty created a political role for experts in helping to specify these interests.

Against this background sectoral bodies eschewed a strategy of mobilizing their members to exert influence on the EMU negotiations. The general judgement was that central banks could be relied on to define and protect basic macroeconomic interests and that, in any case, a strategy of sectoral mobilization might prove divisive for memberships. In consequence, EMU negotiators were insulated from public pressure and demands for public accountability. Space was opened for their own ideas and interpretations to shape the process and outcomes.

Hence the study of the EMU negotiations did not involve tracing and characterizing 'policy networks' that bound together state executives and sectoral interests in relationships of mutual dependency. Preparation of EMU bargaining positions and the management of the negotiations were confined to the centres of political authority at the very heart of the machinery of the state (and of the EC Commission). They involved a web of relationships surrounding prime ministers (and notably the President in the French case), their advisers, cabinets, cabinet committees, finance ministries, ministerial bilaterals, interdepartmental working groups, central banks, and Jacques Delors, his personal cabinet, and selected members of DG2 of the EC Commission. In the case of each of these structures only a very tiny group of politicians and officials were active players.

² In this respect the approach of the book differs from Kaltenthaler (1998b). He stresses the high number of state decision-makers and the constraining effect of societal organizations.

EMU negotiations were, in other words, a 'core executive' activity. They rested on the interplay and efficacy of these various mechanisms of co-ordination, at domestic and at EC levels. They revealed a subterranean, strongly bureaucratic process of competition for control of 'core executive' territory: for instance, between finance and foreign ministries; between prime ministers and ministers; or between Delors and the EC Monetary Committee. One of the more subtle aspects of EMU negotiations was 'turf-fighting' about who would have primacy in co-ordination and in gaining the ear of political leaders. Hence the EMU negotiations were a realm of cliques and intrigues, of ministerial and bureaucratic politics at the highest level, of manoeuvring to ensure that particular issues were assigned to specific institutional venues in order to shape their outcome in certain ways.

Conceptualizing the EMU Negotiations: Structural, Strategic, and Cognitive Dimensions

Analysing EMU as a negotiating process offered a formidable intellectual challenge. As the research progressed, we were confronted with the problem of the scale of its complexity as an interplay of power, interests, knowledge, and institutions. It seemed clear that each of these aspects was embedded in pre-existing structures, following tracks already laid down, for instance by sets of beliefs and by international financial markets. In his book *Elusive Union* Dyson emphasized the 'prestructuring' of EMU bargaining. This prestructuring privileged the power of some actors (notably the German Bundesbank) over others. It also helped to explain the role of unintended consequences in negotiations; the unplanned nature of the bargaining game; and the games' degree of autonomy of the moves of individual players (Dyson 1994).

Insight into the prestructuring of EMU negotiations sensitized us from the outset to a limitation of elite interviews as a research method. Interviewees were often not conscious of what had been happening in the larger negotiating context in which they had been operating. These cognitive limitations of actors were also accompanied by their strategic limitations. Forces at work were not just outside their area of knowledge; they were also often beyond their control. Hence the EMU negotiating process as a whole could not be seen from the standpoint of the individual actor's experience alone. A key task of the social scientist is to unravel and characterize the figuration of the larger negotiation process of which individual actors, like the Bundesbank or the EC Commission President, are only a part.

But *Elusive Union* was also at pains to distinguish between the prestructuring of EMU negotiations and the role of factors endogenous to the bargaining process. It drew out the complex dialectical relationship of structure and agency. Quite simply, agency matters (Bhaskar 1979; Giddens 1984; Wendt 1987). Structure offers opportunities to actors as well as constraints; actors are capable

of thinking strategically and using structural conditions as means to transform the policy reality in which they operate; their calculated actions have direct effects on the structural context within which they operate; and, not least, the way in which they 'frame' issues draws attention to the importance of policy beliefs, argument, evidence, and learning in shaping the direction in which bargaining evolves as well as substantive outcomes. Borrowing from Bhaskar, the actor in the EMU negotiating process is like 'a sculptor at work, fashioning a product out of the material and with the tools available to him' (Bhaskar 1979: 43). In short, the motives and self-understandings of actors, their strategic calculations, tactical sophistication, and cognitive processes, are all vital to comprehending the EMU negotiations.

In this book we delve more deeply into the EMU negotiating process, to offer an insider account of how bargaining positions evolved, why certain kinds of proposals were made and how, and why specific deals were struck. Whilst continuing to stress the interactivity of structure and agency, we focus on drawing out the *role of factors endogenous to the EMU negotiating process* in effecting policy change. The narrative of this volume is held together by a focus on these factors and the questions to which they give rise.

- Political leaders as *animateurs*, *ingénieurs*, and as strategists of negotiations. As *animateurs* they mobilize enthusiasm and galvanize the negotiating process into action, finding means of putting policy experts to work in a framework of their own choosing. As *ingénieurs* they oil the wheels of negotiation and 'engineer' contextual changes to which negotiators have to respond. More generally as strategists they seek to define the major strategic choices, seize the initiative at decisive points in the EMU negotiations, and use external constraints or domestic opposition to enhance their power over negotiations.
- The use of the 'nesting' of EMU in other higher-order or related policy games to alter perceptions of optimal payoffs from negotiations. A major example was the use of German unification to reshape EMU negotiations, or earlier of the spillover effects from the single European market and the EMS. The context of other games in which negotiators are involved can be employed to redefine an optimal outcome in relation to EMU.
- The activation of 'transgovernmental' and 'cross-level' linkages to other negotiators. These linkages serve to create better conditions for co-operative bargaining on one's own terms. The opportunities for this kind of behaviour are enhanced by the EC's institutional structures and working methods, as well as by the Franco-German relationship. They can privilege cross-national linkages over intragovernmental linkages as means of maximizing influence.
- The use of EMU as an external discipline and force for domestic modernization and policy change, as in Italy, or of domestic opposition and political weakness to enhance external power over EMU negotiations by 'binding hands', as in the case of Chancellor Kohl.
- The role of individual 'policy entrepreneurs' as agenda-setters and promoters of ideas. They seek to match EMU to 'windows of opportunity' opened

by political events and policy developments and to 'soften up' leaders to accept and sponsor EMU.

- The importance of the 'probing' of inherited policy beliefs about EMU, and reflection on the meaning of EMU, by those interacting within the bargaining process. Inquiry opens up the prospect of 'reframing' of the issues in the light of flaws in strategy exposed by experience and hence leading on to redefinition of the interests at stake and a restructuring of policy arguments.
- The design of institutional venues—like the Delors Committee and the IGC—and the choice of venues—like the EC Monetary Committee—in order to shape how EMU issues are defined and negotiated.
- Persuasion through appropriate 'signalling' action designed to show partners that one is a serious negotiating partner (by for instance using the appropriate economic policy discourse) or to clarify the conditions in which an EMU deal could be struck.
- The formulation of an appropriate discourse to legitimate EMU, endowing it with symbolic value, for instance by linking it to powerful historical memories.

Some order can be given to these factors by grouping them within the different conceptualizations of the EMU negotiating process that evolved as our research progressed. Just as we had earlier become aware of the limitations of conceptualizing EMU as prestructured, so our interviewing cast doubt on the adequacy of traditional preoccupations with characterization of negotiations as a strategic process. Crucially, a cognitive process was also at work. These two conceptualizations of bargaining as strategic and as cognitive overlapped significantly in the practice of EMU negotiations, and interacted with each other. At the same time they remain logically distinct. One is not simply a sub-set or component of the other 'higher-order' concept; nor are they completely identical.

1. The conceptualization of *negotiation as strategy* allocates primacy to the tough-minded championing of vital interests that are exogenous givens, provided by history and geography. It focuses on the phenomenon of bureaucratic politics as players contend for the control over the territory of negotiations and seek to expand their competence. Strategy stresses the process of 'horse-trading' about relative gains and losses, the plotting of sequences of moves and counter-moves amongst players, and skills in seizing the initiative in relation to decisive points in the negotiations. Negotiators are pictured as preoccupied with retaining their freedom of manoeuvre to shape negotiating outcomes on their terms and at their pace. Strategy does, of course, have a cognitive aspect. It depends on knowledge about other players and their likely moves and counter-moves. Its definitions of interest are also cognitively informed. But strategy retains its own preoccupations and character. It highlights the problem of negotiating a politically acceptable outcome, at home and abroad.

2. The conceptualization of *negotiation as cognition* allocates primacy to the role of beliefs in constructing interests and defining policy positions, and to the transmission of ideas and knowledge into the negotiating process. Negotiators

are pictured as confronted by acute uncertainty about how EMU can be made to work, about where their best interests lie, and about their potential allies. This uncertainty creates an opportunity for experts to define the negotiating problems, clarify the interests at stake, and transform the negotiations into a learning process. They provide the basic ideas that shape the negotiations and shape the forms of discourse employed. What gave this aspect of the EMU negotiations its distinct character was the preoccupation with putting in place a technically viable EMU. This preoccupation endowed the EMU negotiations with an element of policy learning.

Unquestionably, much behaviour in EMU negotiations is to be explained in terms of strategy. Actors were motivated by definitions of vital interests at stake, which—as far as the negotiations were concerned—were exogenous givens. Ideas served as tools or instruments in the struggle for power (Goldstein and Keohane 1993; Jacobsen 1995). Negotiators operated with calculations of relative gains and losses from EMU and sought to deploy and co-ordinate statecraft for the attainment of political aims—in a more or less sophisticated and effective way (Liddell Hart 1968; Paret 1985). They oriented their behaviour to the likely moves of other players both domestically and within the EC. The negotiating problem was always about the political acceptability of any EMU outcome. Its solution required ‘horse-trading’ amongst interests, and part of that ‘horse-trading’ was a competition of bureaucratic interests about retaining and expanding competence over policy.

At the same time the negotiating problem was also about specifying the technical conditions for a viable EMU, for an EMU that would function without causing unacceptable economic and political damage to the EC and its member states. Hence the EMU negotiations took on the character of a cognitive process as well as a strategic process. In part at least, definitions of interest were shaped or constituted by ideas, and negotiating behaviour was norm-driven (Risse *et al.* forthcoming; Finnemore and Sikkink forthcoming). A complex of converging and contrasting beliefs was secreted at the heart of the negotiations, raising the question of the explanatory power of different theories about the role of knowledge and ideas (Radaelli 1995).

But the interplay of ideas and interests in the EMU negotiations was too intimate and complex to separate out beliefs as the determining causal factor. Strategy had its own dynamics. Hence the question of how best to model EMU negotiations was answered by preferring a contingency model to a causal model.³ This contingency model stressed the internal ‘connectedness’ between the pre-structuring of EMU negotiations and the strategic and cognitive dimensions of the process. In short, a single independent variable could not explain so complex a field of interactive forces as the EMU negotiation process or its outcome. The EMU negotiating process is to be understood as prestructured; as strategic; and as cognitive. These elements of the negotiating process need to be ‘unpacked’.

³ For a similar argument see Radaelli (1997).

EMU as a Prestructured Negotiating Process

It is tempting to quote the famous observation by Bismarck: 'Politics is to perceive God's footsteps through world history, then jump out trying to catch a corner of his mantle.' Most politicians and central bankers are inclined to believe that they make history but the opposite is nearer the truth. They perform history but they do not create it.

(Hoffmeyer 1992: 31).

The structural basis of power within the EMU negotiating process, and its origins, are dealt with exhaustively in Dyson's *Elusive Union*. Here it is only necessary to summarize the main exogenous factors bearing down on and constraining that process and to highlight their key effects. The main point is that EMU negotiators were operating in an already-structured world. This prestructuring took the forms of historical inheritance; of institutional rules and policy styles; of the D-Mark as the 'anchor' currency of the ERM; of global financial markets; and of the state of economic and monetary policy knowledge and reigning economic policy ideas.

The EMU negotiations did not originate in a vacuum or *ab initio*. They also enjoyed an autonomy in relation to the individual actor's own moves. The overall course of the negotiations was not in the power of any one player—whether Delors, Kohl, or the President of the Bundesbank. Previous moves by certain actors limited and constrained not only the moves of others but also their own later moves—as exemplified by the case of the Delors Committee (Elias 1978: 94–6). We are, in short, dealing with a negotiating process in which unintended consequences resulted from intentional actions. This characteristic derived from the way in which actors found themselves bonded together in a process about which they were imperfectly informed and whose overall course defied their individual control. The unplanned course of the EMU negotiations repeatedly influenced the moves of each individual player.

Historical Inheritance: Received Ideas about Vital Interests

Past experience, embodied in institutional and personal memories, was a powerful conditioning factor in EMU negotiation. Most influential were memories of the previous failed attempt to realize EMU in the wake of the Werner Report of 1970; specific national events and experiences; and the role that European unification, and the idea of Franco-German reconciliation, played in inherited definitions of vital national interests.

Memories of Werner The failure to implement the Werner Report had bequeathed, as a general legacy, the view that EMU would be a difficult, uncertain, and protracted task. For German negotiators like Hans Tietmeyer, who had been directly involved in the Werner Group's work, the lessons were twofold: that establishing the prerequisite of economic convergence for a viable

monetary union would be a long-term, very practical affair; and that, until French negotiators were prepared to put in place European political union, EMU would not be able to proceed.⁴ Monetary union would be the final ‘coronation’ of a process of economic and political union. Such an interpretation was supported by the way in which in the nineteenth century a German monetary union had been formed: first, an economic union, then a political union, and finally a monetary union. French and EC Commission negotiators interpreted the Werner Report differently, seeing the core problem as German reluctance. It illustrated that EMU would be a long-term process. But the application of the traditional ‘Community method’ to EMU offered a route ahead.⁵ EMU needed to be tackled by a series of successive actions, by a ‘nibbling’ process of putting in place new devices, like a parallel currency and a European Monetary Fund. Along with a timetable to force action such devices would enable progress to be sustained. This spirit of caution pervaded debate about EMU amongst EC economic and monetary policy officials as late as 1988–9. Indeed, as we shall see, both German ‘fundamentalists’ and French and EC ‘minimalists’ on EMU were taken by surprise and forced to reconsider their arguments and proposals.

Specific National Traditions and Experiences National traditions and experiences prestructured EMU bargaining positions in a powerful way. For German negotiators the postwar ordo-liberal economic tradition was a key source of reference. It stressed price stability as the key economic public good that the state must guarantee. This guarantee depended on an independent central bank. Ordo-liberalism also underlined the state’s role in providing a framework of market competition for the economy. These core principles were rooted in German economic and political experience in the 1920s and 1930s. German EMU negotiators saw it as their basic responsibility to ensure that they were reproduced at the EC level. No less importantly, ordo-liberal economists stressed the historical and cultural context of economic and monetary policies. This approach led to a deep scepticism about the potential to negotiate a viable and mutually acceptable EMU with French negotiators moulded by a *dirigiste* tradition (Nicholls 1994).

By contrast, British and French negotiators were moulded by political traditions that stressed the primacy of politics over economic and monetary policy. Albeit overlaid by a mounting recognition of the postwar costs of inflation, memories of interwar unemployment—and its political association with the power of bankers—tempered the political will to pursue central bank independence, not least on the part of French Socialist politicians like President François Mitterrand and Pierre Bérégovoy. Perhaps more fundamentally, constitutional traditions framed how actors responded to EMU issues. The British tradition of the sovereignty of Parliament and the French republican tradition of the sovereign people affected perceptions of the legitimation of EMU. For British nego-

⁴ Spelt out in a speech by Hans Tietmeyer, ‘Relationship between Economic and Monetary Union’, 1972.

⁵ A theoretician of the Community method applied to EMU was Padoa-Schioppa (1994).

tiators like Thatcher, Lawson, Major, and Lamont there was a deep problem of squaring with constitutional tradition the transfer of monetary policy sovereignty to an ECB and accepting EC rules on fiscal policy and sanctions (Lawson 1992; Thatcher 1995). The French republican tradition was a more flexible formula for sovereignty than the tradition of the sovereignty of Parliament and could be sustained by incorporating '*gouvernement économique*' in an EMU accord. But, in terms of French constitutional ideas, an independent central bank was more problematic. Bérégovoy, Michel Rocard, Edith Cresson, and Mitterrand never lost their inner reservations about this aspect of the EMU negotiations (Aeschimann and Riché 1996).

The Role of European Unification in Conceptions of National Interest Equally crucial in prestructuring EMU negotiations were inherited conceptions of vital national interests and the role of European unification within those conceptions. In the German case the first Chancellor, Konrad Adenauer, had been instrumental in fashioning a definition of the vital interests of the new Federal Republic that, with modifications, formed the continuing bases of foreign policy. Indeed, Kohl saw himself as the political heir of Adenauer. Those vital interests were defined as security and prosperity in a framework of freedom and as best realized via the embedding of Germany in a process of European union constructed by working closely with France. Quite simply, the tandem of European union and Franco-German reconciliation was in Germany's vital interest. For German Foreign Ministry negotiators the question of whether and when European unification was in Germany's vital interest did not arise. European unification and Franco-German reconciliation were judged to be, *prima facie*, in Germany's vital interest.

British negotiators inherited a very different conception of the relation of European unification to vital interests. Escaping German occupation and emerging as a victor from the Second World War, British policy-makers were less disposed to see European unification as the prime basis of their country's security. Also, possessed of the trappings of a world power and an imperial past, British negotiators were inclined to see the EC as one of several fora, rather than the central forum, through which her vital interests could be pursued. And, in the pursuit of vital interests, the 'special relationship' with the USA assumed a particular importance. Hence fora that involved the USA, like NATO, the IMF, and the GATT, were prioritized. Since the 1940s British politicians had been committed to an intergovernmental conception of European union that made the EC, with its supranational elements, an uncomfortable institutional arrangement. European co-operation was a pragmatic and utilitarian business, limited to those areas compatible with a definition of vital interests that emphasized international free trade and security via the USA's role in Europe.

To a far greater extent French negotiators saw in the EC a prime vehicle for the pursuit of vital interests. With memories of the scars of the First World War, of the humiliating defeat of 1940, and of being peripheral to wartime and post-war American power, they were preoccupied with German and American

power and the actual and potential dependency of France. France's vital interest was defined as finding a set of European arrangements that would form an escape from this dependency and provide both security and prosperity. Hence French negotiators inherited a set of ideas that made them disposed to conclude that, in principle, the process of European union was compatible with vital interests and that Franco-German reconciliation must be central to this process. Indeed, in the eyes of French technocrats, the EC could serve as an external discipline forcing overdue domestic policy reforms on France. This theme of *vincolo esterno* was even more clear in the Italian case, where the ERM and EMU could be seen as instruments of economic and political modernization. Not least, European unification offered Italy an opportunity to play a role at the heart of Europe.

Hence, from the outset, the EMU negotiating process was embedded in the historical context of the Franco-German relationship and its key role in both countries' established definition of vital interests. The political history of its rebirth in 1987–8 and of its negotiation is secreted in that relationship, not least in the impact that German unification had in sharpening and giving new urgency to these definitions of vital interest and in inspiring an *animateur* role by Kohl and Mitterrand.

Institutional Structures and Policy Style

The actors who negotiated EMU were part of a complex and evolving set of decision rules, styles, and codes of behaviour at the EC level which endowed their interactions with a quality not apparent in other international institutions.⁶ In the case of the EMU negotiations this quality had less to do with the supranational elements of the EC's institutional design. Neither the EC Commission nor the European Parliament played the key role in this sector that was available to them in other sectors. In particular, the EC Monetary Committee and the Committee of EC Central Bank Governors sought to keep the Commission at a distance. This practice encouraged the Commission to prefer to resolve EMU issues in other venues, notably the European Council and in conjunction with the Presidency of the Council. But, at the same time, the EC remained in an overall sense *sui generis*. Negotiating EMU in its institutional context was very different from negotiating international monetary co-operation in the IMF or G7.

Iterative Bargaining and the Norm of Consensus Far more influential than the supranational principle at the sectoral level of EMU was the sheer intensity of intergovernmental interaction and the fact that the EC's institutional structures depended on a sharing of power and a practice of consensus-building. A small group of finance ministry and central bank officials developed relations of close personal intimacy as they revolved between ECOFIN, EC Monetary

⁶ On the 'new' institutionalism as applied to the EC see Bulmer (1994: 351–80).

Committee, Committee of Central Bank Governors, IGC, G7, G10, IMF, and OECD; whilst French and German officials came together additionally for the regular bilateral summits, for biannual Franco-German Economic Council meetings, for personal bilaterals, and for the Franco-German bilaterals that paralleled the IGC in 1991.

This dense institutional nexus meant that optimizing behaviour was not focused on EMU as a 'one-off' bargain or on getting all one could on a single EMU issue. EMU bargaining was ongoing and iterative, across a range of issues and extending over time. Hence optimizing behaviour involved retaining and, where possible, building one's credit. It meant attending to one's reputation as a trustworthy, reliable, and honest negotiator who respected the constraints operating on others and sought to play a constructive role in finding mutually acceptable solutions (Axelrod 1984). Against this operating code, the British Chancellor of the Exchequer, Norman Lamont, was judged a failure and liability, not least by his own Whitehall officials. Above all, EC norms included a sensitivity to the way in which individual bargaining was 'nested' inside 'higher-order' games or in related games. On this basis robust EMU negotiators like Horst Köhler and Hans Tietmeyer were prepared to concede that the policy interests consequent on German unification required certain German concessions.

And, not least, effective bargaining in EC venues required a sensitivity to the requirements of consensus-building. It was important to be part of a process of seeking constructive solutions to problems, solutions that would take account of each other's needs and difficulties so that a final outcome could be acceptable to all. This style of bargaining was deeply ingrained in the work of the EC Monetary Committee and the Committee of Central Bank Governors; it influenced ECOFIN and the European Council; and it was part and parcel of the working ethos of the IGC on EMU and of Franco-German bilaterals.

The European Council and ECOFIN At the political apex the European Council brought together the EC heads of state and government and their foreign ministers into a forum that could exert political leadership or act as a court of last appeal in cases of unresolved conflicts. As early as 1969 the Hague summit had launched the process leading to the Werner Group study of how to realize EMU; the 1972 Paris summit endorsed EMU as a political goal; whilst the Brussels Council of 1979 had adopted the European Monetary System (EMS), with provision for a stage 2. Thereafter, EMU's resurfacing on the agenda, or reform of the EMS (often code for EMU), could always be legitimated as unfinished political business rather than as a radical new departure. But, above all, before the Maastricht Treaty, the European Council provided a political venue to consider EMS/EMU issues at a distance from finance ministers and central bankers. This institutional factor was to be crucial in facilitating the relaunch of EMU at the Hanover Council in 1988, in setting the date for the IGC on EMU at the Strasbourg Council in 1989, and in agreeing an ambitious communiqué on EMU at the Rome 1 Council in 1990.

At the sectoral level the responsible institutional structures were the Council meeting of economic and finance ministers (ECOFIN), the EC Monetary Committee and the Committee of EC Central Bank Governors. Finance ministry and central bank officials were at all times concerned to insulate EMU negotiations within these structures. Hence the way in which EMU issues were framed and acted on in this context was designed to block out those issues which were most politically sensitive, notably the fiscal union and political union components of EMU. By pushing as much as possible of the EMU negotiations into the EC Monetary Committee and the Committee of EC Central Bank Governors the agenda was focused on the monetary and financial aspects. And, given that senior central bankers formed half of the membership of the EC Monetary Committee, there was an institutional privileging of EC central bankers in the EMU negotiations that was to crucially affect the outcome at Maastricht (Dyson *et al.* 1995).

The Evolving Rules of the ERM What was also to shape the EMU negotiations was the experience of managing the Exchange Rate Mechanism (ERM) from 1979 onwards. Just as its crises kept EMU off the agenda in the early 1980s, so by the end of that decade the apparent willingness of its partners to accept the discipline of the 'hard' ERM signalled an evolution of rules and codes of behaviour that was consistent with taking EMU more seriously. The original purpose of the ERM as a 'zone of monetary stability in Europe' was being fleshed out as EC governments resorted to use of their parities with the D-Mark as an external discipline and means of 'borrowing' credibility. The result was an emerging climate of confidence about negotiating an EMU deal amongst the actors involved in the EC Monetary Committee and the Committee of EC Central Bank Governors. In short, by 1987–8 the rules of the ERM game had evolved to induce a greater sense of shared ownership of, and mutual responsibility for, a policy project whose value was strongly endorsed.

The Regulatory Style of EMU Bargaining Perhaps most fundamentally of all, the scope and the nature of the EMU negotiations were constrained by one fundamental fact: that the EC had very modest resources at its disposal. There was no real opportunity, as for instance in the German and US federal systems, to develop and operate an autonomous EC fiscal policy for the purposes of stabilization and/or redistribution within EMU. Given the small size of the EC budget, the only way for the EC to put EMU in place was to focus on the 'rules-based' approach favoured in monetary and financial policy: rules on excessive deficits, 'nominal' economic convergence and no 'bail-outs' for government, and developing monetary policy instruments to achieve price stability. Hence the in-built regulatory policy style of the EC pervaded the EMU negotiations (Majone 1993). It threw the burden of work on developing EMU onto the EC Monetary Committee and the Committee of EC Central Bank Governors. Here, rather than in Delors's office or in DG2 of the EC Commission, were the resources of technical expertise that were required to

develop the EC-level policy instruments for EMU. The ascendancy of central bankers' ideas was mainly due to the absence of a viable alternative at the EC level, in particular an EC fiscal authority. The EMU deal hammered out for Maastricht was, in consequence, based on a limited repertoire of policy instruments and a very problematic capacity for co-ordination of monetary-policy decisions with fiscal and structural policies.

EMU Bargaining as Inquiry Most importantly to the argument of this chapter, the institutional structuring that underpinned EMU bargaining enabled negotiators to engage in inquiry and reflection. This cognitive dimension was facilitated in the following ways:

- intensive iterative bargaining at the sectoral level gave status to norms of mutual trust and co-operative problem-solving over 'win-lose' bargaining;
- the institutional environment, with its strong technical infrastructure, was conducive to trading the lessons of success and failure from policy practice, in short to a learning process;
- though the EC Commission had its own interests to advance (notably retaining its right of initiative on the economic aspect of EMU), it also played a role in mediating negotiation. It helped in getting negotiators to focus on joint gains, in stressing the educative role of negotiations, and in encouraging negotiators to see EMU issues and their interests in a new light.⁷

Domestic Institutional Arrangements EMU negotiations were also embedded in, and shaped by, the different institutional arrangements at the national level, notably:

- the way in which constitutional principles and practices influenced how 'core executive' politics was played (for instance, the role of Presidential power in French EMU policy or of the relationship between the Chancellor and departmental principles in Germany);
- the degree of independence of the domestic central banks, privileging the role of the Bundesbank over that of the Banque de France (Goodman 1992);
- the internal organization and operating norms of finance ministries, in particular whether they encouraged a strong European engagement.

Differences of constitutional, statutory, or organizational detail could prove important in giving a very different structure to debate on EMU. They are spelt out in the individual case studies.

The D-Mark as the Anchor Currency: The Hegemony of German Monetary Ideas

Since its inception the ERM's 'anchor' had been provided by the D-Mark, and Germany has served as both standard setter and broker in European monetary co-operation (Kaelberer 1996: 51). As the only EC currency never to have been

⁷ On mediated negotiation see Susskind and Cruikshank (1987).

devalued, it had an unrivalled credibility and reputation as a 'hard' currency in the financial markets. Hence, in order to maintain their parities with the D-Mark, the domestic monetary policies of other ERM members had to be at least as virtuous as that of Germany. The result was an asymmetry in the functioning of the ERM, the burdens of adjustment having to be borne disproportionately by countries other than Germany. This factor induced a climate of complaint about the ERM as a 'D-Mark zone'. Criticism focused on the Bundesbank which was attacked, notably by the French and the Italians, for putting German before European interests.

Paradoxically, this track record of practical policy success also made the Bundesbank an ideational model for other EC central banks who envied its independence of government, its strong public profile in Germany, and its performance in achieving sustained price stability and a strong currency. There was, in consequence, a process of emulation of Germany as a policy model for locking in low inflation, an objective that had eluded others after the first oil crisis of 1973. This objective took on a more urgent form from 1979 onwards as other EC states struggled with the problems of managing the ERM in the context of the second oil crisis. Hence in the EMU negotiations the Bundesbank possessed both a practical power and a moral authority denied to any other actor, based in part on structural power but also reflecting a choice made by other EC states to treat Germany as a policy model.⁸ This factor more than any other helped to ensure that the role model for EMU was central bank independence, Bundesbank-style. The shared beliefs that emerged among EC central bankers, and the practical arrangements put in place for EMU, reflected the underlying power of the Bundesbank. This power took the form of the hegemony of German monetary policy ideas, but a hegemony that owed much to a voluntarist process of policy emulation elsewhere (Dyson 1994: chapter 9; McNamara 1998: 25–9). The process of inquiry and reflection on the requirements of a viable EMU was constrained by this deeper reality.

Globalization and Deregulation of Financial Markets

With the globalization, deregulation, and huge increase of scale of financial markets since the 1970s the context of operation of EC economic and monetary policies altered radically. In particular, rising capital mobility had profound implications for the distribution of political power and the exercise of state power. The main beneficiaries of globalization and deregulation were the owners and managers of financial assets and multinational firms with internationally diversified assets. As the main players in global financial markets, they accumulated new power to act as tough disciplinarians on inflationary tendencies. Globalization constrained governments to prioritize price stability, to pursue

⁸ For a strong statement of the German hegemony thesis see Markovits and Reich (1997). For a more qualified view see Marcussen (1998: 164–7).

policies based on the requirement of gaining the confidence of the markets, and to focus on market-based measures of performance, notably yield curves. As closer to these volatile markets, and possessed of the expertise to 'handle' them, central bankers acquired a new legitimacy. They could claim that the best route to policy credibility was to endow central banks with political independence and to give them the lead role in designing EMU. In short, globalization and deregulation were decisive to the emergence of a consensus about 'sound' money and finances as the context of the EMU negotiations and to an ideational leadership role for central bankers. It supported, as we shall see later in the chapter, the powerful role of a community of expert professionals (an 'epistemic community') in giving coherence at the level of ideas to the EMU negotiations and facilitating agreement. But it also constrained the political terms of that agreement around a framework of 'sound' money ideas.

The combination of freedom of capital movement as part of the EC single market programme with a commitment to stable exchange rates within the ERM raised a fundamental question about compatibility of goals. Were both these goals compatible with retention of national responsibility for monetary policy? Or did they require EMU? By 1987 Tommaso Padoa-Schioppa and Jacques Delors were articulating the problem of the 'inconsistent triangle': the single market, stable exchange rates, and national monetary policies could not be reconciled in the long run (Padoa-Schioppa *et al.* 1987). At a minimum it was clear that new measures of co-ordination of EC monetary policies and a strengthening of reserve borrowing facilities were needed, as agreed at Basle and Nyborg in September 1987. But their significance was minor in relation to the awesome power of the financial markets, as the ERM crises of 1992 and 1993 revealed.

Common exposure to the harsh disciplines of the global financial markets was important in another sense to facilitating an EMU agreement. It induced a process of economic convergence amongst the EC states. This convergence focused around lower inflation, budget deficits, public debt, and long-term interest rates. They were recognized to be the precondition for stable exchange rates within the ERM and for a successful transition to EMU. In short, the requirements of economic-policy success in a world of global, deregulated financial markets conditioned the substance of EMU negotiations. The process of inquiry into the nature of a technically viable EMU was focused on identifying the conditions compatible with the dynamics of these markets.

More fundamentally still, the idea of globalization—like that of German hegemony in monetary policy—took on a cast of objectivity. It became taken for granted as an 'obvious' characteristic of the environment in which EMU negotiators had to operate. In important respects ideas of globalization and hegemony served to reduce negotiators' perceptions of their room for strategic manoeuvre.

Policy Beliefs and Knowledge

EMU negotiators also inherited a structure of political discourse (Majone 1989) that was important not only to the way in which they framed reality, defined their interests, and perceived pay-offs but also in providing the preconditions for negotiation. This structure of discourse can be analysed on two levels: the global and the sector-specific. EMU can be seen as bound up in a process of global restructuring based on politically ascendant economic ideas of 'sound' money and 'sound' public finances. Robert Cox traces this process back to the period 1968–75. The collapse of the Bretton Woods system signalled the collapse of the attempt to strike a balance between a liberal world market and the domestic responsibilities of states. Thereafter, states became effectively accountable to a *nébuleuse* characterized as the global economy. Their vocabulary became obsessed with inflation and competitiveness, with supply-side measures to promote employment, and with embracing rules for fiscal and monetary policy (Cox 1987, 1994). In this context budget deficits, public debt, and trade union power were defined as problems to be tackled. Political power too was redefined. It was seen as shifting to those states that converted themselves into agencies for adjusting national policies and practices to the exigencies of the global economy. The ideology of globalization that took shape influenced the terms in which EMU was debated, circumscribing what was thought and done. It privileged a discourse of 'sound' money and finances that looked to create a 'market society' on a global basis (Gill and Law 1989). Only those who took part in this discourse had much prospect of being taken seriously.

At the sector-specific level, there were three types of discourse:

- two contending 'advocacy coalitions', discernible in relation to the policy problem of the appropriate relationship between economic convergence and monetary union;
- an emerging 'epistemic community', discernible in relation to the policy problem of the appropriate model for monetary union;
- a loosely structured 'garbage can' of beliefs, discernible in relation to debate about the appropriate relationship between EMU and political union and about the basis of legitimation of EMU.

These underlying political discourses provided the knowledge and beliefs in terms of which policy arguments were developed and the activity of persuasion conducted. The beliefs were both causal and normative, offering different pictures of the way in which EC economies functioned and of the kind of values that were appropriate to their efficient and effective functioning. They also encapsulated political ideas, notably about the appropriate institutional arrangements for Europe. It is important to note with respect to the EMU negotiations that it was shaped by a multi-dimensional discourse. A traditional, divisive 'advocacy coalition' was overlaid by the integrative effects of a new, emerging 'epistemic community' and, at the macro level, by an emerging neo-

liberal consensus linked to an ideology of globalization. At the same time this structuring of debate was offset by a 'garbage-can' aspect.

'Economist' and 'Monetarist' Advocacy Coalitions for EMU as Traditional Impediments to EMU Negotiations One key aspect of the EMU negotiations was the presence of two 'advocacy coalitions' (Sabatier and Jenkins-Smith 1993). These coalitions frame issues in different ways and contend in an adversarial way for control of policy. Each coalition was glued together by shared beliefs, knowledge, and interests. In the literature advocacy coalitions are pictured as better capable of adapting to new evidence on the margins than of altering the central ground of their beliefs and interests. The presence of these two advocacy coalitions gave an adversarial character to the Werner Group negotiations of 1970, to the EMS negotiations of 1978, to the debate about stage 2 of the EMS in 1982 and to the debate about reform of the EMS and EMU from 1987–8. Essentially, they offered different solutions to the problem of the proper relationship between economic convergence and monetary union.

The traditionally dominant coalition was strongly represented by the German, Danish, Dutch, and British governments, and by their central banks particularly. Its basic argument for an 'economist' approach to EMU stressed that monetary union must be the end result of a long process of economic convergence amongst EC economies, following the freeing and opening of markets and, not least, complete liberalization of capital movements (Stoltenberg 1988). EC economies had first to demonstrate in a practical manner that they formed an economic area that functioned in a unified way, that could absorb systemic and 'single-country' shocks, and that was dedicated to the same economic policy values (in particular, the primacy of price stability). A monetary union could not be based on compromises. Theoretically, it drew its inspiration from various sources: from the idea of 'optimum' currency areas as the basis of organizing monetary unions; from the notion that the appropriate basis for European monetary co-operation was that, first, each member state must 'put its own house in order' (a key metaphor for the primacy to be given to developing an 'internal constraint'); and from the view that economic activity was embodied in a cultural, historically conditioned matrix, not readily susceptible to major change. Institutionally, the 'economist' approach had two main themes:

- that, before the final move to a monetary union, responsibility for the conduct of monetary policy must rest solely at the national level (the principle of the 'indivisibility' of monetary policy);
- that a 'two-speed' or even 'variable geometry' monetary Europe was likely, given that some states were likely to converge more quickly than others.

Members of this advocacy coalition tended to unite around belief in the primacy of fiscal and structural policies over steps to a monetary union.

The other advocacy coalition—the 'monetarist' approach—was traditionally led by the French, Italian, and Belgian governments and had the support of the EC Commission. Whilst never dominant, it was influential in the negotiation of

the EMS in 1978: when Chancellor Helmut Schmidt was attracted to this view in a way not representative of traditional German positions. The 'monetarist' approach argued that by creating a new monetary institution the EC could force a process of economic convergence by changing market behaviour. It would lead rather than follow (Bini-Smaghi *et al.* 1994). This argument was consistent with the traditional 'Community method' approach to European integration, which stressed the role of elite socialization into new EC institutional structures as the most appropriate method for building Europe. Theoretically, the 'monetarist' coalition developed its arguments around the belief in using an external discipline (the Italian *vincolo esterno*) as a means of promoting both domestic policy reform and external credibility (by borrowing credibility from others). Institutionally, its advocates sought to establish a common monetary institution at an early stage in the transition process to EMU, whether a European Monetary Fund to intervene in the foreign-exchange markets in a concerted way or a European Central Bank which would learn how to use monetary policy instruments. This advocacy coalition had also a greater confidence that a large number of states could progress together to the final stage of EMU.

An 'Epistemic Community' as Facilitator of an EMU Agreement The adversarial relations between two contrasting coalitions on the issue of economic convergence and monetary union had traditionally militated against a constructive negotiation of EMU. On the other hand, a restructuring of argument was facilitated by the emergence of an 'epistemic community'. The term 'epistemic community' refers to 'a network of professionals with recognized expertise and competence in a particular domain and an authoritative claim to policy-relevant knowledge within that domain or issue-area' (Haas 1992). Such a community, based on shared beliefs of experts, can influence the outcomes of negotiations, not least by making co-operation possible. In the case of EMU the institutional epicentre for the development of an epistemic community was the Committee of EC Central Bank Governors and included related monetary economists. Its existence was discernible by 1987–8 and was based on the harsh experience of central bankers in dealing with inflation after the oil crisis and the problems of managing the ERM in the context of more powerful global financial markets. Not least, the learning process was made possible by French responses to the ERM crises of 1982–3 and 1987.

This emerging epistemic community rested on a shared belief in the virtues of 'sound' finances and money, specifically:

- a normative belief in the primacy of price stability;
- a causal belief in the importance of 'borrowing' credibility to lower the costs of disinflation—by tying one's currency, and hence the conduct of one's economic and monetary policies, to an 'anchor' currency, defined as the hardest available (i.e. the least expected to devalue);
- an acceptance that, if EMU negotiations were to be seriously conducted, EMU must be a joint policy project based on the German model of mone-

tary policy, in particular an independent ECB with a mandate restricted to price stability.

These exogenous normative and causal beliefs drove and expedited EMU negotiations for three reasons. First, the EC central bankers acquired a pivotal leadership role in the EMU bargaining process: as members of the Delors Committee; as members of the EC Monetary Committee and, of course, the Committee of Central Bank Governors; and within Franco-German bilaterals. By these means the epistemic community had direct access to power. Through these mechanisms they were able to acquire a role of ideational leadership. Secondly, the epistemic community was able to implant its policy knowledge effectively because of the prevailing uncertainty at political levels about how a viable EMU was to be realized and the absence of a mainstream political view on this question. In this context the German model was available as the most persuasive source of ideas. Thirdly, the underlying beliefs and policy proposals of the epistemic community were adapted to the underlying political reality of the EMU negotiation process: namely, the hegemonic power of Germany over EC monetary-policy ideas. Its beliefs and proposals represented a way of reducing German reservations about getting involved in EMU negotiations. For these three reasons the policy knowledge of this epistemic community was effectively diffused as a basis for co-operative EMU negotiations.

EMU and Political Union: Negotiation as a 'Garbage Can' The issue of the relationship between EMU and political union proved far more intractably controversial in the EMU negotiations. Its resolution was deferred to the scheduled 'Maastricht II' negotiations. It was to resurface in 1996–7 over the French proposal for a stability council in stage 3 of EMU as an instrument for co-ordination of fiscal and structural policies of member states and for considering the appropriate 'policy mix' within EMU.

At first glance, some structure seemed to be given to the debate about legitimization of EMU by two advocacy coalitions. The French government, backed by Belgium and by the EC Commission, developed the idea of a *gouvernement économique* at the EC level to stress that ultimately the economic and monetary-policy technocrats must be subordinated to political leadership and that political leadership needed to retain discretion over policy, for instance exchange rates. This policy proposal was rooted in the belief system of the French republican tradition. The principle of the sovereignty of the people was hostile to the idea of depoliticized decision-making, represented by an independent ECB. Conversely, reflecting a very different historical experience, of the trauma of hyperinflation, the German government gave primacy to the depoliticization of monetary policy in the form of an independent ECB. Responsibility for 'safeguarding the currency' was too serious a matter to be entrusted to the short-termism of the political process. Hence, *gouvernement économique* was regarded with great distrust, the Germans preferring a rule-based approach to fiscal policy co-ordination at the EC level. Primacy was to be given to a 'community of

stability' (*Stabilitätsgemeinschaft*). In effect, two powerful 'stories' confronted each other in the EMU negotiating process. One stressed the danger from faceless and irresponsible technocrats; the other from the fecklessness of politicians.

In practice, these incipient advocacy coalitions offered only a minimal structure to the discourse about EMU and political union. Their glue was normative beliefs about legitimacy derived in particular from the contrasting national political experiences of France and Germany. But these normative beliefs did not necessarily resonate so strongly and vividly in other member states. More seriously, these structures of discourse were not held together by shared causal beliefs. Once it came to the 'technology' of the relationship between EMU and political union the process of bargaining was better characterized by the metaphor of a 'garbage can' (Kingdon 1984).

Following this literature, bargaining about the relationship between EMU and political union appears as extremely messy, fluid, and unpredictable. Key negotiators operated with ill-defined and inconsistent preferences about what should be the appropriate relationship between EMU and political union, most notably in Germany.

- For some, like Hans-Dietrich Genscher, the German Foreign Minister, Chancellor Kohl, and President Mitterrand, EMU was essentially an instrument for creating political union, which was the great historic prize.
- For others, like Hans Tietmeyer, political union was a prerequisite of EMU (the 'coronation' theory of EMU).
- There were different understandings of what political union involved. Did it require a co-ordinated economic strategy at the EC level (with binding rules and sanctions) or fiscal federalism, with the EC having its own taxation and spending powers? What kind of supportive political structures were necessary? A new authority for the European Parliament over a much expanded EC budget, or a concentration of authority in the Council, or a strengthening of the European Commission? Did EMU require a European foreign and security policy, a European police, and a European army as expressions and instruments of political solidarity?
- Other actors, notably in the German Finance Ministry, wanted EMU to be a 'stand-alone' project. It should be judged on its own technical merits, rather than polluted in its operation by introducing extraneous political elements into the negotiations.

Overall, the relationship between structures of discourse and EMU bargaining was complex and variegated. At two levels actors found themselves embedded in knowledge structures that conditioned policy arguments: the 'economist' and 'monetarist' advocacy coalitions on the issue of convergence and monetary union; and an emergent epistemic community on monetary policy. There were also incipient advocacy coalitions based around the French idea of *gouvernement économique* and the German idea of a *Stabilitätsgemeinschaft*. When it comes to explaining why an EMU deal was possible, the emergence of

a monetary policy epistemic community illustrates the importance of shared beliefs and knowledge as a basis for co-operative bargaining about monetary policy. More problematic, because of the more adversarial nature of debate, was the forging of agreement around the issues of convergence and legitimation. Here, as we shall see later, the key to change was the willingness of the French negotiators (and of others like the Italians) to reflect critically on their own beliefs and to change them, at least in part, in the light of experience in the 1980s. More seriously, the issue of EMU and political union illustrated a failure of reflection and inquiry to resolve intractable policy controversies. On this issue there was no clear authoritative source of policy expertise, unlike in relation to the issue of monetary policy. Its absence reflected the fact that there was an unclear body of evidence and no set of shared criteria against which to assess contending arguments and develop proposals.

This survey of the structural conditions in which actors operated illustrates the multiplicity and complexity of those conditions. It follows that a single unitary structural explanation for how EMU bargaining was conducted and its substantive outcome cannot be found. There were clearly discernible threads: for instance, German hegemony over monetary policy, the conditioning effects of EC institutional structures, the global financial markets. But one structural condition often acted to blunt the effects of others: for instance, German monetary-policy hegemony was qualified by the way in which the EC institutional rules and styles required a sharing of power. More seriously still, structural conditions provided more than simply the parameters of actor choice. They also offered the materials and tools that actors could use either to reproduce or to transform those structural conditions. Thus EMU could be viewed as a process of reproducing the structural power of the German monetary-policy model at the EC level; of transforming that power by Europeanizing it; or of transforming the power relationship between EC member states and the global financial markets. Structure remains vitally important. But—as this book emphasizes—how actors respond to and use structure is crucial to understanding how an EMU deal was possible and what form it took.

EMU Negotiations as a Strategic Process: Power and Interests

We have focused on the context of policy reflection, learning, and strategy: the historical, institutional, economic, and cognitive factors which prestructured EMU negotiations and helped constitute the practices and behaviour of negotiators. It is now time to identify and analyse the substantive *strategic choices* available to EMU negotiators and the key skills and techniques employed to maximize strategic effectiveness. Study of the EMU negotiations illuminates the role of political leaders as *animateurs*, *ingénieurs*, and strategists. It also throws into relief interaction with officials in devising and implementing tactical game plans: for

instance, how to manage European Council, ECOFIN, IGC, or bilateral meetings or how to sell a particular proposal, like the hard ECU plan or a fixed date for stage 3. Co-ordination of tactics was the speciality of pre-negotiation meetings, for instance, of the Wicks Group in London, of the Grosche Group in Bonn, and Delors's EMU group in Brussels. With strategy and tactics we are in the realm of cold deliberation of interests, shrewd assessment of possibilities, artful presentational management, and, above all, the seeking out of influence.

The seeking out of influence constituted an important factor in shaping how actors related to ideas in the negotiating process. Espousal of 'sound' money ideas was by no means always inspired by conviction, even in the case of EC central bankers (Hoffmeyer 1993: 83; Marcussen 1998: 180; Andersen 1994: 11, 205). It was a matter of adopting them in order to be taken seriously in negotiations and to gain influence within them rather than being relegated to the sidelines. The process of taking on board the reigning consensus was shaped by the search for a central leading role in EMU negotiations. Negotiators believed that they ought to appear to believe in these ideas.

EMU as Tactics

Tactics were, above all, about the management of one's direct contacts with other EMU negotiators. They involved such questions as:

- Who should clear what, with whom, when? An example was provided by the organization of a series of visits by senior Bank of England and Treasury officials to EC capitals to sell the 'hard ECU' plan in summer/autumn 1990.
- Who should front particular proposals, when, and how? These questions were addressed in, for instance, the informal 'pre-meetings' of Bundesbank and Danish and Dutch central bank officials before meetings of the Delors Committee.
- Scripting contributions. For this purpose, for instance, Bank of England officials provided detailed briefing for their Governor before meetings of the Delors Committee.
- The management of seating arrangements at the negotiating table. An example was Pöhl's rearrangement of the table for the Committee of EC Central Bank Governors in 1990 to place the newly arrived Tietmeyer some distance behind him rather than at his side. Similarly, the French Foreign Minister Roland Dumas appeared alongside Bérégovoy at the opening meeting of the IGC on EMU in Rome in December 1990.
- The use of 'non-meetings' during coffee breaks, lunches, or dinners. An important role was played by EC Monetary Committee lunches and dinners before meetings of the Committee of EC Central Bank Governors in Basle.

Though they overlap and interact in the process of negotiations, certain broad distinctions can be made between strategy and tactics. Strategy is about using negotiations for political purposes; tactics is about the how of deploying

specific people and arguments in the immediate vision of other negotiators (Paret 1986). Strategy involves the skills of intellect and study, the gift of cold deliberation and judicious analysis in an atmosphere of calm reflection. Tactics rest on experience and intuition in handling encounters: a feel for what will and will not work in specific contexts and for when a deal can be struck; skill at reading the faces of adversaries, at deducing their innermost feelings from facial gestures, body posture, or tone of voice; and the quality of emotional and intellectual engagement that one brings to specific encounters. In any reconstruction of negotiations strategy is easier to capture than the complex subtleties and intricate details of tactical manoeuvres. Tactics is that part of negotiations which is basically 'off the record', the realm of presentation management conducted in face-to-face encounters.

A key tactical element in the EMU negotiations was *divide and rule*. This classic Machiavellian tactic appealed to negotiators when they recognized that they were faced with more powerful opponents. It involved the devising of bargaining positions with the objective of dividing these opponents and thereby weakening their strength in the negotiations. Divide and rule was identified by Mitterrand as the tactic being pursued by the new Major government in 1991. By lobbying hard in Paris for the 'hard' ECU the British government was seen as attempting to drive a wedge between the French and German governments on EMU. Bérégovoy's flirtation with the 'hard' ECU in January 1991 was rapidly squashed by Mitterrand. Conversely, by stressing his intent to be at the 'heart of Europe', his more amenable and open style than his predecessor, and his difficulties with his own party, Major was able to persuade Kohl to avoid embarrassing him by pressing for any substantial decisions on the IGC negotiations to be taken at the Luxembourg Council in June 1991. In this way Major retained his freedom of manoeuvre right up to the end of the negotiations. Other examples of divide and rule were provided by British backing for an intergovernmental conception of the political union negotiations, playing off the French against the Dutch and Germans; and by the Anglo-Italian defence policy proposals to counter Franco-German proposals. Major's great successes in the EMU negotiations can be attributed to this sort of tactical skill rather than to wider-ranging strategic skill.

Divide and rule did bear some fruit for British negotiators in 1991. But it faced severe constraints as a useful tactic in the EC and was not widely employed. First, the EC is a very 'information-rich' environment. The transparency of divide and rule in this context is counterproductive. Mitterrand was continually warning the Germans and the Dutch Presidency to avoid making too many concessions to Major in the IGCs. The Dutch proposal for an 'opt-in' for all to stage 3, which was warmly welcomed by Major, was rapidly shot down by concerted Franco-German opposition. This example draws attention to the second constraint on divide and rule as a tactic. It offended against the basic norm of Franco-German relations: that these two countries would work together to produce joint proposals to drive forward European integration. The degree of success enjoyed by divide and rule under Major owed most to the temporary

political capital gained by being the successor of Thatcher. By 1992 that capital was almost used up. Within EC negotiations divide and rule was more likely to erode than help build political capital.

Another example of divide and rule was provided by the way in which French and Italian negotiators dealt with German power. They attempted to play off the Federal Chancellor's Office against the German Finance Ministry and the Bundesbank and to enlist the support of Genscher as Foreign Minister to strengthen Kohl's resolve. This strategy was pursued by Umberto Vattani in negotiating the Rome 1 communiqué on EMU, by concentrating on Joachim Bitterlich in the Federal Chancellor's Office. It was also used by the French after the publication of the German Draft Treaty on EMU in February 1991, with the aim of enlisting the Federal Chancellor's Office against what they saw as Germany's infringement of the spirit, if not the substance, of the Rome 1 communiqué. Kohl's response to this strategy was to point to the political realities of coalition politics in Bonn and direct these critics to the Finance Minister. He responded in this way to French attacks on the Finance Minister's withdrawal of the withholding tax in April 1989 and on the German Draft Treaty on EMU.

The Qualities of the Strategist

The hallmark of the political *animateur*, *ingénieur*, and strategist is a refusal to submit to the pressures created by the rush of events and an unremitting search for those elements in the *rebus sic stantibus* that are compatible with vital national interests. As *animateur* the political leader uses personal authority (charisma) and sheer individual will-power to mobilize and galvanize support for, or opposition to, EMU, at home and abroad. Delors, Kohl, Mitterrand, and Thatcher each exemplified these qualities, at least at the level of close colleagues. They were individuals possessed of an instinct for power, who enjoyed possessing it, who exuded self-confidence, and whose will was robust. They also had the qualities of the *ingénieur*, managing the context and the process of negotiation so as to shape and control their pace and outcomes.

As strategists, the object of political leaders is to enhance, retrieve, or retain their freedom of action over the negotiating process and its outcomes, not least by limiting that of others. As we shall see in greater detail, this object took different forms in the case of the EMU negotiations. Thus, French strategic thinking focused on escape from the asymmetrical functioning of the ERM by sharing power with the Bundesbank. German thinking identified the gains from extending the German model of monetary stability to Europe. Italian and French technocrats saw in EMU a means of imposing overdue domestic policy reforms. On the other hand, Mrs Thatcher stressed retention of her freedom to set interest rates as her objective.

Political leaders required two qualities to be effective EMU strategists. First, they had to be able to provide a vision of EMU. Kohl and Mitterrand did so,

notably attending to its historical legitimation. This *strategic vision* was based on a powerful emotional engagement that derived from its roots in their personal biographies, in particular their memories of the way in which world war had affected their own lives. It was intellectually located in their reading of history and the common lesson that they drew: that enduring peace depended on eliminating symbols of nationalism from Europe. Secondly, to be effective strategists political leaders also had to possess a sufficient *mastery of EMU issues* to critically challenge the ideas of technicians. Being an effective strategist implied knowledge about EMU. In this respect Andreotti, Kohl, and Mitterrand were very imperfect strategists. The difficult strategic trick was to be capable of imposing political direction on the technicians of economic and monetary policy, whilst at the same time ensuring that a technically sound, viable EMU strategy was put in place.

Initiative, Surprise, and Decisive Points in the EMU Negotiations

Above all, the effective strategist had to have a third quality, besides vision and technical mastery of issues. The political leader had to possess the ability to mobilize attention to, and hurl intellectual arguments against, the decisive points in EMU negotiations. Strategy is bound up with the idea of a coordinated, bold, and offensive approach, ensuring that the initiative is not lost to others. Retaining the initiative and the factor of surprise are essential if a negotiator is to impose his or her will on others. In particular, it is important to try to ensure that others negotiate around one's own proposals—as the Bundesbank did in the Delors Committee and later over the negotiation of the draft statute of the ECB. There is strategic value in an early tabling of proposals, a skill traditionally cultivated by French negotiators, central to the working method of the EC Commission and emulated by the Bundesbank over EMU.

Skill in EMU negotiations involved the identification of the key decisive points, both in the spectrum of issues and in time, on which the strategist had to mobilize attention and energy in order to be effective in realizing objectives. Winning on these points was crucial because they determined the future course and outcome of the overall negotiations. In this way the effective negotiator could dislocate the strategy of others. These decisive points were located on the two dimensions of EMU negotiations—the spatial dimension and the temporal dimension. Strategists have to position themselves in the context of the temporal and spatial ordering of negotiations, deciding when to raise issues and when to go for decision and in what relationship to other issues. Thus during the IGC, German Finance Ministry negotiators had to consider what was the appropriate relationship between agreeing a date for stage 2 and determination of the entry conditions for, and content of, that stage. Which came first? The way in which IGC agenda items were sequenced over time shaped the scope to make linkages and involved difficult calculations of when to concede and when to stand firm. These time–space relations at the heart of EMU strategy were also apparent in the question of which issues to handle in non-IGC venues before the IGC began: for

instance, excessive deficit and sanctions issues in the EC Monetary Committee, and the ECB statute in the Committee of Central Bank Governors.

As we shall see, for German negotiators the decisive point in the EMU negotiations was the content of stage 3. It was a point that they gained in the Delors Committee. For the British the decisive point became the content of the transitional stage. In developing the 'hard ECU' plan Sir Michael Butler and Paul Richards tried to focus the mind of the British government on the weak point of the Delors Report and seize it as an opportunity to influence the negotiating outcome. For the Italians the decisive point was using their EC Presidency of 1990 to gain agreement on an ambitious European Council communiqué (Rome 1) to provide guidance to, and prestructure the outcomes of, the IGC. The histories of the Delors Committee and of the 'hard ECU' plan provide examples of British strategic failure, notably in terms of timing: a case of too little, too late. French negotiators were, by contrast, much more effective at mobilizing and co-ordinating action against the decisive point of vulnerability in German policy on Europe. They focused on the conflict between the Bundesbank's resistance to European monetary co-ordination and the federal government's commitment to realizing European union. On this point French negotiators were prepared to seize the initiative and be bold. Similarly, French, Italian, and Commission diplomacy identified the insertion of fixed dates for stage 3 as the pressing issue that could only finally be resolved in the context of the European Council in Maastricht at the very end of the negotiations.

Political Leaders as Animateurs, Ingénieurs, and Strategists

Strategy for EMU can be defined as the calculated deployment and co-ordination of political, diplomatic, and economic instruments for the attainment of political aims. These aims were in turn derived from a shrewd and realistic assessment of vital interests. Strategy involves the establishment of these aims; identification of the economic and political prerequisites for their advancement (so that one is sensitized to 'windows of policy opportunity'); clarification of the economic and political requirements for their implementation (like progress with economic convergence or political union); measurement of performance against these requirements; analysis of the capabilities of one's own state and of other member states; prediction of the likely moves of other actors; and charting of a coherent pattern of priorities and a rational course of action. Such a broad and demanding definition makes apparent the enormous difficulties facing political leaders in general in making and implementing strategic choices on EMU. At the core of these difficulties was the correct weighing of attendant economic and political risks. Faced with such risks political leaders were generally prone to hesitate before providing policy direction on EMU negotiations firm enough to be carried out.

A key question is how much EMU strategy was provided by political leadership, and how much of it fell within the domain of central bank and finance min-

istry officials. Who in practice was responsible for the delineation of EMU strategy and for the process by which strategy was translated into tactical action? Clearly, given that they were ultimately responsible for vital national interests, political leaders were sensitive to the need to exercise overall control over EMU strategy, spelling out key objectives and bottom lines for negotiators. At the same time in every case they were aware of the risks from excessive meddling in operational details, both in terms of the technical credibility of the final EMU bargain and in terms of managing relations with EC finance ministers and central bankers. The way in which this balance was struck varied in detail, depending on the characters, personalities, and career backgrounds of political leaders, on the nature of their domestic political systems and the institutional character of the EC—and, most of all, on the prestige and effectiveness of central bankers, their knowledge of and proximity to the financial markets and the mystique surrounding monetary policy.

Political leaders like Kohl and Mitterrand were unquestionably prepared to act as *animateurs* and to provide strategic vision on EMU. But, given the prestige of central bankers, the arcane mysteries of central banking and their own non-economic and non-commercial backgrounds, they were cautious about attempting to provide political leadership on the detail of EMU issues. Here they lacked the knowledge to provide effective leadership on strategy. They were essentially content to leave to central bankers and finance ministry officials the task of supplying the ideas and techniques with which to build EMU. Kohl and Mitterrand were *animateurs de la victoire*, impressing their will-power on EMU negotiators, rather than leaders who put a distinctive stamp on the substance of EMU issues. Thatcher was the great *animateur de la défiance*, intent on mastering her own economic-policy establishment and relying on her economic adviser, Alan Walters, to flesh out her strategic approach to the ERM and EMU. Her combativeness exerted a price, given that she was forced by circumstances to work alongside the French and Germans. In the end their strategies defeated her. John Major was, by contrast, no *animateur*, either of *victoire* or of *défiance*. He could not even translate his greater experience of economic and monetary policy, as a former Chancellor of the Exchequer, into influence on the substantive outcomes of the EMU negotiations. On the whole, political leaders were on safer ground in seeking to control the pace and organization of the negotiating process, in short acting as the *ingénieurs* of agreement.

EMU as Strategic Choice

Faced with the question of how to conduct EMU negotiations, political leaders were confronted by the need to make strategic choices. In making those choices their object was to maximize their freedom of manoeuvre. The question was which to exclude and which to prioritize in designing an operational EMU strategy. Crucial to this choice was an awareness of the operating norms of the EC and an analysis of one's resources, of the relative capabilities of oneself and of

others, and of the likely moves of those others. Basically, EMU negotiators had six main strategic options.

1. *Direct Threat* This strategic choice involved the resort to deterrence. It took two main forms in the EMU negotiations: the threat of wielding the national veto to block progress on EMU (considered by Thatcher in 1988–9); and the counter-threat of exclusion of a ‘problem’ state or states from the treaty-making process (suggested by Mitterrand in 1989 as a solution to the British problem with EMU). French political leaders had on occasion flirted with the idea of direct threat against Germany: for instance, Mitterrand’s consideration of French exit from the ERM in March 1983 as a means of enhancing his freedom of action.

But the use of such threats faced great practical constraints within EC negotiations, given the realities of the distribution of power within the EC and the implications for subsequent influence in other policy areas where support was being sought. Direct threat was only credible given ample resources to put it into effect, if faced with states with less power, and if the potential future costs did not exceed the immediate gains. Hence, as a strategic choice, it did not play a central role in the EMU negotiations. Indeed, by the Luxembourg Council of June 1991 EC heads of state and government were agreed on the principles of ‘no veto’ and ‘no exclusion’ as bases for an EMU agreement.

2. *Sustained, Indirect Pressure* This strategic choice was attractive to negotiators when they faced severe limitations on their freedom of action. They lacked the resources to make direct threat credible, and they lacked the moral authority or coercive power to impose their own model of EMU. In this situation they could use sustained political, diplomatic, and economic pressure either to seek progress on EMU or to delay it. This pressure was backed up by the prospect that, if concessions were not forthcoming, negotiators might be forced to resort to direct threat. Indirect pressure involved a heavy reliance on putting one’s counterparts under psychological pressure.

This strategic choice was generally attractive to non-German actors. They recognized that they did not have the resources to mount a direct threat to German hegemony over monetary policy. Its consequences might backfire on them. A beleaguered and isolated Germany would be a danger to European security. Delors and his cabinet persistently sought to mobilize the French government to sustain diplomatic pressure on Germany over EMU. In particular, French governments were attracted to this kind of strategy. During the French *cohabitation* of 1986–8 the Elysée (via Dumas) and Jacques Chirac in the Maignon and Edouard Balladur as Finance Minister employed this strategy *vis-à-vis* Germany, especially after the January 1987 ERM crisis. This pressure took the form of the argument that the ‘asymmetry’ in the functioning of the ERM (with currencies under pressure having to bear the burden of economic adjustment) was economically and politically unsustainable, backed by references to the wider political and economic costs for European union from a collapse of the ERM. Hence reform of the ERM (in the direction of EMU) had to be

embraced. Otherwise, progress with other projects for European union, linked to Germany's vital interests (like security and defence co-operation), could be jeopardized. Similarly, in 1990–1 the Elysée put sustained pressure on Kohl to base the EMU agreement on the principle of irreversibility.

From the perspective of blocking or delaying EMU the British government was also attracted to sustained indirect pressure as a strategic choice. In this case the emphasis was on playing up the high economic and political risks associated with the EMU project, with the aim of spreading doubt and uncertainty. A variant of this strategic choice was resort to a protracted 'war of words' against EMU. This approach was attractive when the British negotiators recognized that their resources were too limited to make direct threat a viable option (i.e. the veto); as it became clear that they were likely to have to negotiate on the terms defined by the Delors Report; and as they recognized that EMU was a 'far-off' project so that they could afford to 'play long'. This strategy focused on identifying the weak points in the Delors approach to EMU and waging patient assault against them. The intellectual armoury for this war of words took the form of the Alan Walters' critique of the fundamental fault in the ERM; of a stress on the scale of loss of national sovereignty (especially over fiscal policy) required for a viable monetary union (witness Nigel Lawson's Chatham House speech of 25 January 1989: Lawson 1992: 909–10); and of the degree of economic convergence required (a stress on incorporating real convergence criteria like unemployment).

3. '*Salami-slicing*' This strategic choice was suitable when negotiators possessed limited resources to deploy and were content or prepared to move slowly towards the ultimate goal of EMU. In that case one could treat EMU negotiations as a 'nibbling' or iterative process, a series of successive, opportunistic actions designed to erode German monetary power.

The Bundesbank recognized '*salami-slicing*' as the main strategic choice being employed by the EC Commission, particularly Delors, and by the French government. It was evident in the Commission proposals of March 1982 for a stage 2 of the EMS; in the proposals of November 1985 to the IGC preparing the Single European Act; and in the French proposal of November 1987 for a Franco-German Economic Council to be written into the body of the revised Elysée Treaty of 1988. An accumulation of concessions would present the Bundesbank with EMU as a *fait accompli*.

'*Salami-slicing*' could also be used against the Delors approach to EMU as sketched out in the Delors Report of April 1989. In a variant of this strategic choice, the British government was attracted by the notion of striking a single blow at the weakest point of the Delors approach: the vagueness of provisions about the transition process from stage 1 to stage 3. Hence in November 1989 the British government officially unveiled its 'competing currency' plan, followed in 1990 by the 'hard ECU' plan. The blows were in fact misplaced and mistimed: for EC central bank governors had already rejected a parallel currency in the Delors Report. That rejection was a strong, decisive point of the

Delors approach that they robustly and successfully defended. In short, the British government's flirtation with a 'single salami-slice' against the Delors approach to EMU had very poor prospects of success (as most British negotiators recognized).

4. *'Binding In' Opposition* This strategic choice was attractive when one was faced with a powerful potential adversary, when equipped with a measure of authority over the potential adversary, but when direct threat and indirect pressure were likely to prove counterproductive.

The most important example of its use was provided by Chancellor Kohl's handling of the Bundesbank. Once the German Presidency of the EC had agreed to use the Hanover Council of June 1988 to establish a committee to study how EMU could be established, the Chancellor's Office evolved a strategy of co-opting the EC central bankers into this exercise, whilst ensuring that a measure of political direction was provided. The fear was that a report from a 'committee of wise men' would be savaged from the sidelines by central bankers, and not least the Bundesbank. Hence the Delors Committee was a formula to 'bind in' EC central bankers and neutralize their criticisms.

This strategy was used by Bonn during the IGC negotiations. The Bundesbank was involved at all points in the preparation and management of German bargaining positions: with Schlüter in the Grosche Group in Bonn, Wolfgang Rieke in the IGC backbench team, and Hans Tietmeyer in the secret Franco-German bilaterals. The intention of the German Finance Ministry was to ensure that the Bundesbank was co-opted in a detailed manner into the negotiations, thereby depriving it of later room for manoeuvre to act as critic of the final treaty.

Similarly, Major's approach to the IGC negotiations involved 'binding in' Eurosceptics by ensuring cabinet solidarity. The presence of Lamont as Chancellor of the Exchequer was in this respect a useful means of appeasing this powerful element in the Conservative Party. The fall of Mrs Thatcher in 1990 had been an object lesson on the need to engineer unity in the party on Europe.

5. *Acting as Honest Broker* This strategic choice was attractive when negotiators were faced by a dilemma and when they wanted to minimize potential loss of political credit and thereby secure future influence. It could also operate as a cover for pursuing more self-serving ends: in short, be less honest than it at first looked.

Perhaps the best example was provided by officials in the British Treasury, Foreign and Commonwealth Office, Bank of England, and UK Permanent Representation in Brussels. They were confronted by the problem of negotiating in the IGC on the basis of two strategic objectives, defined by the Prime Minister and the Chancellor of the Exchequer: to enter a reserve on participation on stage 3 (the principle of 'no compulsion', accepted by May-June 1991), thereby maintaining future freedom of choice about EMU; and to play a constructive role in the IGC negotiations, working to facilitate an agreement. In the IGC British officials worked assiduously to offset the costs to political influence from taking up this position of reserve by seeking out a role as honest broker.

They were also sensitive to the negotiating leverage that such an approach might give them. This approach was, of course, legitimated by the support of the new Prime Minister, John Major, for constructive engagement. But it also had a life of its own in Whitehall, where officials were sensitive to the importance of rebuilding political credit after the direct threat/‘war of words’/‘salami-slicing’ of Thatcher’s approach to EMU. Indeed, an honest-broker role fitted well into a traditional Whitehall culture that was consensus-seeking. In negotiations on the Basle and Nyborg agreements and more generally over ERM realignments, before Britain entered the ERM, this honest-broker role was evident. However, it proved more difficult to play in the IGC, not least with Lamont as Chancellor.

The honest-broker role was not confined to British negotiators. French negotiators approached the IGC seeing an opportunity to act as mediators between the Dutch and Germans (with whom they identified themselves) and the Belgians, Italians, and others (whom they wished to be seen to help). They sought out a role as managers of the dilemma between strict convergence and ensuring that all progressed together towards stage 3. This dilemma was handled by a combination of tough convergence criteria and discretion about the trend of public debt. By playing honest broker the French government sought to maximize political credit.

6. *Getting Agreement on a Member State’s Own Model for EMU* This strategic option was appropriate when a member state’s resources of economic and monetary power and prestige were clearly superior to those of other negotiators and where its negotiators had the most to lose domestically from an EMU agreement. In particular, others were disposed to emulate the member state’s own practices because of superior performance.

At the outset of the Delors Committee’s work the Bundesbank made the strategic choice to focus on getting agreement on stage 3 on its own terms rather than letting negotiations focus on different options for earlier stages. The latter approach would enable the French and the Commission to engage in ‘salami-slicing’ by putting in place intermediary institutions and policies (e.g. an EMF). By initially gaining agreement on what stage 3 should look like (notably an independent ECB with a mandate to pursue price stability) the rest of the negotiations would be provided with a set of criteria by means of which one could better fight off ‘salami-slicing’. In this respect the Delors Committee negotiations represented a vital initial success for the Bundesbank in the EMU negotiations.

It was notable that neither the French nor the Commission developed their own model of stage 3 during the deliberations of the Delors Committee. Separately, Jacques de Larosière (for France) and Delors came round early to the view that their proposals on this issue would not carry conviction and credibility. The subsequent attempt of French negotiators to graft the concept of *gouvernement économique* onto stage 3 had only very limited success. British negotiators did, of course, endeavour to develop their own model for EMU: initially the competitive currency plan of Lawson and later the ‘hard’ ECU plan.

These plans were an attempt to develop powerful counter-proposals based on Britain's power and prestige as an international financial centre. But they failed for three reasons: in not addressing stage 3 they signalled a lack of enthusiasm, at best, and a diversionary tactic, at worst; their market credibility was not matched by monetary-policy credibility; and, not least, their timing was wrong—the initiative was already lost.

This analysis of the six strategic choices available to EMU negotiators yields three conclusions. First, no one strategic choice was suitable for all negotiators, and choices—for instance, of British negotiators—varied over time as well as over space. Negotiators had to reflect on their options against a background of differences in resources of power and prestige and against the constraints imposed by the EC and by various domestic factors. Secondly, there were some clear patterns in strategic choices. Kohl's careful prosecution of the strategy of 'binding in' the Bundesbank was absolutely crucial to the overall effectiveness of the EMU negotiations. Equally decisive for the outcome was the fact that only German negotiators could make effective use of the strategy of getting agreement on their own model for EMU. The reasons were twofold: only the D-Mark had the prestige of being the ERM's anchor currency, consequent on the superior performance of German policies; and the Germans clearly had to make the biggest domestic sacrifice for EMU in giving up the EC's most stable currency. Hence it did not make sensible strategy for others to challenge the fundamental German negotiating position: that the new single currency must be at least as stable as the D-Mark. Finally, direct threat lacked basic credibility. Threat of veto invited counter-threat of exclusion. In the context of the EC's complex, iterative, and 'nested' games it was generally perceived as too high cost a strategy.

One should not lose sight of a further pattern in strategic behaviour that was ultimately crucial to the EMU negotiations. There was a marked preference for sustained indirect diplomatic pressure on German negotiators, notably from the French and from Delors. French negotiators evinced a mastery of the arts of indirect persuasion, its practice enveloped in the carefully nurtured symbolic discourse of President Mitterrand. EMU was an object lesson in the practice of the arts of indirect pressure. The sophisticated employment of psychological pressure was accompanied by darker hints of the potential for ERM breakdown, or enforced exit of the French franc from the ERM, to extract action from the person who would, in the final analysis, have to be the policy leader on EMU—the German Chancellor. Perhaps the most striking conclusion of all is that, the further the ERM developed as a D-Mark zone, the more was indirect pressure used to drive forward progress towards EMU.

EMU as a 'Two-Level' Bargaining Game

An important source of the creative opportunities open to the negotiator derived from the fact that EMU had the attributes of a 'two-level' bargaining

game (Putnam 1988: 427–60; Evans *et al.* 1993; Moravcsik 1994). Negotiators had to simultaneously satisfy and reconcile interests on two levels: domestic and EC. The game's parameters were set by the size of domestic 'win-sets': that is, the range of preferences within which EMU bargaining positions could be constructed, concessions made, and a final agreement ratified domestically. These 'win-sets' might be broad or narrow, endowing negotiators with a greater or lesser freedom of manoeuvre. In this respect the starting positions of EMU negotiators were different in Germany and Britain (narrow 'win-sets') from France and Italy (broad). Negotiators were able to extract strategic value from these differences of context by adopting one of two types of strategic behaviour:

- '*binding hands*' in EMU negotiations. Here negotiators stress domestic ratification difficulties (narrow 'win-sets'), seeking to transform domestic political weakness into enhanced external bargaining strength;
- '*cutting slack*'. In this case negotiators employ broad domestic political support for EMU to empower economic and monetary technocrats to push through an agenda of domestic policy reform (using EMU as external discipline).

'Binding hands' was a key aspect of the strategic behaviour of British and German EMU negotiators; the first stressed the divisions within the governing Conservative Party, the second the need to carry the support of the powerful Bundesbank. 'Cutting slack' was a more recognizable component of French and Italian strategy. EMU served the purpose of internal empowerment of technocrats to effect 'overdue' policy change.

The 'two-level' bargaining game draws attention to another feature of strategic behaviour: the way in which EMU negotiators sought to manipulate each others' domestic 'win-set' in order to make an agreement possible on more favourable terms. In the EMU negotiations this behaviour took two forms:

- the use of '*transgovernmental*' linkages. Negotiators sought out the support of potentially like-minded politicians and officials inside one or more other member-state governments. This 'linkage politics' was most striking between negotiators in Paris and Bonn: witness the intimate alliance-building between Dumas and Genscher as French and German Foreign Ministers or between Elysée officials—like Elisabeth Guigou, Hubert Védrine, and Jacques Attali—and Federal Chancellor's Office officials—notably Horst Teltschik, Joachim Bitterlich, and Johannes Ludewig;
- the use of '*cross-level*' linkages. Here negotiators sought to appeal directly to the domestic audiences of other negotiators. An example was Karl-Otto Pöhl's use of a key speech in Paris in January 1990 to spell out the Bundesbank's preconditions for a successful EMU negotiation, in particular French acceptance of central bank independence.

In addition, how EMU negotiators played 'two-level' bargaining games was determined by their personal preferences about leadership styles. They opted for one of three basic styles:

- a 'hawk-like' style. Political leadership on EMU reflected the mind-set of the 'conviction' politician, with consequent risk of isolation in EMU negotiations. An instance was Mrs Thatcher;
- an 'agent' style. Political leadership on EMU was driven by domestic political divisions on the issue and the preference for seeking out a median bargaining position in that context. An instance was Major's choice of combining a reserve on stage 3 with a constructive bargaining position.
- a 'dove-like' style. Political leadership on EMU was based on a mutual concern of negotiators to ensure that each others' domestic standing was not jeopardized by an EMU agreement. Negotiators sought to expand each other's 'win-set'. An instance was provided by Kohl and Mitterrand's handling of Franco-German relations over EMU.

Appropriate leadership style was often an issue of contest. Thus within the Bundesbank Helmut Schlesinger represented a 'hawk-like' style; officials on the international side like Wolfgang Rieke and Peter-Wilhelm Schlüter favoured a 'dove-like' style; whilst, as president, Pöhl resorted to an 'agent' style. In fact, the coexistence of different leadership styles within the same institution could provide negotiating advantage. In the case of the German Finance Ministry the sometimes 'hawk-like' style of Horst Köhler as State Secretary sat alongside the 'dove-like' style of Günther Grosche. These styles complemented each other.

This picture of the strategic dimensions and dynamics of EMU negotiations moves away from their characterization in terms of preferences as simply exogenous 'givens' to negotiators. Preferences are shown to be a dynamic element in negotiations, being redefined and modified by political leaders as they think and act strategically. A notable example was provided by the French government's acceptance of an independent ECB for stage 3, driven by President Mitterrand's strategic analysis of the EMU negotiations. Another important element of strategic dynamics—the process of reformulating one's assessment of optimal outcomes—is captured by the model of EMU negotiations as a 'nested' game.

EMU as a 'Nested' Game

How political leaders behaved strategically over EMU was conditioned by the basic fact that they were playing other games in different arenas. The EMU negotiating game was 'nested' in a wider context, opening up opportunities for political leaders to redefine optimal payoffs. In Tsebelis's words:

contextual factors [the situation in other arenas or bargaining games] influence the pay-offs of the actors in one arena, leading to the choice of different strategies; therefore the outcomes of the game are different when contextual factors are taken into account . . . An optimal alternative in one arena (or game) will not necessarily be optimal with respect to the entire network of arenas in which the actor is involved. (Tsebelis 1990: 9)

The EMU negotiation was a 'nested' game in two senses:

- 'nested' inside a network of related games. Two such games were of importance in conditioning perceptions and shaping bargaining opportunities: the successes and problems within the management of the ERM; and the implementation of the single European market programme, notably the agreement of the EC directive on freedom of movement of capital in June 1988;
- 'nested' inside 'higher-order' games: in particular, the strengthening of the Franco-German relationship and the ambition to forge European political union. Crucially, from 1989 onwards, EMU became 'nested' within the 'higher-order' game of German unification, altering perceptions of its significance and value and the way in which its costs and benefits were debated.

Developments within these related and 'higher-order' games opened up opportunities for political leaders to redefine what constituted appropriate strategy and optimal outcomes in EMU negotiations by acting to alter their context. For Kohl in 1991 the achievement of an EMU agreement at Maastricht was at least as important an outcome as the consistency of the precise terms of that agreement with German bargaining positions. It was about securing a newly unified Germany by binding it into the EC and solidifying its relationship to France. For that reason Kohl's most fundamental negotiating position at Maastricht was that EMU had to be 'irreversible'. A clear timetable for EMU had not been part of German positions at the onset of the IGC negotiations.

The way in which the EMU negotiations involved the 'politics of playing nested games' was illustrated by the attempts of French and Italian negotiators to nest German unification in the EMU game in the winter 1989–90. In essence, they sought to establish the conditionality of German unification on an acceleration of progress with EMU. Such a linkage was pressed by Mitterrand on Kohl at their bilateral on 15 February 1990. This linkage was successfully resisted by both Kohl and Genscher. Their formula for linkage took the alternative form of nesting EMU in German unification.

Of crucial importance to the EMU negotiations was the domestic politics of playing nested games. This book traces how differences in EMU strategy at the national level were strongly conditioned by the domestic 'nested' games in which they were embedded. Negotiators faced their own particular constellations of domestic games: electoral games, games of intra-party and coalition party management, games of fiscal policy and structural policy reform, and games of monetary-policy management. Each left its distinctive imprint on the way in which EMU strategy was designed and implemented and on perceptions of optimal outcomes.

EMU Negotiations as a Cognitive Process: Ideas and Knowledge

In game theory and the literature on negotiations there is a recognition that negotiations have a cognitive dimension. But this recognition mainly takes the

form of identifying the importance of knowledge with respect to two aspects of the negotiating process: knowledge about the 'rules of the game', procedural and substantive; and knowledge about the attributes and likely moves of other players. These aspects of the EMU negotiations were clearly of great importance. The effectiveness of EMU strategy depended on its being based on an accurate and adequate working knowledge of how the EC worked; and on networking well with the other players so that one had a sure sense of their resolve, of when deals could be struck, and with whom. These kinds of knowledge were the basis of the influence acquired by diplomats like Pierre de Boissieu in the French Foreign Ministry and John Kerr as British Permanent Representative in Brussels. They provided strategic and tactical intelligence. But such knowledge was concerned with the management of 'strategic uncertainty', with intelligence about other players and about the operating rules of negotiations.⁹ Though crucial, it was not the only knowledge on which EMU negotiations depended.

In trying to make progress towards agreement, negotiators had to come to grips with each other's background policy 'paradigms': that is, with the way in which differing underlying sets of beliefs, both normative and causal, conditioned EMU bargaining positions. These beliefs operated at different levels and were typically poorly understood by other negotiators. At the deepest level were 'meta-cultural' beliefs (Schoen and Rein 1994: 33–4). Three sets of such beliefs shaped EMU bargaining positions:

- beliefs dealing with the basic principles of legitimacy informing the design and functioning of institutional arrangements. Perhaps the sharpest contrast was between the French republican tradition, which legitimated the political direction of economic power, and a German belief in the need to 'bind Leviathan';
- basic economic policy beliefs. Different normative and causal beliefs were secreted in British market liberalism (especially a belief in the value of an evolutionary, consumer-driven approach to EMU), in the complex set of conservative liberal, social Catholic, and social Radical beliefs in the French case, and in German 'ordo-liberalism';
- beliefs about Europe and about how one's nation related to Europe. These beliefs varied from the different varieties of British and French 'intergovernmentalism' to German and Italian federalist ideas.

These 'meta-cultural' beliefs were the most difficult to reconcile in EMU negotiations and had a habit of resurfacing and generating later controversies. It can be argued that they were the least well integrated in the EMU agreement in Maastricht.

Institutional beliefs (or philosophies) and policy beliefs represented levels that were more amenable to reconciliation. Bodies like central banks, finance min-

⁹ For this criticism see Iida (1993). But this article fails to come to grips adequately with the cognitive dimension of negotiations.

istries, and the EC Commission had their own sets of beliefs, operating procedures, and styles of argument that informed their positions on EMU. Thus, for instance, whilst the Federal Economics Ministry and the Federal Finance Ministry in Bonn shared certain 'meta-cultural' beliefs about Europe and about the economy, each had a distinctive outlook in EMU negotiations. Institutional identities helped shape how different negotiators saw EMU. But, crucially, EMU negotiators were not simply captives of 'meta-cultural' and institutional beliefs. They were also caught up in the specific policy beliefs that had evolved to deal with EMU as a distinctive set of policy issues. These policy beliefs were more amenable to reconciliation in the dynamics of negotiation, in large part because they were more grounded in evidence and hence more susceptible to a shared learning process.

The Role of Beliefs

Why were beliefs so important in EMU negotiations? Their importance was increased by the uncertainty about the basic macroeconomic and microeconomic functioning of EMU and its likely economic effects. In such a situation of uncertainty negotiators could not treat interests as clearly specified givens but were forced to reflect on them. Beliefs played a vital role as 'road maps' directing interests along a particular track and, to vary the metaphor, as 'lenses', focusing interests on particular policy choices (Odell 1982; Goldstein 1993; Goldstein and Keohane 1993; Cram 1997; McNamara 1998). Beliefs were crucial to understanding how actors came to perceive EMU problems, define vital interests in a certain way, and make particular strategic choices. They influenced what EMU negotiators saw (and failed to see) and how they interpreted what they saw. Hence by identifying and spelling out these beliefs in our case studies we endeavour to understand how EMU negotiators came to define vital interests in certain ways, to focus on particular problems, and to perceive those problems as more or less amenable, more or less intractable, to negotiated solutions. It is also possible to understand why some actors are empowered, others disempowered.

A cognitive approach focusing on the role of beliefs in EMU negotiations is useful in two respects. First, it underlines the power and longevity of preconceptions in the face of evidence and the consequent role of misperception in EMU negotiations. One danger in EMU negotiations was for negotiators to become trapped within their own policy beliefs: to see the actions of others through the lens of domestic political ideas and traditions, conditioning the information that one selected and ignored. Another danger was for negotiators to overestimate their own importance as a source of ideas and influence and as a target for others' influence. To the extent that negotiators were prone to fall prey to such dangers, they became victims of intelligence failures (Jervis 1976). The challenge in the EMU negotiations was to ensure that information about the motives and will of other negotiators was clear, accurate, adequate, carefully

interpreted, timely, and not screened out as uncomfortable. This challenge proved most hard to meet in the context of Mrs Thatcher's government. Examples were provided by her government's handling of the Delors Committee and preparations for both the Madrid (1989) and the Rome 1 (1990) European Councils. The defence of established policy could all too easily screen out uncomfortable evidence, with actors becoming captives of their own stereotypes. The case of Mrs Thatcher shows how the firmly held beliefs of a political leader conditioned the quality of intelligence about EMU. It reveals also how they affected the use of, and influence of, particular kinds of policy experts. Where such beliefs took on a pronouncedly ideological character, they impaired participation in the reflection and 'probing' within EMU negotiations (Lindblom 1990).

Secondly, a cognitive approach draws attention to the scope for negotiators to engage in the 'reframing' of EMU problems and issues within the negotiating process. It would be a mistake to see EMU negotiators as simply imprisoned within inherited beliefs. In fact, they were faced by political demands to unblock seemingly intractable controversies over EMU in order to finalize an 'historic' agreement, and by the requirement that any EMU agreement must be technically viable. In consequence, EMU negotiators were under great pressure to resort to inquiry or 'probing' within the negotiating process—as during the Delors Committee (Lindblom 1990; Schoen and Rein 1994). Crucially, the effectiveness of this method of negotiation depended on keeping the intervention of political leaders to a minimum. The scale of policy controversies involved, combined with the nature of the political demands and technical requirements on them, affected the whole approach to the EMU negotiations. There was a strong incentive for EMU negotiators to conceptualize interests, values, and preferences not as the unmovable foundations of their positions but as shaped and corrected *within* an interactive process of inquiry. In short, the EMU negotiations depended on—and to an extent revealed—a willingness to reflect on the way in which issues were framed and the search for means to 'reframe' those issues so that policy controversies could be bridged.

EMU Negotiations as the Probing and Restructuring of Arguments

EMU bargaining had to deal with 'analytic uncertainty' as well as 'strategic uncertainty'. The capacity to design an effective EMU strategy and to strike an EMU agreement depended on more than its political acceptability and 'saleability'. It had to be based on reliable knowledge about what constituted the technical preconditions for a viable EMU and for putting together an impressive and persuasive case for a negotiator's proposals. This knowledge depended on EMU negotiators entering into an activity of inquiry and discourse which went beyond simply discovering the interests and preferences of political leaders by reading their minds. They were involved in a creative activity of designing a viable EMU, probing their own as well as others' beliefs. In short, EMU negoti-

ations had a component of reflection and learning by practitioners *within* the process (Lindblom 1990; Schoen and Rein 1994). It relied little on inputs from academic economists but occurred as part of the social interaction engendered by the negotiating process.

This activity of probing or inquiry was impeded by the fact that EMU negotiators started with different beliefs about how monetary unions were best established and made to function and about how economies actually functioned. As we saw earlier, these beliefs—normative and causal—took the form of different background beliefs, which reflected contrasting cultural and intellectual traditions—like Anglo-Saxon market liberalism and German ‘Ordo-liberalism’. In order to make negotiated outcomes possible, EMU negotiators had to come to grips with the beliefs which underpinned each other’s negotiating positions. These beliefs—and the intractable policy controversies to which they gave rise—impeded the activity of probing or inquiry.

Despite this constraint EMU negotiators were able to be creative. This creativity took the form of ‘frame reflection’ and policy learning as negotiators identified means to construct bridges between different belief systems and engaged in a restructuring of policy arguments about EMU (Schoen and Rein 1994). Various factors encouraged this activity within the EMU negotiations.

- The richness of information and mutual trust engendered by the intense interactions that were generated by the institutional ‘density’ of the EMU negotiating process. That process incorporated the EC Monetary Committee, the Committee of EC Central Bank Governors, ECOFIN, Franco-German bilaterals, and meetings in other international venues. It also included the special institutional venues created for the EMU negotiations: the Delors Committee, the Guigou Group, the IGC, and the special Franco-German bilaterals. The impact of these venues was to make it possible for negotiators to focus on the opportunities for mutual gains from co-operation: to foster a climate of ‘win-win’ rather than ‘win-lose’ in EMU negotiations.
- The powerful stimulus to make something happen that came from EC political leaders, notably Kohl, Mitterrand, and Delors. They stimulated a focus on sorting out the problems of the technical viability of EMU by defining it as an historic task whose completion must be made irreversible in order to secure the political unification of Europe. EMU negotiators had to ‘solve’ the problem defined in these terms by their political leaders.
- Elements of overlap between different belief systems. In particular, the new ascendancy of domestic concepts of *grands équilibres*, *rigueur*, and *franc stable* in French policy discourse after 1982–3 made it easier to find common ground with German negotiators. Continuity in this French discourse and the personal credibility and duration of office of Jean-Claude Trichet (Director of the Trésor), de Larosière (Governor of the Banque de France) and Bérégovoy (Finance Minister), each an exponent of this discourse, were crucial in supporting a sustained process of inquiry and ‘frame reflection’.

- The contextual changes represented by globalization of financial markets, EC capital liberalization, the 'hard' ERM, and the ERM as a D-Mark zone fostered new reflection on reform of the ERM, which in turn reopened inquiry on EMU. They also supported the emergence of a consensus around 'sound' money ideas that underpinned the EMU negotiations.

The processes of probing the conditions for a viable EMU and restructuring of arguments to facilitate an EMU agreement depended on certain negotiating skills: creative skills of 'frame reflection'; skills in 'signalling' to others the negotiator's earnestness in seeking agreement; skills in the arts of formulating an appropriate discourse and symbolic politics; skills in choosing and designing institutional arenas or venues for negotiation; and skills as an 'ideas advocate' or policy entrepreneur.

The context of the EMU negotiations was, as we have seen, conducive to 'frame reflection' and policy learning. Negotiators reflected on, and learnt about, the requirements of an EMU bargain as they negotiated. In the process they became prepared to 'reframe' how they perceived EMU problems and policy issues. This activity of probing policy beliefs—of inquiry—took various forms in the EMU negotiations (Schoen and Rein 1994: chapter 7).

- Faced with strong political pressure to produce an EMU agreement to a timetable, negotiators had a rational interest in reducing miscommunication and intelligence failures. Reliable communication depended on skill in being able to empathize with another negotiator, thereby gaining insight into how he or she framed the policy issues. This requirement for a successful negotiation was highlighted in March 1991 when it became clear just how wide was the gulf between the French and German draft treaties on EMU and how different were interpretations of the Rome 1 communiqué on EMU. The six top-secret Franco-German bilaterals on EMU between April and November 1991 were devoted to constructing a more reliable communication by overcoming mutual blindness about each other's basic beliefs. By such means negotiators were able to reflect on the beliefs held by their counterparts and be better sensitized to the nexus of legitimate values in conflict.
- Faced with deep German reluctance to enter into EMU negotiations, and the tenacity of German beliefs about the terms on which such negotiations were practical, French negotiators, and Delors as President of the EC Commission, had a rational interest in reflecting on the way in which their own actions might have helped to entrench these German views. In short, they were led to consider how their own policy beliefs had helped to create the constraints that impeded EMU negotiations. This insight into their own responsibility for the stalemate on EMU was by no means an easy one to arrive at. But it was a precondition for reframing arguments about EMU so that conditions were more conducive to a negotiated agreement.
- Faced with sharp criticism of the Bundesbank's actions, particularly from Paris, German negotiators were forced to consider whether there were flaws

in the design of the ERM. They identified a rational interest in making sense of these criticisms so that these flaws could be corrected. Evidence of design flaws in the ERM, manifested in 1987, induced German negotiators to try to understand better the minds of the critics and to reflect on how some consistency might be created between French and German beliefs. Similarly, French negotiators were encouraged to reflect on flaws in their own approach to economic policy as their policy beliefs, and the beliefs of others, were tested against economic outcomes. This reflection produced an accentuation of particular elements within French economic policy beliefs (*franc stable, grands équilibres, and rigueur*) that were compatible with evidence of the superiority of Germany as a model of economic success. Convergence around the notion of stability was critical to the restructuring of policy argument about EMU in 1987–8.

The creative activity of probing and inquiry in order to put in place bridges across different belief systems gave a strongly pragmatic quality to the EMU negotiations. Under political direction to produce an EMU agreement, negotiators learnt to:

- acquire skills as translators between belief systems so that meanings could be understood (whilst not necessarily becoming converted to the other's beliefs);
- discover and use elements common to different beliefs;
- seek out consensual, logically independent criteria for evaluating beliefs and choosing amongst them. For instance, EMU negotiators identified the criterion of economic stability as the basis for such an evaluation, along with the criteria of no exclusion, no compulsion, and no veto to govern entry into stage 3.

But it should be noted, and stressed, that the pragmatic adjustments written into the Maastricht Treaty mitigated rather than eliminated underlying policy controversies. Sharp differences were concealed rather than tackled: for instance, about the legitimation of EMU (French *gouvernement économique* versus German *Stabilitätsgemeinschaft*); or about the meaning and interpretation of provisions on convergence (how strictly criteria were to be interpreted). Those controversies had the potential to resurface, as they did over the stability pact and stability council in 1995–7. 'Frame reflection' was not necessarily the same thing as the abandonment of original 'frames'. For EMU to be finally viable a further sustained effort at 'frame reflection' and policy learning about the substance of stage 3 was to be required after the Treaty had been signed.

EMU Negotiations as 'Signalling' Behaviour

'Signalling' skills are a vital component of 'frame reflection', policy learning and the restructuring of policy argument (Banks 1991; Iida 1993). They take several forms, notably:

- actions designed to persuade others to accept certain preconditions for EMU negotiations (giving reasons why others should shift towards a negotiator's own beliefs);
- actions designed to convince others that the negotiator is in earnest about seeking an EMU agreement (for instance, countering suspicions that a hidden motive is to sabotage negotiations)
- the use by negotiators of certain actions to persuade their counterparts that it is possible to conclude an EMU agreement with them. These actions are designed to demonstrate that the gap between their beliefs about EMU was being bridged and that they were talking a common language.

The first two types of 'signalling' were characteristic of the most powerful players in the EMU negotiations—the German Finance Ministry and the Bundesbank. From the surfacing of the issue of stage 2 of the EMS in March 1982 onwards they consistently spelt out the terms for entering into EMU bargaining, notably full economic convergence, clarity about the content of the final stage, and no challenge to the principle of central bank independence. Once the EMU negotiations had begun, they had to confront the second issue. In Franco-German relations the process of German signalling about the seriousness of their intent to achieve EMU followed a different time-scale at different levels. As early as the Franco-German bilateral meetings of 26th August 1986 in Heidelberg and 27 October 1986 in Frankfurt, Kohl clarified to Mitterrand his intent to move on EMU. But it was as late as August 1989, at the Franco-German Economic Council meeting by the Tegernsee, that the French Finance Minister Bérégovoy became convinced, by Pöhl, that the Bundesbank was serious about EMU. Indeed, in German-Italian relations some Italian officials remained unconvinced about German intentions till the Milan bilateral in October 1991, believing that German demands for tough convergence criteria were a smoke-screen for sabotaging the EMU negotiations. The second type of signalling was evident in Major's programme of visits to EC capitals in 1991. He was signalling a new style of constructive engagement: that a deal on EMU and other IGC matters could be struck with the British.

The third type of signalling was crucial for those states that had to persuade the German government to engage in EMU negotiations. Most notably of all, the restructuring of the argument between the two 'advocacy coalitions' on economic convergence and monetary union was made possible by sustained signals from the French government from 1982-3 onwards about the seriousness of their commitment to financial and monetary stability. The adoption of the 'competitive disinflation' policy and the appointment of de Larosière as governor of the Banque de France reassured German negotiators and provided an incentive for them to believe that economic convergence could be more rapid and sustained than had been assumed. French negotiators began to take policy actions consistent with the 'coronation' theory by setting their own house in order. Traditional German zealots for the 'coronation theory' were also put on the defensive by the speed with which freedom of EC capital movement was

agreed in June 1988. It signalled a preparedness to pursue economic convergence. In asking Mitterrand for French agreement to this directive Kohl was asking for a signal from the French government that would enable him to push a relaunch of EMU at the Hanover European Council.

Similarly, faced by worries about the worsening budgetary situation in Italy, the Italian Finance Minister Guido Carli signalled at an IGC ministerial meeting in June 1991 that his government would submit a convergence programme for scrutiny in ECOFIN. This move was designed to counter Dutch criticism of budget laxity, to reassure German negotiators, and to maintain the credibility of Italian negotiators in arguing for flexible rules on convergence.

Delors and Kohl were also sensitive to the importance of signalling in the appointment of the committee to study EMU at Hanover. The presence of the EC central bank governors was a signal that they placed their trust in the reliability of the governors to produce a sound, effective design for EMU. Equally, the presence of Delors as chair signalled an intent to give a political direction to the process. Implicit in this strategy for EMU was a signal of Delors's preparedness to restructure his policy arguments on EMU. That restructuring was reflected in his acceptance of an independent ECB and in his de-emphasizing of fiscal federalism as a requirement for EMU.

At the same time one should not exaggerate the capacity of EMU negotiators to control the process of signalling or view signalling solely as a device for 'reframing' EMU. The lack of coherence and consistency in signalling from Paris, and from Brussels, could make German negotiators uneasy: as, for instance, when Bérégovoy or Edith Cresson attacked the principle of central bank independence in 1988–9, or when in presenting its Draft EMU Treaty of 1991 the French government used the concept of *gouvernement économique* to signal its commitment to the political direction of EMU. Doubts about the seriousness of French commitment to the principles of monetary stability were never removed from the minds of many in Bonn and Frankfurt. Signalling did not necessarily contribute to 'reframing'. It could be used to demonstrate an enduring commitment to a traditional belief (cf. French Socialist belief in the political direction of economic policy)—or one's confusion about 'reframing'. In this respect Mrs Thatcher's signalling was very consistent in rejecting the idea of pragmatic accommodation between different basic beliefs.

EMU Negotiations as the Art of Persuasion: The Role of Symbolic Politics

Arguments about EMU policy could only rarely be resolved by 'hard' economic science. In the absence of determinate evidence from economic and monetary technicians, negotiating skill depended on working through persuasion. Hence rhetorical skills were a vital element in getting others to reflect on their beliefs and to promote policy learning (Majone 1989). As with signalling, they could of course be deployed to hinder as well as expedite progress on EMU. But the key

point is that the EMU negotiations were never strictly technocratic, based on the rule of experts. This statement does not, however, imply that the negotiating process satisfactorily opened up debate about the principles that should inform EMU and how it might be realized in institutional terms.

Effective negotiation depended on constructing a language to deploy for persuasive purposes: to hold together domestic support; and to win friends and allies amongst other negotiators. Faced by intractable policy controversies about EMU, political leaders could respond in four ways.

- Attempt to make progress by employing code words or phrases to hide one's real intent and to lure others into making concessions. Thus the term 'asymmetry' was used by Balladur and Chirac in 1986–8 as code for tackling the problem of the power of the Bundesbank. Delors referred to 'reform of the ERM' in the period 1986–7 as code for EMU. In this period he avoided referring to an ECB by name.
- Seek to manufacture unifying symbols which transcend policy controversies. For instance, by redefining EMU as a matter of war or peace in Europe, Mitterrand sought to neutralize criticism of concessions from within the Socialist Party, gain support in the political centre, and identify common ground with German political leaders. Kohl sought to bridge the controversies engendered by German unification in 1989–90 by employing the metaphor of German unification and European unification as two sides of the same coin (Edelmann 1964).
- Create or exploit ambiguity. Thus Major sought to hold together the warring factions within the British Conservative Party by a formula of 'wait-and-see' on entry into stage 3.
- Sharpen the rhetorical force with which a negotiator's beliefs are promoted, particularly in the way that the agenda is set out. Mrs Thatcher pursued this confrontational model of discourse, notably in her Bruges speech of 1989, with its emphasis on voluntary co-operation amongst sovereign states.

The first and third of these modes of discourse involved a concern with historical legitimation, whether of support for, or opposition to, EMU. This discourse was heavy with symbolism: for instance, Mitterrand's use of the Charlemagne myth, from 1987 onwards, to stress the shared historic roots on which Franco-German reconciliation and European unity were being built. By contrast, the language of ambiguity was more utilitarian and pragmatic. It carried the long-term risk of cultivating an image of indecisive leadership.

Rhetoric with a high content of symbolic politics was used to vest the mundane aspects of EMU negotiations with a deeper significance. For political leaders like Kohl, Mitterrand, and Thatcher it was central to their attempt to create and manipulate the climate of opinion within which EMU negotiations were conducted. This clothing of EMU in symbolic language took two particular forms.

- Constructing powerful 'causal stories'. They served to name key features of the ERM and EMU (like 'discipline'), to allocate blame for problems (to the

'asymmetry' of the ERM, for instance, or to the failure of member states to 'put their own houses in order'), and to make particular recommendations compelling (Stone 1989).

- Employing vivid metaphors to alter the way in which EMU was perceived. Thus German Finance Minister Gerhard Stoltenberg used the metaphor of 'coronation' to describe monetary union's place in EMU; Kohl employed the metaphor of the two-sided coin to draw attention to the symbiotic relationship of EMU and German unification.

The symbolic politics with which the EMU negotiations were invested had a number of functions.

- To evoke powerful emotional engagement. This could be achieved by reassuring others about the historical role of EMU (for Delors, for instance, a matter of survival or decline for Europe) or by associating oneself with warding off the threat of EMU (for Mrs Thatcher, a matter of protecting sovereignty and national identity against a centralizing and bureaucratic Europe).
- To dramatize an image of leadership competence, wisdom, and authority. EMU became symbolic for Mrs Thatcher's 'conviction politics', for Mitterrand's sense of history, and for Delors's mastery of the EC Commission and of EC agenda-setting.
- To create a rhetorical environment favourable to placing EMU on the agenda and moving monetary policy from the periphery to the core of the EC agenda. This shift was achieved by Delors and others vesting the Single European Act of 1985 and the single European market programme with symbolic importance as legitimation for putting EMU at the top of the agenda. In turn, the single market and EMU opened up the opportunity for Delors to fit them into the broader rhetoric of protecting 'the European model of society' and 'organizing Europe's space'.

In short, EMU negotiations involved activities of persuasion and convincing, using the resources of language to structure and restructure how problems were defined, and seeking out psychological advantage.

EMU Negotiations as the Choice and Design of Institutional Venues and Procedures

A critical focus of EMU negotiations was the question of *how* issues should be handled. Negotiators were conscious that they could shape which issues were handled, and who could shape outcomes, by their choice and design of the institutional venues and procedures in which they would be negotiated (Baumgartner and Jones 1991). Negotiations about institutional venues and procedures became central because they provided ways of framing or reframing the way in which EMU issues were debated. Institutional venues carried with them certain types of belief, argument, and styles of action. By choosing and

designing these venues one could privilege one form of discourse about EMU over another. Hence 'venue-hopping' played an important part in the EMU negotiations.

The use of institutional venues to structure policy argument was evident at various stages of the EMU negotiations. First, the choice and design of the Delors Committee in May–June 1988 involved Kohl, Delors, and Mitterrand in shaping the parameters in which the EMU debate would proceed. The Committee met two objectives: first, to co-opt the central bank governors and thereby legitimate EMU and neutralize potential criticism from this powerful quarter; and, secondly, by appointing Delors as chair and a group of other non-central bankers, to provide political direction to the process. Neither the French Finance Ministry nor the Bundesbank welcomed this procedure and would have preferred a different venue. After the Madrid Council had endorsed the Delors Report, the French Presidency established the Guigou Group, composed of foreign ministry as well as finance ministry officials, to prepare the questions for the future IGC on EMU, again a venue designed to sustain political momentum.

Conversely, finance ministry officials responded to the Delors Report and the Guigou Group by seeking to get issues for the future IGC handled in the EC Monetary Committee, notably excessive deficits and sanctions. In a similar way central bankers took up the draft statute for the ECB in the Committee of Central Bank Governors in 1990. The intent was to generate as many policy solutions as possible away from the more politicized framework of an IGC. These institutional venues were a guarantee that EMU would be conceived as a 'technical' problem rather than as a 'political problem'. They facilitated negotiations based on inquiry into the requirements of a viable EMU.

During the Italian EC Presidency Delors, the Elysée, and the Italians sought to achieve a tight co-ordination between the IGCs on EMU and on political union with the aim of neutralizing the power of financial and monetary-policy technocrats over EMU issues. They failed in this objective of giving a leading role to foreign ministry officials. Even then, the presence of foreign ministry officials alongside finance ministry officials in the IGC on EMU induced the Luxembourg and Dutch Presidencies to push work into the EC Monetary Committee and the Committee of Central Bank Governors and, under the Dutch Presidency, to a technical working group of the IGC in which only finance ministry and central bank officials were active. This pattern of distancing and neutralizing foreign ministry officials was replicated in the preparation of EMU negotiating positions at the national level.

Conflict about the choice and design of institutional venues and procedures revealed an underlying bureaucratic politics (Allison 1971) at work within the EMU negotiations. Negotiators were keen to defend their territorial control over policy and to carve out a role as 'gatekeepers', controlling access to the negotiations. This behaviour pattern was most pronounced amongst finance ministries and central banks. 'Bureaucratic turf-fighting' was in turn reinforced by coalition politics. Thus Wim Kok, the Dutch Socialist Finance Minister, kept his Christian

Democrat Prime Minister Ruud Lubbers at arm's length; Theo Waigel as German Finance Minister sought to keep out Genscher. It was also reinforced by personal rivalries: for instance, between Bérégovoy and Dumas in the French government. At the EC level it was evident in the strained relations between the EC Monetary Committee and the EC Commission during the EMU negotiations.

EMU Agenda-Setting: Policy Entrepreneurs as Promoters of Ideas

The dynamics of agenda-setting are only fully captured once one takes on board the role of individuals as energizers of policy change and advocates of ideas. The negotiation of EMU revealed the key role of policy entrepreneurs—whether ministers or officials—in bringing new ideas to bear on the development of policy (Kingdon 1984; Goldstein 1993; Ikenberry 1993). Policy entrepreneurs are not usually or necessarily policy experts who originate policy ideas. They have a self-interest in seeking out opportunities to promote new ideas, initiatives, and alliances which attract attention. That self-interest may be only loosely coupled to the promotion of a particular policy belief. An additional factor at work is calculation of benefit to their own personal status, reputation, career interest, or place in the history books from making use of the idea. In short, policy entrepreneurs energize an idea by translating it for their own or somebody else's use, ensuring that it does not remain on the shelf (Czarniawska and Joerges 1996: 23).

The key contributions of the policy entrepreneur within EMU negotiations were twofold: to spot the appropriate short-run conditions in which to bring forward particular policy proposals to best effect; and to utilize her or his knowledge of procedures and networks for that purpose. This skill involved matching policy ideas to two dimensions of change: identification of a policy problem whose solution had become pressing; and a set of political events which were presented as a favourable opportunity to innovate. Policy entrepreneurs acted as a transmitter of knowledge in EMU negotiations. Their expertise was that of a broker between a policy idea and 'windows of negotiating opportunity'. They performed the function of 'coupling solutions to problems, problems to political forces, and political forces to proposals' (Czarniawska and Joerges 1996: 214).

Policy entrepreneurs emerged at various times and locations in the EMU negotiating process, being sometimes successful and often failing. Notable examples included:

- Tommaso Padoa-Schioppa over stage 2 of the EMS in 1982;
- Edouard Balladur on reform of the EMS in 1987–8;
- Valéry Giscard d'Estaing and Helmut Schmidt in pushing the idea of an ECB in 1988 and of fixed dates for stage 3 in November–December 1991;
- Hans-Dietrich Genscher in the relaunch of EMU during the German Presidency of 1988;
- Kohl with Delors in the design of the committee to study EMU, agreed at the Hanover Council in June 1988;

- Sir Michael Butler in the launch of the British ‘hard ECU’ plan in 1990;
- the efforts of Whitehall officials in November–December 1990—led by Nigel Wicks—to relaunch the ‘hard ECU’ plan in draft treaty form, adding provisions relating to the transition and content of a stage 3;
- Umberto Vattani, with Padoa-Schioppa, in getting an ambitious mandate for the IGC on EMU agreed at the Rome 1 European Council in October 1990;
- Graham Bishop in promoting at the EC level the idea of strengthening financial-market discipline as a solution to the problem of excessive deficits, rather than using convergence criteria as a solution;
- Padoa-Schioppa in the final formula for fixing the date for stage 3 at Maastricht.

But it can be argued that it is not the transmission of an idea or proposal into the negotiations that is important so much as the individual who takes it up and allows it to develop beyond a certain position after which it cannot be stopped—or, conversely, takes it off the table. Here we encounter the role of the policy sponsor. The difference between the fate of Butler’s and Bishop’s proposals in Whitehall was that Butler found a sponsor in Eddie George in the Bank of England; Bishop did not. If Genscher was the entrepreneur for an ECB, Kohl took on the role of sponsor. Entrepreneurship does not get far without sponsorship.

Conclusions

This chapter has tried to address a basic question—how is the process of EMU negotiations to be conceptualized? In clarifying our conceptualization of the EMU negotiations we have established a set of basic points that provide a reference for the empirically based chapters that follow.

- Though EMU negotiations were prestructured in complex ways, *agency mattered*. The EMU negotiating process was characterized by a dialectic of agency and structure.
- Accordingly, it is important to identify the key endogenous variables at work within the EMU negotiating process and not presume that explanations can be found in exogenous variables.
- These endogenous variables can be classified under two broad conceptualizations of the EMU negotiations—as a strategic process and as a cognitive process, including managing institutional venues.
- These conceptualizations are distinct but overlap and interact in the practice of EMU bargaining.
- There is a reciprocal, but non-deterministic, relationship between ideas and interests. Interests are shaped by ideas, and ideas are used to promote interests.

Perhaps most fundamentally of all, we have seen how the EMU negotiations were the story of two overlapping types of activity:

- strategic calculation based on the spelling out of vital interests at stake and attention to the attributes of other players and their likely moves so that a politically acceptable EMU deal could be struck that would reconcile EC and domestic levels and take other negotiating games into consideration;
- 'behind the curtain'—a process of inquiry into the technical requirements of a viable EMU which involved reflection on the cogency of existing policy beliefs and which had the potential to lead on to a redefinition of interests and evolution of positions.

There was, in effect, a complex dialectic at work. Original definitions of strategic interests (typically discovered by officials in EMU negotiations tapping the minds of political leaders) were reshaped by the cognitive process of probing beliefs *within* the bargaining process. In the context of interaction within that process, EMU issues were 'reframed', always with difficulty, and strategic choices reconsidered. But the parameters of negotiation by probing varied across national contexts, the activity of probing being more impaired in the British than the French, German, Italian, or EC Commission contexts. This impairment had its roots in the more ideological basis of 'conviction politics' associated with Mrs Thatcher. It did not, however, prevent Whitehall officials from seeking out every opportunity to shift definitions of interest in a direction more consistent with working out a viable EMU agreement.

Of particular importance to what follows is that this chapter provides us with a framework of questions to pursue in relation to the roles of the British, French, German, and Italian governments and of the EC Commission in the EMU negotiations.

- What role did political leaders play as *animateurs*, *ingénieurs*, and strategists?
- What kinds of strategic choices did they make, and why?
- How did those leaders play the politics of 'nested games', and with what effect?
- What form did 'transgovernmental' and 'cross-level' linkages take, and what role did they play?
- How did EMU negotiators seek to empower themselves to act?
- What role was played by 'frame reflection' within the negotiating process?
- How did negotiators signal their intentions and interpret these signals?
- How important was the design and use of institutional venues for shaping EMU bargaining?
- How did political leaders employ rhetoric and symbolic politics in the EMU negotiations, and with what effect?
- What role was played by policy entrepreneurs in setting the EMU agenda, and how?

These questions are addressed in the empirical chapters that follow.



Governing informally: the role of the Eurogroup in EMU and the Stability and Growth Pact

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Governing informally: the role of the Eurogroup in EMU and the Stability and Growth Pact

Uwe Puetter

ABSTRACT Comprising the finance ministers of the euro area, the informal Eurogroup plays a central role in the economic governance set-up, albeit one widely unnoticed in the literature on economic and monetary union (EMU). The group not only pre-agrees all critical Council decisions with relevance for the euro area member states, it also functions as a forum where ministers decide on the overall orientation of economic governance in the euro area and establish common interpretations of EMU's core policy instruments. This might seem surprising given that the group is not mentioned by the Treaty and does not have any formal decision-making competences.

This article responds to the lack of more detailed empirical information on the functioning of the Eurogroup. In theoretical terms the analysis is based on legal approaches to EU comitology, the literature on policy learning and research on the role of arguing and deliberation in international negotiations. The main argument is that the Eurogroup's informal working method creates a negotiation environment which is particularly suited for the conduct of a close policy dialogue among the euro area's key decision-makers. This dialogue supplements EMU's formal co-ordination instruments – the Broad Economic Policy Guidelines and the Stability and Growth Pact. The Eurogroup's emphasis on consensus formation through informal discussion is of particular importance in EMU's decentralized policy framework which lacks any significant concentration of political authority at the supranational level and relies on the voluntary commitment of individual member states to commonly agreed policy objectives.

KEY WORDS Comitology; economic co-ordination; EMU; Eurogroup; informal working method; Stability and Growth Pact.

INTRODUCTION¹

Although only an informal forum for discussions among euro area finance ministers, the Eurogroup plays a central role in the economic governance set-up of economic and monetary union (EMU). The group not only pre-agrees all critical Council decisions with relevance for the euro area member states, it also functions as a forum where ministers decide on the overall orientation of economic governance in the euro area and establish common interpretations

of EMU's core policy instruments. This might seem surprising given that the group is not mentioned by the Treaty (in the following: TEC)² and lacks any formal decision-making competences.

Owing to its secretive character the Eurogroup's work has not attracted much attention in the literature on EMU. Based on a series of interviews with participants in Eurogroup meetings this article seeks to respond to the lack of more detailed empirical information on this informal circle of ministers. Three questions are at the centre of interest: Why does EMU require a forum for informal discussion among ministers? What are the features of the Eurogroup's informal working method? And, finally, how is the informal dialogue among ministers linked to EMU's formal decision-making bodies and co-ordination mechanisms, i.e. the Economic and Financial Affairs Council (ECOFIN), the Broad Economic Policy Guidelines (BEPGs) and the Stability and Growth Pact (SGP)? This article argues that the consensual definition of common policy objectives, processes of policy learning and the collective exercise of peer pressure are of particular importance in the largely decentralized economic policy framework of EMU. Moreover, the Eurogroup's peculiar informal working method provides an adequate institutional environment for such supplementary co-ordination activities in stage 3 of EMU. In theoretical terms, this argument is substantiated through reference to legal studies of the European Union's (EU's) system of comitology, the literature on policy learning and research on the role of arguing and deliberation in international negotiations.

INFORMAL GOVERNANCE IN EMU

At first glance, EMU's economic governance set-up does not seem to require a supplementary decision-making institution. Following the provisions of the Maastricht Treaty political authority is clearly allocated within EMU's economic pillar. Moreover, the Treaty defines procedures for the formulation and implementation of common policy objectives. Economic policy is based on a decentralized system of governance. The member states remain fully responsible for policy implementation. The definition of policy objectives follows the principle of subsidiarity. The course of economic policy is defined at the national level. However, it has to be in accordance with a set of common rules. Most importantly, the Treaty requires the member states to 'avoid excessive government deficits' (Article 104.1, TEC³). The ECOFIN polices compliance with this rule. In addition, member states are obliged to regard their economic policies as a matter of common concern and to co-ordinate them within the Council (Article 99.1, TEC). The central co-ordination instrument are the so-called BEPGs – a compendium of commonly agreed policy objectives. On the basis of a recommendation by the Commission and after consultation with the European Council, the ECOFIN adopts the BEPGs in the form of a public recommendation to the member states. In contrast to the deficit rule the BEPGs are not legally binding. However, policy compliance is monitored

in the context of the so-called multilateral surveillance procedure. Consequently, the ECOFIN is the central political authority within EMU's economic pillar. Finally, the Council can further regulate policy co-ordination through secondary legislation. This instrument was used in the case of the SGP.

THE CREATION OF AN INFORMAL EURO AREA FORUM

So, what was left for the Eurogroup? In the run-up to stage 3 of EMU it became clear that the prospective euro area countries shared a strong interest in strengthened economic policy co-ordination. They wanted to make EMU's co-ordination framework operational for stage 3 and to organize the interplay between EMU's monetary and economic pillar. In addition, the question of the political representation of the euro area in the international financial institutions needed to be resolved. These renewed initiatives did not necessarily come as a surprise. The Treaty provisions were negotiated at a time when policy-makers had just started to come to terms with the unprecedented form of a semi-shared European economic policy (Brouhns 1999). In fact, the authors of the Treaty were under no illusion that EMU would comprise a strong evolutionary and adaptational element (Wicks 1999). The negotiation of the SGP and the foundation of the Eurogroup were part of this process. With the beginning of the German campaign for the SGP in the second half of 1995 the French government in particular started to push the issue of supplementary co-ordination structures. However, the French efforts to revive the debate under the term 'gouvernement économique' were received with great scepticism in Germany. In particular, the French idea of the creation of a political counterweight to the ECB was rejected. It was feared that such proposals could compromise the independence of the ECB. Nevertheless, the two countries always agreed in principle that the ECOFIN format needed to be supplemented by a more restrictive co-ordination forum, as a senior negotiator at the time explains:

Although there were differences between France and Germany regarding the name and the relevance of such a group the basic idea was always clear and uncontested. The finance ministers should have the opportunity to meet in a small group together with the ECB and the Commission for discussion.⁴

This idea was also widely shared among other member states. Moreover, there was agreement that supplementary co-ordination structures should exclude the prospective non-euro countries. Many EU governments thought that Denmark, Sweden and the United Kingdom should finally pay for opting out of the single currency. Negotiations on the format of the Eurogroup started in earnest after the debate over the SGP was finally concluded with a resolution of the Amsterdam European Council in June 1997. The breakthrough came with an agreement between France and Germany on the occasion of a bilateral economic council meeting in October the same year. The new euro area forum was supposed to have the status of an informal group outside the formal

Community structure. This arrangement allowed the euro area's top decision-makers to come closer together than ever before without provoking institutional conflict with the European Central Bank (ECB). The following discussion in the ECOFIN demonstrated that the idea of an informal forum was well received among the vast majority of member states. Only the 'euro-sceptic' camp inside the EU opposed the plans. The main concern was that an exclusive euro area forum was likely to undermine the role of the ECOFIN. Therefore, the British Prime Minister Tony Blair fiercely opposed the creation of an exclusive euro area forum up until the last minute at the European Council in Luxembourg in December 1997. The ministers of the prospective eleven euro area countries gathered for the first time in June 1998 – six months before the start of stage 3. To avoid reference to the Council this new co-ordination forum was called the Euro 11. Two years later, when Greece joined the gatherings, the name was finally switched to Eurogroup.

The wording of the Luxembourg presidency conclusions most strikingly reflected the immense opposition from the out-group against an exclusive euro area forum. The document stated that the ministers of the euro area 'may meet informally among themselves to discuss issues connected with their shared specific responsibilities for the single currency' (European Council 1997). However, this enabling clause was accompanied by the warning that the ECOFIN remained the only decision-making authority in EMU as before. In other words, the Luxembourg conclusions did not change the formal assignment of political authority in EMU. As a consequence the Eurogroup has no official decision-making competences.

THE INFORMAL WORKING METHOD

In contrast to an official Council formation the Eurogroup governs informally. The group can only influence policy formation through informal agreement among its members. Moreover, the group's influence depends on whether individual ministers advocate the group consensus while acting in formal decision-making contexts. This procedure, which is defined here as *informal governance*, can take different forms. The effects of informal governance can be as direct as in the case of co-ordinated position-taking by euro area ministers in the ECOFIN. In this case the Eurogroup pre-agrees pending Council decisions informally – for example, in the context of the early warning system of the SGP (see below). Euro area member states command the vast majority of the votes in the ECOFIN. Consequently, agreement there is only a formality whenever euro area ministers reach a consensus among themselves prior to a Council meeting. In a similar way the Eurogroup can co-ordinate decisions by national governments. The latter scenario of course implies that the respective finance ministers enjoy the political authority to enact the agreed measures at the domestic level. However, informal governance also takes more subtle forms. The discussions within the Eurogroup encourage individual ministers to

advocate particular policies when they are facing pressure from cabinet colleagues, parliament or interest groups.

Owing to the thin legal basis of the Eurogroup's work, the evolution of the group's working method and its agenda take place through informal agreements and the routinization of practices and procedures inside the group. The Eurogroup has developed its own profile as the smallest circle of ministers working in Brussels. The sessions follow the so-called minister-plus-one approach. In contrast to formal Council meetings only one senior official or deputy minister accompanies the finance minister. Other officials and the ambassadors of the member states, who fill the room on the occasion of Council debates, are excluded from Eurogroup meetings. The most important achievement of this restrictive participation regime is that ministers can engage in real debates with arguments and counter-arguments. This remains the exception at the occasion of ECOFIN meetings where participants tend to read out prepared notes.

A further stimulus to frank discussions is the strict confidentiality of the debates. Ministers can voice criticism and think aloud about policy options. In particular, the debates on budgetary policy and the dialogue with the ECB would be impossible within a more open setting. There are no formal conclusions or minutes of the discussions. Press briefings by the Eurogroup president do not necessarily reflect the structure of the actual meeting, let alone the discussion behaviour of individual participants. Even the attempt to establish regular Eurogroup press conferences has been given up because of the concerns about confidentiality.

The Eurogroup operates outside the formal Community structure. The other participants in the informal meetings are only 'invited' by the ministers. The Commissioner for Economic and Financial Affairs and the Director General of the Commission's Directorate General for Economic and Financial Affairs (DG ECFIN) represent the Commission. Occasionally the president of the Commission takes part in Eurogroup meetings. The president and vice-president of the ECB regularly attend. Sometimes the latter participates together with the ECB's chief economist. Finally, the president and the secretary of the Economic and Financial Committee (EFC) and the Director General of the Social and Economic Affairs Directorate of the Council's General Secretariat always join the group of ministers.

The Eurogroup cannot rely on its own administrative infrastructure for the preparation of its meetings. The functioning of the group exclusively depends on arrangements with regular EU institutions. The most important interface between the informal Eurogroup and the formal Community institutions is the EFC. According to the Treaty the EFC is the senior expert committee in charge of EMU affairs in stage 3. Its task is to permanently review the economic and financial situation in the EU and to act as an advisory body to the Commission and the Council. All substantial issues for discussion within the Eurogroup are prepared within this committee. The role of the EFC as a *de facto* preparatory body for the Eurogroup is based on an agreement with

the non-euro countries. Through the involvement of the British, Danish and Swedish EFC members in the preparations the out-group is kept informed on the Eurogroup's agenda. In addition, the EFC secretariat, the committee's so-called Eurogroup working party and the respective Eurogroup presidency share the work of the more detailed preparations. Unlike at the occasion of regular Council meetings the Committee of Permanent Representatives (COREPER) is not involved in the preparatory process. This arrangement not only pays tribute to the fact that the Eurogroup seeks to avoid being seen as an official EU institution, it also highlights the strong focus of the Eurogroup's work on matters of substance rather than on the negotiation of new legislation, as within the ECOFIN setting.

ASSESSING THE ROLE OF INFORMAL GOVERNANCE IN EMU

The Eurogroup's informal working method is both a result of political compromise and an innovative attempt to create a more suitable environment for discussion over economic policies in stage 3. On the one hand, the group's informal format responds to particular institutional constraints associated with the multi-speed nature of European monetary integration. The creation of a formal euro area forum would compromise the unity of the Council. Equal access to the decision-making process is one of the fundamental principles of EU governance. Already the Treaty provisions on EMU's flexible entry mechanism challenge this principle (Tuytschaever 2000). Given these institutional sensitivities there are hardly any alternatives to a low official profile of the Eurogroup. In addition, the dialogue between economic and monetary policy authorities requires an informal environment because of the independent status of the ECB. On the other hand, Eurogroup participants praise the group's informal working method as a major achievement. The fact that ministers can engage in real debates and a frank exchange of views is perceived as the key advantage of the Eurogroup in comparison with the ECOFIN. In this sense the informal format of the Eurogroup is not an unintended side effect of political compromise but the attempt to find a new working method for policy co-ordination in stage 3.

It would be misleading to judge the work of the Eurogroup against the template of an imaginative European economic government with supranational decision-making powers. Instead it is important to assess the group's value-added aspect in the context of the current decentralized policy framework. This framework reflects both economic conviction and political reality. Decision-makers widely believe in the sustainability and advantages of national discretion within the boundaries of a limited set of supranational rules. In addition, the political co-ordinates of the European integration process did not and still do not allow a more centralized form of economic policy-making. It has often been noted that economic policy is a highly sensitive area when it comes to exercising sovereignty. Moreover, governments usually share responsibilities with parliament and federal or regional authorities (Webb 1995). For

example, this implies that the scope for formally negotiated amendments to national budgets is very limited. As long as the EU does not transform itself into a federal state there is hardly an alternative to a largely decentralized economic pillar (Brouhns 1999).

Nonetheless, the current institutional set-up leaves room for complementary co-ordination activity. Notably, the implementation of the deficit rule and the exercise of multilateral surveillance in the context of the BEPGs can be optimized through further activities. The same is true for the relations between the monetary and economic policy authorities in EMU. Finally, there also remains room for collective action agreed on a case-by-case basis – for example, in reaction to ad-hoc situations such as price shocks or market turbulences. Such complementary co-ordination activity can be characterized as ‘close policy dialogue’ (Korkman 2001: 290) which is aimed at forming consensus among decision-makers and limits the risk of communication failures among the key decision-makers.

In contrast to the exercise of legislative functions within the context of the ECOFIN a close policy dialogue requires a different working method. The emphasis is on a continuous and confidential exchange of views and information, not on the negotiation of immediate decisions (Coeuré 2002). It is argued here that the Eurogroup’s informal working method is indeed the adequate institutional choice with regard to the objective of a close policy dialogue among the euro area’s key decision-makers. In particular, legal studies of EU comitology, the literature on policy learning and research on the role of arguing and deliberation in international negotiations substantiate this assumption. Much of this literature deals with international or inter-institutional expert groups and so-called epistemic communities. Nevertheless, it is possible to apply central assumptions of these studies to an informal circle of finance ministers.

Legal studies of the role of the EU’s committee system in the drafting of European legislation in the regulatory field (Joerges and Neyer 1997) have started from the observation that the emergence of EU law relies on consensual agreement between member states. The enforcement of EU legislation exclusively depends on the member states. Consequently, the persistence of diverging views over the legitimacy and appropriateness of legislative acts could have devastating effects. The particular contribution of the EU’s committee system in this context is its ability to create room for policy deliberation. It is only through the process of deliberation that ‘normatively good grounds’ (Joerges 2002: 138) emerge which legitimize the supremacy of EU law for all involved actors. What is true for the preparation of EU legislation is all the more important for a close policy dialogue among formally independent decision-makers in the area of economic policy. In the absence of a central supranational authority with the capacity to allocate resources autocratically and to sanction policy failure, viable common policy objectives will only emerge from consensual processes of policy formation. The creation of the Eurogroup as an extra

forum for informal dialogue among ministers creates a framework for policy deliberation.

The literature on social learning in inter-institutional and international policy networks (see, for example, Hall 1993; Jenkins-Smith and Sabatier 1993; Knoepfel and Kissling-Näf 1998; Majone 1993; Sabatier 1988) and approaches on arguing and deliberation in international negotiations (e.g. Müller 2001; Risse 2000) have analysed in greater detail the conditions of policy deliberation. The findings of this comprehensive literature provide a valuable basis for the formulation of hypotheses on the role of the individual features of the Eurogroup's informal working method. Its restricted format, the confidentiality of the discussions and the focus on substantial and technical issues are the main characteristics of the informal working method. There is wide agreement in the above literature that these features are conducive to policy deliberation and trigger consensus-oriented discussion behaviour. Further criteria for the analysis of the Eurogroup's work over time, and of individual episodes of economic policy-making in stage 3, are the equal access to the dialogue, the organization of the discussion around clearly defined shared problems, the flexibility of the agenda, the degree of ideational affinity among the group members and the evolution of a particular culture of mutual trust. Finally, with regard to the content of discussions the emergence of an underlying working consensus, which is based on shared economic ideas, is considered to be a crucial precondition for successful policy deliberation.

GOVERNING THE EURO AREA

The Eurogroup now usually meets the night before ECOFIN sessions. This implies that the Eurogroup convenes as often as the most important Council formations within the EU, i.e. the General Affairs Council and the ECOFIN. Meetings normally last between two and three hours. In times of crisis individual debates can extend a session to up to four hours or more. After a period of over five years Eurogroup meetings usually follow a well-established pattern. The latter reflects the group's working priorities. However, in reaction to current developments individual meetings may deviate from this structure. The following overview of the main agenda points is complemented by a more detailed review of the Eurogroup's involvement in the operation of the SGP.

THE AGENDA

Each meeting starts off with a discussion of the economic situation. The Commissioner for Economic and Financial Affairs acts as a lead speaker and introduces the main developments and prospects for the euro area and the wider global economy. The presentation is based on the most recent statistical and economic analysis by DG ECFIN. This technical input provided by the Commission is a crucial basis for Eurogroup discussions. The presentation by the Commissioner is usually followed by a longer intervention from the

President of the ECB. The latter gives an analysis of the economic conditions and explains the reactions of monetary policy. The central banker then turns to international monetary developments and elaborates on the euro exchange rate. Finally, the ministers express their views in a so-called *tour de table*. However, not only routine analysis dominates the introductory item on the Eurogroup's agenda. Quite often current events or forthcoming meetings of international financial forums, i.e. the G7, the International Monetary Fund and the World Bank, require more comprehensive debates. Ministers then formulate common euro area positions and prepare their president for participation in the gatherings. Also, communication with the markets and the wider public is a recurrent issue in this context. Such debates are intended to avoid conflicting public statements by individual ministers which could undermine credibility. In exceptional cases the Eurogroup also decides to address the public through written press statements. This happened for the first time in September 2000 when the group commented on the euro's fall against the dollar.

The second item on the Eurogroup's agenda is the budgetary situation. This topic usually sees the longest and the liveliest debates. Again, the analytical input by the Commission provides a crucial basis for the debate. The Commissioner also points to problematic developments in individual member states. In a similar way to the discussion on the economic situation, the President of the ECB delivers his assessment before the floor is opened for discussion. The intervention focuses on price developments in the euro area and the budgetary situation as such. The emphasis of the debates over budgetary policy is on the appropriateness of national policies. In this context the common policy objectives spelled out in the BEPGs and the SGP function as the main reference points (see below). The Eurogroup also intervenes in the annual formulation of a new set of BEPGs through supplementary informal discussions. This happens prior to the presentation of the Commission's draft of the BEPGs and again before the decision on the final version by the ECOFIN. Notably, ministers debate the euro area's fiscal stance with a view to the formulation of general and country-specific policy recommendations.

As outlined above, one of the key motivations behind the creation of an informal euro area forum was the need for a framework for the dialogue between economic and monetary policy authorities in EMU. In fact, the regular debates on the economic and budgetary situation provide the context for this dialogue. During his term of office the ECB President Wim Duisenberg used his introductory statements at the beginning of each debate to communicate the policy of the central bank to the Eurogroup. Moreover, Duisenberg frequently complemented his general remarks with frank and critical reviews of the policies of individual member states. In these interventions the policy options considered by the ECB were expressed even more plainly. By virtue of the Treaty, the ECB cannot engage in any form of deal-making as regards its future decisions. Nevertheless, the bank uses the Eurogroup to portray its readiness to act in a specific way if the underlying economic and budgetary

situation develops according to the expectations raised by the ministers. As a participant in Eurogroup meetings points out:

It is already sufficient if he [the President of the ECB; the author] outlines the underlying conditions and explains at which issues the ECB looks at the moment – and what would facilitate or hinder certain decisions. In return the ECB President wants to know from ministers in which direction budgetary policy is going – but also structural policy of course – since both have a hopefully positive impact on growth.

There is little doubt that the statements by Eurogroup ministers on the budgetary situation in their respective countries and on the direction of national policy are a key indicator considered by the ECB when it decides on monetary policy. However, despite the sometimes frank remarks of the ECB President on country-specific situations, debates on the interplay of monetary and economic policy – the euro area's policy-mix – usually do not see individual ministers critically reviewing ECB decision-making. The current form of the dialogue between the ECB and Eurogroup ministers contributes to the avoidance of communication failure. However, in the absence of a veritable debate on the appropriateness of monetary policy, some participants in Eurogroup meetings fear that media statements could remain the preferred option of individual ministers to voice anger at ECB decisions.

The debates over budgetary policy, the common assessment of the economic situation and issues related to the external representation of the euro area clearly dominate the Eurogroup's agenda. However, since the French Eurogroup presidency in the second half of 2000, ministers have also repeatedly focused on the topic of structural reform. Debates centre on the role of different national tax systems and administrative structures in reducing unemployment and boosting labour supply. Wage developments and collective bargaining patterns have also been discussed in this context. However, the direct decision-making competences of finance ministers in these areas are limited. Therefore, the main aim of the discussions is to strengthen the role of individual ministers as advocates for reform in their respective home countries. The continuing collective review of different national policy approaches and the common identification of best practices within the euro area aim at creating incentives for further reform.

THE EUROGROUP AND THE SGP

The SGP constitutes the procedural framework for the enforcement of common rules and policy objectives with regard to economic policy-making in stage 3. The Pact seeks to enhance compliance with the deficit rule and the BEPGs through strengthened multilateral surveillance. Moreover, with its 'medium term objective of budgetary positions of close to balance or in surplus' (General Secretariat 1999: 32) the SGP defines a clear benchmark for the monitoring

of national policies. In this respect, the procedures and objectives of the SGP are at the heart of economic policy co-ordination in EMU.

The Eurogroup's status as an informal institution outside the Community structure implied that there was no clear guidance on how to organize the group's agenda. When the Eurogroup met for the first time in June 1998, its members were not fully aware of what the priorities of the group's discussions would be. Some even doubted that there was enough to talk about in order to justify monthly meetings. Consequently, the incorporation of SGP issues into the Eurogroup's agenda evolved over time. After a year or so, and helped by the Commission's improved statistical analysis for the euro area, the discussion of the budgetary situation started to follow a particular pattern. This pattern was clearly derived from the objectives and the logic of the SGP. The Pact's medium-term objective to bring budgets close to balance or in surplus became the key reference point in Eurogroup discussions.

Through firmly integrating the policy objectives of the SGP into its agenda the Eurogroup has developed into an important forum for the operation of the Pact. Informal governance functions as a stabilizing factor in the overall institutional set-up. The informal discussions foster consensus among ministers on appropriate policy options. The Eurogroup has made discussion on the SGP criteria a priority, with each meeting addressing the budgetary situation and quite often devoting a third or even half of the time to the topic.

Two features of the informal environment are of particular significance. Firstly, the fact that ministers have the time to engage in real discussions on individual cases has led to a routinization in the application of the Pact's policy objectives. Secondly, the informal setting leaves room for reference to the economic ideas behind the Pact, thus creating and keeping alive a consensus on the fundamentals. This consensus in turn acts as a key reference point to which ministers can refer in times of crisis or when individual member states are perceived to be in breach of the common criteria. In such situations, ministers frequently make remarks on the necessity of the existence of the SGP for the proper functioning of EMU. They are keen to remind their counterparts of the duty to stick to commonly agreed rules. According to participants these discussions have stabilized and strengthened EMU's built-in focus on budgetary consolidation:

The Eurogroup has been a quantum leap with regard to the achievement of a common understanding of the fundamentals behind EMU. There is now an incredible convergence of views. As the example of us xxx [nationality deleted; the author] shows, our views have changed. When we started deliberations in the Eurogroup our position could be described as sceptical – if not hostile – *vis-à-vis* consolidation. These paradigm changes would have never been achieved within the context of ECOFIN which is a horse trading forum without proper discussions.

In addition to mutual reassurance about the objectives of the Pact, the common process of (re-)interpreting central aspects of its application and

operation has played an important role. A prominent example is the convergence of views on the issue of how to assess budgetary situations. By the time EMU was negotiated, but also later when the SGP was approved, it was possible to identify two camps within the EU. These camps differed in their attitude towards the assessment of budgetary situations. One group of countries led by Germany and the Netherlands emphasized the role of nominal targets. Others, such as France and Italy, favoured a greater role for structural indicators. Although the SGP was essentially a German project and followed the idea that co-ordination should be based primarily on nominal targets, the practice of Eurogroup discussions shows that the actual working consensus lies somewhere between the extremes.

This working consensus is the result of an intensive informal dialogue which provides room for the contestation and common interpretation of the core policy objectives. Moreover, it is part of the dynamics of the Eurogroup's informal environment that ministers have equal access to the dialogue. Much more than at the occasion of formal ECOFIN meetings, the role of individual ministers within the debates depends on their technical knowledge and personal respectability rather than on their nationality. The emphasis on substantial discussion rather than on voting power has strengthened the perception of the Pact as a truly common policy tool. This particular atmosphere also creates room for the contestation of previously held beliefs and facilitates policy adjustment. As a participant in Eurogroup meetings observes:

It is a learning process. EMU has no historical precedent. What we are doing is completely new to all of us. That explains why the discussion we have is more a common understanding building process. Nobody is really 'right' or 'wrong' in the beginning. So, it is also explorative. We are learning by doing.

Owing to the priority which euro area ministers give to SGP topics, the Eurogroup has also developed into the key handler of cases of non-compliant behaviour. Formally, the decisions in the context of the reprimand mechanism of the SGP's so-called early warning system are the prerogative of the ECOFIN. *De facto*, the discussion within the Eurogroup have rendered the ECOFIN debates less important. In addition, the Commission consults the Eurogroup prior to its decisions in the context of the SGP procedures. Under the Pact the Commission is obliged to initiate an early warning procedure whenever a country is at risk of breaching common rules and policy objectives. On the basis of a Commission recommendation, the Council then decides on an early warning for the respective member state. The Eurogroup pre-discusses each step of the formal proceedings informally. For example, after the submission of the national stability programmes in December 2000 the Commission came to the conclusion that the Irish budget for 2001 did not comply with the BEPGs. Before formally initiating the early warning procedure, Commissioner Pedro Solbes decided to discuss the move informally with the Eurogroup during its meeting in January 2001. After the Commission had formally

adopted its recommendation to issue an early warning to Ireland, the Eurogroup discussed the situation again ahead of the February ECOFIN meeting which had to conclude the final decision. One year later the budgetary planning of Germany and Portugal was considered by the Commission not rigid enough to sustain compliance with EMU's deficit criteria. Events followed the pattern known from the Irish case. A participant in Eurogroup meetings underlines that this

sequence was deliberately chosen in a way that one first could have a discussion informally within the Eurogroup and then the Commission would make its decisions. Consequently, the Eurogroup plays a decisive role in the preparation of these things . . . and after the Commission's decision it was again in the Eurogroup. ECOFIN finally had to make the decision but it was pre-discussed in the Eurogroup the night before.

For the Commission these informal discussions are an important opportunity to convey the seriousness of the situation to the concerned countries. Moreover, the Commission can demonstrate that it is not alone with its concerns. Another important aspect of the consultations prior to formal decisions is the discussion of possible informal solutions. In such a case ministers and the Commissioner evaluate the credibility of the promises by the concerned countries to respond to the criticism. In return the Commission and/or the ECOFIN might postpone the initiation of formal proceedings. This happened in the case of the pending ECOFIN decision on an early warning for Germany and Portugal in February 2002. In such situations much depends on how individual ministers react to the concerns within the group. While the Irish Finance Minister Charlie McCreevy rejected outright the criticism of his budget in January 2001, the German and Portuguese finance ministers finally made comprehensive reassurances *vis-à-vis* their colleagues.

THE VALUE-ADDED DIMENSION OF INFORMAL DISCUSSIONS AMONG THE EURO AREA'S KEY DECISION-MAKERS

Although the Eurogroup lacks formal decision-making competences, the group plays a pivotal role in EMU's economic governance set-up. Legal approaches to EU comitology, the literature on policy learning and research on the role of arguing and deliberation in international negotiations can provide a crucial analytical benchmark for the assessment of the Eurogroup's informal working method. The main finding in this context is that the negotiation environment created by the Eurogroup is particularly suited for policy deliberation and consensus formation among the euro area's key decision-makers. Such an institutional environment is of great importance within EMU's decentralized policy framework. In the absence of any significant supranational political authority common policy objectives can only be viable if they emerge from consensual processes of decision-making (Puetter 2003). It is within these political and institutional co-ordinates that independent decision-makers seek

to explore the room for enhanced policy co-ordination in stage 3. Instead of being an embryonic European economic government, the Eurogroup supplements and further develops the formal co-ordination instruments foreseen by the Treaty. The work of the group responds to the fact that EMU's constitutional framework was drafted at a time when policy-makers were not fully aware of the precise challenges to economic policy co-ordination under the conditions of a single currency. It was mainly through its internal discussions that the Eurogroup defined its working priorities. Consequently, the debate inside the Eurogroup is in itself a crucial factor in determining the shared interest of euro area ministers in enhanced policy co-ordination. As the above review of the Eurogroup's role in the operation of the SGP has demonstrated, the style of the discussions over budgetary policy was not a foregone conclusion but evolved over time.

The interactive and deliberative nature of consensus formation among ministers distinguishes the Eurogroup's work from the negotiation of formal decisions in the ECOFIN. For the first time, a group of ministers systematically applies this working method in the context of EU decision-making. Similar practices were so far only attributed to the preparatory bodies of the Council, i.e. COREPER and the EU's committee system. The decision to create a supplementary euro area forum for restricted informal discussions can be seen as the adequate institutional choice. The Eurogroup's working method responded to the evolutionary nature of the EMU process. As the experiences of the last five years have shown, the Eurogroup has played the role of a stabilizing factor and has opened up opportunities for consensus formation which do not exist within the Council. As a participant in Eurogroup meetings points out:

Oh yes, by lack of the Eurogroup the evolution of EMU probably had been more disruptive. It is really a question of governance. We can say that the Eurogroup is the core of EU economic governance.

Crucial decisions in the context of the SGP become embedded in the Eurogroup's regular discussions on policy options and country-specific situations. This strengthens the instrument of peer pressure and lends support to EMU's extremely fragile set of formal co-ordination instruments. With the exception of the excessive deficit rule, policy guidelines and reprimand mechanisms have the status of Council recommendations. These recommendations are not legally binding. Therefore, it is relatively easy for individual member states to escape common commitments in difficult situations. In the context of the excessive deficit procedure, non-compliant behaviour is only sanctioned if a large majority of member states lends its support to a Commission recommendation. Defection from commonly agreed rules and objectives, however, compromises the credibility of the overall co-ordination system. In the long run this has adverse effects for all members of the euro area. It is because of these institutional delicacies that the Eurogroup pre-discusses all crucial Commission and Council decisions with regard to the formal reprimand

and sanctioning procedures. Persuasion and the build-up of group pressure are the means through which the Eurogroup seeks to influence non-compliant behaviour.

As the last two years have demonstrated, the Eurogroup functions as a touchstone for the credibility of individual ministers with regard to their commitment to common policy objectives in times of crisis. As the brief examples of the Irish, German and Portuguese cases have indicated, different scenarios are possible. Under certain circumstances, ministers are prepared to offer help to colleagues who are in a difficult situation because of economic and political developments at the domestic level. However, the Eurogroup has also proved its ability to unite quickly against the stance of individual ministers whenever it suspects a negative attitude towards common policy objectives. This has not only been the case in connection with the Irish 2001 budget. Albeit widely unnoticed by the public, the group was able to build up considerable group pressure *vis-à-vis* the new French Finance Minister Francis Mer throughout the second half of 2002, when the French government openly campaigned against commonly agreed policy objectives. Against the background of rising public scepticism, with regard to the viability of the SGP, the group was able to unite against the French challenges in a number of critical situations. This was most strikingly demonstrated by the publication of one of the rare Eurogroup press statements in October 2002 which singled out the French finance minister for his opposition. This does not, however, imply that the Eurogroup can counter principal opposition by national governments to policy co-ordination at the European level through means other than those described above. The group finds it particularly difficult to influence developments which are beyond the decision-making authority of individual finance ministers.

It remains to be seen which conclusions euro area decision-makers draw from the most recent cases of persistent non-compliance with the common rules. However, the discussion of a potential adjustment in the allocation of political authority between the national and supranational level is beyond the analysis of the Eurogroup's informal working method. Apart from these wider institutional considerations, there is room for a further strengthening of informal dialogue inside the Eurogroup with regard to individual agenda items. For example, the review of budgetary policy in the euro area is still focused on the identification of both policy failure and best practices with regard to past experiences. A more detailed discussion of national budget drafts prior to their approval at the domestic level remains the exception. The initial debates over structural policy have demonstrated how much the success of informal dialogue depends on the structure of the discussions. The organization of debates around clearly identified shared problems of decision-making is a crucial pre-condition for policy learning. Finally, the informal dialogue between EMU's monetary and economic pillar still lacks an important element. Although individual ministers have repeatedly raised different expectations in

public statements, Eurogroup meetings rarely see a critical review of the ECB's policy.

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NOTES

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- 2 Treaty Establishing the European Community.
- 3 References follow the updated numbering of the Amsterdam Treaty.
- 4 The empirical research substantiating this article is based on anonymous interviews with members of the Economic and Financial Committee and with officials from national finance ministries, the Commission, the European Central Bank and the General Secretariat of the Council. The interviewees are participants in Eurogroup meetings or in charge of the preparation of their respective delegations. The interviews were carried out by the author between December 2001 and May 2003.

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L'EUROSYSTÈME ET L'INTÉGRATION FINANCIÈRE EUROPÉENNE

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L'Eurosystème et l'intégration financière européenne

Jean-Paul Pollin¹

On s'interroge dans cet article sur la conception de l'intégration financière adoptée par l'Eurosystème. On montre, tout d'abord, que les actions entreprises pour créer un espace financier homogène n'ont pas permis de faire converger les comportements et les systèmes financiers en Europe. On cherche ensuite à expliquer ces différences persistantes par la diversité des modèles économiques et sociaux (ou des configurations institutionnelles) dans les pays de la zone : il n'existe donc pas *a priori* de système financier optimal. Enfin, la comparaison des transformations opérées en Allemagne et en France par la libéralisation et la globalisation financières fait apparaître des évolutions très contrastées qui conduisent à douter de la stratégie d'intégration choisie et en conséquence de la viabilité de l'union monétaire.

intégration financière - zone monétaire optimale - modèles de gouvernance - complémentarités institutionnelles

The Eurosystem and the European Financial Integration

In this article we question the conception of financial integration supported by the Eurosystem. We show, first, that the actions undertaken to create a homogeneous financial space in Europe failed to ensure convergence of the national financial behaviours and systems. Then we try to explain these persistent heterogeneities by the diversity of economic and social models prevailing in the different european countries. Lastly we compare the consequences of financial liberalization and globalization in Germany and in France. Observations point very different macroeconomic evolutions in these countries, which is challenging for the viability of the monetary union.

financial integration - Optimal monetary area - corporate governance models - institutional complementarities

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1. Introduction

Depuis sa création l'Eurosystème a retenu comme l'un de ses objectifs principaux de favoriser l'intégration financière européenne². Plus précisément, cet objectif est défini comme le fait de permettre à tous les agents de la zone d'avoir un égal accès aux mêmes instruments et services financiers. Ce qui n'est finalement qu'une application de l'idée de « Marché unique » ; et la position de l'Eurosystème sur ce point ne fait, du reste, que prolonger et appuyer celle de la Commission Européenne, dont les nombreuses directives en ce domaine (notamment celles issues du Plan d'action pour les services financiers (PASF) de 1999) ont aussi pour ambition d'agir pour la constitution d'un espace financier concurrentiel soumis à des règles communes³.

Mais au-delà de l'évocation du principe de concurrence, l'intérêt de l'Eurosystème pour l'intégration financière s'explique par plusieurs autres bonnes raisons. D'abord, parce que l'unification des systèmes financiers doit assurer une meilleure diffusion et un impact plus homogène des impulsions de politique monétaire dans les différents pays partenaires. La BCE pourra manier d'autant plus facilement ses taux directeurs qu'ils seront répercutés de façon assez semblable (donc, sans trop de distorsions) dans toutes les économies de la zone⁴. Ce qui suppose que le fonctionnement des institutions et des marchés financiers soit aussi proche que possible d'un pays à l'autre. De plus, la possibilité de transferts de capitaux entre régions, fait partie, comme on le sait, des critères de définition d'une zone monétaire optimale : en présence de chocs asymétriques ou de réactions asymétriques à de mêmes chocs, ces transferts permettent de maintenir la stabilité de la zone en l'absence d'ajustements de parités et de politiques monétaires différenciées. Enfin, l'intégration financière assure, en principe, une meilleure allocation des capitaux et une meilleure répartition des risques au sein de la zone. Ce qui favorise la croissance et la stabilité du système économique, et donc améliore les conditions d'arbitrage entre inflation et croissance. L'accomplissement des missions de la Banque Centrale s'en trouve ainsi facilitée.

2. Cette volonté est explicitement affirmée en introduction (p. 13) du Bulletin Mensuel que la Banque Centrale Européenne a consacré à son 10^e anniversaire. Le chapitre 6 de ce numéro porte précisément sur l'intégration financière. Rappelons par ailleurs, que l'Eurosystème se définit comme l'ensemble constitué de la BCE et des Banques Centrales nationales des pays de la zone euro.

3. La première directive européenne sur le secteur bancaire date de 1977 : elle visait à harmoniser les normes relatives à la solvabilité, la liquidité et les contrôles internes. En 1989 une directive a édicté le principe de la « licence bancaire unique », une seconde a transposé au niveau européen les dispositions de l'Accord de Bâle I sur la réglementation des fonds propres. Le FSAP a débouché notamment en 2004 sur la directive MiFID (Markets in Financial Instruments Directive) créant un « passeport européen » qui permet aux institutions financières d'offrir des produits et services financiers dans tous les Etats membres, dès lors qu'elles ont été habilitées à le faire dans leur propre pays.

4. On peut, en effet, montrer que plus l'impact d'une variation des taux directeurs de la Banque Centrale est différencié, et plus la politique monétaire doit être peu réactive, dès lors qu'elle prend en compte les écarts de conjoncture entre pays membres de la zone. Ce phénomène est analogue au « principe de conservatisme » de Brainard [1967]. Cf. la démonstration et l'illustration de Penot et Pollin [2001].

L'objectif étant précisé, l'Eurosystème contribue à l'intégration financière à travers trois types d'actions⁵.

— d'une part, il participe, au moins à titre de conseil, à la construction d'un cadre législatif et réglementaire favorable à l'unification des marchés bancaires et financiers. En particulier, il a œuvré pour une meilleure application de la directive sur les services financiers, pour la rédaction des obstacles aux opérations de fusions-absorptions transfrontières entre institutions financières, pour le renforcement des accords de surveillance entre pays, pour la rationalisation de la surveillance des groupes transfrontières... La crise financière actuelle a d'ailleurs mis en évidence les insuffisances de la coordination entre superviseurs nationaux. De sorte que, l'Eurosystème verra son rôle renforcé à l'avenir dans ce domaine.

— d'autre part, il accompagne les initiatives du secteur privé en faveur de l'intégration. La BCE a ainsi contribué à la coordination des intervenants de marché pour le développement du projet STEP (Short Term European Paper) qui a permis la mise en place d'un marché paneuropéen de titres à court terme. Elle a également fourni son appui à la constitution du système européen de paiement (SEPA) qui doit conduire, à compter de novembre 2009, à la mise en place d'un marché intégré des paiements de détail.

— enfin, l'Eurosystème a développé des infrastructures permettant d'assurer les paiements de montant élevé (système TARGET) ainsi que la mobilisation transfrontière des actifs offerts en garantie (le dispositif CCBM qui permet le transfert de garanties entre pays). Ces différents systèmes ont participé à l'intégration des marchés monétaires en rationalisant et en unifiant les conditions de règlements et la gestion de la liquidité des établissements de crédit. Ils devraient être complétés à l'avenir par des initiatives visant à réduire la fragmentation des systèmes de règlements-livraison sur les valeurs mobilières.

Il est difficile de dire quel a été l'impact effectif de ces actions de l'Eurosystème sur l'intégration financière. Car plusieurs effets se sont conjugués durant la période de transition vers l'euro et après sa mise en place. De fait, la convergence législative, réglementaire et institutionnelle s'est accompagnée d'une réduction du risque de change et d'un développement des échanges commerciaux qui ont aussi favorisé les relations financières entre pays membres de la zone. L'incidence respective de ces phénomènes connexes est difficile à démêler et il s'agit d'ailleurs d'une question secondaire pour notre propos⁶.

Quoiqu'il en soit, l'intégration financière, au sens retenu par l'Eurosystème, a sans doute progressé au cours de ces dix dernières années. Et l'objectif de cet article est de montrer que cette évolution soulève au moins autant de problèmes qu'elle est censée en résoudre. Pour cela nous allons d'abord montrer que cette intégration ne conduit pas à une homogénéisation des comportements et des systèmes financiers dans les pays de la

5. On trouvera une description plus détaillée de ces actions dans BCE [2006a], dans le Bulletin Mensuel de la BCE publié à l'occasion de son 10^e anniversaire, ainsi que dans les rapports annuels consacrés à l'intégration financière : « Financial Integration in Europe » [2007, 2008, 2009].

6. Cf. par exemple Kalemli-Ozcan *et al.* [2009].

zone. Nous tenterons ensuite d'expliquer comment la diversité qui persiste provient de modèles économiques dissemblables. Enfin, on se demandera quel peut être l'impact des politiques d'intégration sur l'évolution de ces modèles et dans quelle mesure (sous quelles conditions) elles sont capables de favoriser la convergence.

2. De la mesure de l'intégration aux préceptes de développement financier

2.1. La mesure de l'intégration financière

En plus des actions, que nous venons d'évoquer, pour stimuler l'intégration financière, la BCE a construit une batterie d'indicateurs pour en mesurer l'évolution. L'exercice est révélateur de la conception de l'intégration que s'est donné l'Eurosystème et des objectifs qu'il poursuit en ce domaine. Les statistiques retenues sont publiées chaque année dans un rapport consacré spécifiquement à cette question⁷. Pour l'essentiel, la BCE suit l'évolution de deux types d'indicateurs concernant quatre principaux marchés (monétaire, obligataire, d'actions et bancaire) :

— les indicateurs fondés sur les prix mesurent les écarts de taux (ou de cours) et leurs évolutions sur des titres ou des crédits comparables entre pays : par exemple, le niveau et les variations de l'écart type des taux d'intérêt sur les obligations d'Etat ou sur les crédits à la consommation. Ou, de façon un peu plus sophistiquée, on estime la dépendance des prix, des rendements des titres ou des taux de crédits aux effets propres à chaque pays. Puisque sur des marchés intégrés la réaction des prix d'actifs à des variables nationales devrait se trouver réduite, tandis que la sensibilité aux variables relatives à l'ensemble de la zone devrait augmenter.

— les indicateurs fondés sur les quantités cherchent quant à eux à apprécier la diversification des portefeuilles (des agents non financiers ou des institutions financières) sur l'ensemble de la zone. C'est-à-dire que l'on mesure la part des titres (des marchés monétaires, obligataires ou d'actions) émis dans un des pays de la zone et détenus par des résidents d'un des autres pays partenaires.

A ces indicateurs s'ajoutent des observations sur l'intégration des structures de marchés (les systèmes de transactions, de règlements et de conser-

7. Cf. *Financial Integration in Europe* [2007, 2008, 2009] ; cf. aussi Baele *et al.* [2008].

vations des titres ...) et sur les implantations bancaires ou les opérations de fusions-acquisitions entre établissements financiers au sein de la zone⁸.

Au total, ces différentes statistiques parviennent à des constats très proches et conformes à ce que l'intuition laissait attendre :

— logiquement les marchés monétaires sont bien intégrés et des progrès en ce sens ont été régulièrement réalisés depuis la mise en place de l'euro. Il s'agit en effet de marchés de gros dans lesquels l'Eurosystème tient une place déterminante et où tout a été fait pour assurer une homogénéité des conditions d'échange et de détermination des prix. Cette forte intégration se retrouve également sur les marchés obligataires. L'introduction de l'euro a, en effet, décloisonné les marchés de dettes publiques et a incité les états à homogénéiser les caractéristiques de leurs dettes ainsi que les pratiques de leurs émissions. Cela a rendu ces titres plus facilement substituables, ce qui a profité au marché qui a connu, à la fois, une forte croissance du volume d'émissions (ce qui s'explique par l'élargissement transfrontière de l'ensemble des emprunteurs et investisseurs) et une réduction de « l'effet pays » dans la formation des rendements.

— comparativement l'intégration des marchés d'actions paraît moins avancée et semble avoir moins progressé. La part des actions, émises dans un pays de la zone euro et détenue par des résidents d'un autre pays partenaire s'est accrue d'environ 20 % entre 1997 et 2007, mais les portefeuilles restent encore constitués en majorité de titres émis dans le pays de résidence. Ce qui montre que le « biais domestique » est encore bien présent. D'autre part, les avantages de la diversification au niveau des pays de la zone semblent régresser du fait d'une corrélation croissante entre indices nationaux. La diversification serait devenue plus profitable entre secteurs plutôt qu'entre pays de la zone euro. Toutefois ce résultat mérite d'être pris avec prudence et la crise financière récente l'a peut être remis en cause⁹.

— mais c'est surtout au niveau de la banque de détail que l'intégration financière est la plus en retard. Les conditions de crédit, pour des prêts comparables, sont sensiblement différentes et ne tendent pas à se rapprocher. Divers travaux ont d'ailleurs montré que la répercussion des taux monétaires sur les taux des crédits s'opère de façon très inégale d'un pays à l'autre, ce qui pose, on l'a déjà dit, un sérieux problème pour l'efficacité de la politique monétaire européenne¹⁰. Il y a à cela de nombreuses explications possibles. Ce peut être dû à des différences entre systèmes juridiques qui impliquent des protections inégales des droits des créateurs (donc des

8. Giovannini [2008] explique que le cœur du fonctionnement des marchés de titres se situe dans les systèmes de compensation et de règlement (l'environnement « post marché »). Or ceux-ci sont fragmentés en un ensemble de standards, conventions, réglementations... qui freine l'intégration de ces marchés. Les propositions faites par le groupe que présidait Giovannini pour le compte de la Commission Européenne ont été selon lui peu suivies d'effet parce qu'elles se heurtent à l'opposition des acteurs en place, qui disposent de positions de monopole.

9. Cf. en ce sens Adjaouté et Danthine [2008].

10. Cf. Sander et Kleimeier [2004] ; Sorensen et Werner [2006] ; Gropp *et al.* [2007].

niveaux de risque différents pour des prêts de même nature)¹¹. Ce peut être aussi le résultat d'écarts d'efficience des systèmes bancaires, des structures de marché dissemblables, des formes particulières de relations de clientèle, des différences historiques et culturelles dans les pratiques bancaires....¹². En tout état de cause, il semble que la concurrence pour l'offre de services financiers progresse difficilement. Les implantations d'institutions financières (tout spécialement d'établissements de crédit) sont restées, jusqu'ici très limitées et n'ont guère progressé au cours de ces dernières années¹³.

2.2. De l'intégration des marchés à celle des comportements ?

Au total, l'intégration financière, telle que définie par l'Eurosystème, a progressé de façon bien différente selon les marchés, et il se trouve que celui qui est resté le plus en retard (la banque de détail) est probablement celui qui est le plus important du point de vue de la transmission de la politique monétaire. Mais au regard des objectifs de la BCE le problème ne s'arrête pas là, car ce qui importe c'est la convergence des comportements financiers des agents. En particulier, pour que l'impact des impulsions monétaires soit suffisamment homogène, il faut aussi que les structures de financement et de placement soient assez proches entre les économies de la zone. Or le fait que les marchés soient intégrés, que tous les agents aient accès aux divers produits et services financiers, à des conditions identiques, ne suffit pas à garantir cette convergence des structures et des comportements financiers. Et de ce point de vue, l'hétérogénéité dans la zone euro est encore très forte. On peut en donner quelques brefs éléments descriptifs :

11. Cecchetti [1999], dans le prolongement du courant « Law and Finance » considère que la diversité des régimes juridiques dans la zone euro rendra très difficile l'intégration financière et donc l'exercice de la politique monétaire.

12. Ces différences dans les taux d'intérêt bancaires peuvent aussi avoir des explications qui n'ont rien à voir avec l'intégration. Elles peuvent, en effet, provenir de différences dans les caractéristiques des emprunteurs (par exemple la taille ou la structure financière des firmes) ou le caractère plus ou moins risqué de leur investissement (par exemple les prix plus ou moins volatils de l'immobilier). Affinito et Farabullini [2009] cherchent à répondre à cette objection en prenant en compte les différences nationales dans les conditions de demande et d'offre de crédit. Cela conduit à réduire significativement les écarts de taux observés, surtout pour les types de crédit sur lesquels les demandeurs disposent d'un rapport de force plus favorable. En appliquant la même méthodologie aux taux des crédits hypothécaires Sorensen et Lichtenberger [2007] mettent aussi en évidence des différences significatives entre pays, explicables par la fiscalité, les conditions de garantie et le rapport du crédit accordé à la valeur du bien. Gropp et Kashyap [2008] considèrent, quant à eux, qu'une meilleure mesure de l'intégration consiste à analyser l'éventuelle convergence des rentabilités entre banques. Ils montrent qu'il y a effectivement rapprochement des rentabilités pour les banques européennes cotées (par un alignement sur les plus profitables). En revanche, les rentabilités des banques non cotées ne convergent pas, notamment du fait des particularités des banques mutualistes et des caisses d'épargne.

13. En 2008 le rachat d'ABN-AMRO par un consortium de 3 banques européennes a accru sensiblement le montant des opérations transfrontières. Et il se peut que la crise financière ouvre des opportunités de consolidation, à l'instar du rachat de FORTIS par BNP. Mais il est trop tôt pour dire si ces opérations de circonstance constitueront le point de départ d'un mouvement durable de concentration bancaire dans la zone euro.

— la structure des portefeuilles des ménages est bien différente d'un pays à l'autre. Les actifs immobiliers par rapport à l'ensemble de la richesse est de l'ordre de 70 % en Espagne contre 40 % aux Pays-Bas. La part de la richesse financière détenue sous forme de liquidités est de 20 % aux Pays Bas, contre 40 % en Allemagne ou en Espagne et 56 % en Autriche. En revanche, la proportion des réserves techniques d'assurance est forte aux Pays Bas (55 %), tandis qu'elle est faible en Belgique, en Grèce et en Italie. Les placements en actions sont élevés en Espagne (40 % de la richesse financière), alors qu'elle est faible aux Pays-Bas et en Allemagne (un peu plus de 20 %).

— les structures de financement des entreprises sont également hétérogènes entre les pays de la zone. En particulier le financement par fonds propres est relativement élevé (de l'ordre de 60 % des passifs) en France, en Finlande et en Grèce, alors qu'il n'est que de 40 % en Autriche et de 50 % en Allemagne, Espagne, Italie et Pays-Bas. Au contraire, la proportion de prêts bancaires est de l'ordre de 45 % en Autriche, de 35 % en Belgique, Allemagne et Pays-Bas et seulement de 20 % en France.

Toutes ces observations tendent à montrer que l'incidence de la politique monétaire européenne ne peut être homogène dans l'ensemble de la zone : étant donné les grandes différences de situations et de comportements financiers, la sensibilité aux taux d'intérêt de la demande des ménages et des entreprises ne peut être la même d'un pays à l'autre¹⁴. Du point de vue de l'efficacité de la transmission des décisions de politique monétaire, on ne peut s'arrêter à l'intégration financière, telle que définie par l'Eurosystème. C'est en réalité vers la convergence des systèmes financiers nationaux qu'il faudrait aller.

Pour cette raison sans doute, la BCE a été amenée assez vite à glisser de ses observations, et recommandations sur l'intégration à une analyse et des jugements sur l'efficacité des systèmes financiers¹⁵. Tout en reconnaissant que l'intégration et le développement financiers sont des processus distincts (il peut y avoir rapprochement entre les systèmes sans que cela garantisse leur efficacité), elle affirme qu'ils sont complémentaires, parce que l'effacement des frontières doit logiquement stimuler la concurrence entre les marchés, les intermédiaires et les régulateurs financiers et améliorer ainsi les conditions d'offre de fonds prêtables¹⁶. Ce qui justifie éventuellement une analyse conjointe de ces deux processus. Mais on peut alors se demander si

14. Ce point est en partie développé dans un des « spécial features » du chapitre 2 de la BCE [2007]. On y trouvera aussi des statistiques qui complètent celles qui viennent d'être données.

15. Cette volonté de passer de l'intégration au développement et à l'efficacité des systèmes financiers était déjà évoquée dans le rapport de mars 2007 sur l'intégration financière. Le rapport d'avril 2009 prend explicitement en compte ces nouveaux indicateurs. Entre temps la BCE avait publié des travaux sur cette question. Cf. Hartmann *et al.* [2007].

16. En réalité, on peut faire valoir que ces deux processus sont aussi substituables dans la mesure où les demandeurs de capitaux sont susceptibles de se financer à l'extérieur de leur pays si les conditions y sont plus favorables et si l'intégration financière le rend possible. De plus, l'existence éventuelle d'économies d'échelle et d'agglomération peut induire une spécialisation de certains pays dans les activités financières. Dans ce cas on assisterait à un creusement des inégalités dans le développement financier des différents pays. Cf. en ce sens Guiso *et al.* [2004] ainsi que les discussions de cette contribution par Ph. Martin et P.O. Gourinchas.

l'Eurosystème ne franchit pas les limites de ses compétences dans la mesure où cette question ne concerne pas directement la politique monétaire ni même la stabilité financière *stricto sensu*. La BCE pénètre d'ailleurs sur ce terrain avec prudence en invoquant l'agenda de Lisbonne ainsi qu'une sollicitation de l'ECOFIN en 2006, lui demandant de surveiller et d'évaluer les caractéristiques institutionnelles susceptibles de nuire à l'efficacité des services financiers. Par ailleurs, la Banque affirme que cette efficacité est de nature à conforter, ou faciliter, sa fonction de régulation, en améliorant la croissance potentielle des économies de la zone. Enfin, la BCE n'envisage pas de s'impliquer dans l'optimisation des systèmes financiers, affirmant explicitement que leur construction doit être principalement induite par le marché (ou par le jeu décentralisé des acteurs). Conformément à la doctrine des autorités européennes en ce domaine, elle considère que sa mission n'est pas de définir et d'imposer des institutions applicables à tous, mais plutôt de mettre en place un cadre législatif et réglementaire permettant aux agents économiques (assistés éventuellement par les administrations publiques) de les construire. L'efficacité résulte alors de la mise en concurrence des solutions décentralisées.

2.3. Une conception contestable du développement financier

Pourtant, en dépit de toutes ces précautions, les indicateurs retenus par l'Eurosystème pour juger du développement financier sont bien loin d'être neutres :

— en eux-mêmes les indicateurs de taille du système financier ne posent pas de problèmes de fond, mais ne sont guère significatifs au regard du problème posé. On observera, cependant, que la mesure du marché des capitaux (capitalisation boursière + obligations + crédits bancaires) rapporté au PIB n'a guère de signification dans certains pays, tels que le Luxembourg, la Suisse ou encore l'Irlande. De plus, cet indicateur peut être mal interprété lorsque l'on est en présence d'une bulle boursière ou d'une évolution anarchique des crédits (comme ce fut le cas dans la période récente notamment pour les pays anglo-saxons). L'exubérance des marchés ou le surendettement des agents ne doit quand même pas être confondu avec une augmentation de l'efficacité financière. Qui plus est, les indicateurs de taille choisis donnent l'impression de privilégier les financements de marché par rapport aux financements intermédiés¹⁷. Enfin l'intérêt manifesté pour la titrisation, comme indicateur d'efficacité, est pour le moins maladroit.

17. Le rapport 2009 de la BCE sur l'intégration financière en Europe retient 5 indicateurs : la taille des marchés financiers (telle que définie précédemment, c'est-à-dire en intégrant les crédits bancaires), le marché des billets de trésorerie (commercial paper), le marché des obligations corporate, le contenu en information du marché des actions (la désynchronisation entre les évolutions individuelles des cours et celles des indices de marché), le financement par capital-risque. C'est peu dire que l'efficacité est vue principalement comme le développement de la finance de marché.

— cependant, les autres indicateurs retenus par la BCE, à la suite des travaux de Hartmann *et al.* [2007] sont beaucoup plus discutables. Ils s'appuient exclusivement sur l'abondante littérature issue du courant « Law and Finance », initiée à l'université de Chicago, puis parrainée et diffusée par la Banque Mondiale. Or, ces travaux ont été à l'origine de vives polémiques et suspectés de parti pris doctrinal. Leurs fondements tiennent en quelques propositions simples et maintenant bien connues : le développement financier dans une économie est fonction de la protection dont disposent les apporteurs de capitaux, de la concurrence entre institutions financières et plus généralement de la liberté économique et de l'intégrité des administrations. Pour améliorer l'efficacité des systèmes financiers (et en conséquence la croissance économique) il faut donc agir pour renforcer les garanties dont disposent les créditeurs, protéger les droits des actionnaires minoritaires, veiller à ce que les entreprises diffusent des informations aussi riches et fiables que possible, favoriser l'entrée de nouvelles institutions sur les marchés des services financiers, faire en sorte que la réglementation prudentielle n'interfère pas avec le libre jeu des marchés ... Et les indicateurs retenus par la BCE ne font que reprendre cette vision purement libérale du bon fonctionnement des systèmes financiers. Les propositions de Hartmann *et al.* [2007] reprises en partie dans le rapport 2008 sur l'intégration financière en Europe, considèrent notamment l'efficacité juridique (le temps de règlement des conflits) le droit des créditeurs et des actionnaires, la concentration bancaire, l'actionnariat public dans les établissements de crédit, le poids de la discipline de marché dans la régulation bancaire ...¹⁸. Et l'on retrouve ainsi les thèmes habituels et les conclusions des auteurs du courant « Law and Finance ». La BCE donne l'impression d'adhérer sans nuance à cette littérature pourtant très controversée.

En définitive, le choix des indicateurs de la BCE revient à prendre pour modèle le système financier anglo-saxon. D'ailleurs, on lit dans le bulletin mensuel consacré au 10^e anniversaire de la Banque : « Par rapport au groupe des pays de référence, le système financier de la zone euro soutient en moyenne la comparaison tout en se situant en retrait par rapport au Royaume-Uni et aux Etats-Unis qui réalisent de très bons résultats pour la plupart des indicateurs »¹⁹. Il est difficile de mieux dire. En l'occurrence, la BCE affiche ouvertement une préférence qui la fait clairement sortir de ses compétences et qui apparaît, aujourd'hui, peu avisée.

C'est d'autant plus étrange que cette position est en porte à faux par rapport aux conceptions qui prévalent en ce domaine dans certains pays de la zone euro, et ont à ce titre une vraie légitimité politique. Cela apparaît notamment à propos de la gouvernance des entreprises : les écrits de la BCE semblent la réduire au seul problème du conflit potentiel entre actionnaires minoritaires et dirigeants²⁰. Comme si l'objectif de l'entreprise ne pouvait

18. Une partie de ces indicateurs est issue des rapports « Doing Business » publiés régulièrement par Banque Mondiale.

19. Bulletin Mensuel « 10^e anniversaire de la BCE », p. 109.

20. Cf. Hartmann *et al.* [2007], p. 21-24.

être que de maximiser la valeur actionnariale²¹. En conséquence, les questions traitées concernent la protection des actionnaires contre les « insiders » et le point de savoir si la concentration de l'actionnariat est préférable à sa dispersion. Sans surprise on conclut qu'un actionnariat dispersé et composé d'investisseurs institutionnels serait bénéfique au système financier européen. Or cette proposition est en contradiction avec la situation qui prévaut dans la quasi-totalité des pays européens et même dans la très grande majorité des pays développés, à l'exception du Royaume-Uni et dans une moindre mesure des Etats-Unis. Plus encore, cette conception de la gouvernance s'oppose aux principes prévalant en Europe Continentale qui ont toujours invoqué « l'intérêt général » de l'entreprise et les droits de l'ensemble des « parties prenantes » (stakeholders), au delà de l'intérêt et des droits des actionnaires (shareholders).

Partant de préoccupations parfaitement légitimes sur l'intégration financière, et au terme d'analyses qui se voulaient purement techniques, la BCE en vient à exprimer des propositions pour une architecture des systèmes financiers qui reposent sur des préférences socio-politiques manifestes et qui de surcroît contredisent les fondements des modèles économiques d'une partie des économies dominantes de la zone (on pense, en particulier, au fameux « modèle rhénan »). Comment et au nom de quoi en est-on arrivé là ?

En fait, l'Eurosystème raisonne comme si les différences entre systèmes financiers de la zone étaient le résultat d'une inefficience partielle ou d'un développement financier insuffisant. Il considère donc que la solution pour parvenir à une plus grande homogénéité des systèmes financiers consiste tout simplement à les rapprocher du modèle anglo-saxon pris comme référence. Ce qui conduirait, comme on vient de le voir, à renforcer le poids des apporteurs de capitaux dans la gouvernance des entreprises, à promouvoir un actionnariat plus dispersé dans lequel les fonds de placement prendraient une plus grande place, à élargir la place des marchés et des institutions de capital-risque ...

On doit reconnaître à cette thèse le mérite de la cohérence par rapport au parti pris libéral qui inspire l'Eurosystème. Mais elle est à la fois politiquement contestable et théoriquement infondée, car :

— il n'est pas vrai qu'il existe une architecture financière optimale. L'efficacité d'un système financier ne s'évalue pas en fonction de ses seules caractéristiques mais surtout, à la façon dont il s'articule avec les institutions, les règles, les contrats ... qui structurent le jeu de l'ensemble des acteurs d'une économie. En d'autres termes, l'efficacité doit se juger en considérant les interdépendances qui lient entre elles les différentes composantes de l'organisation institutionnelle d'un système économique.

— il n'est pas vrai, non plus, que le fait de soumettre des systèmes financiers hétérogènes à des normes ou des incitations communes ait le pouvoir de les faire converger. Parce que les parties d'un ensemble cohérent ne

21. On rejoint ici aussi la position libérale qui considère qu'il n'y a plus de débat possible sur le modèle de gouvernance qui doit s'imposer. Hansmann et Kraakman [2003] parlent, à ce propos, de « fin de l'Histoire ».

peuvent évoluer indépendamment les unes des autres. Au pire on prend le risque, en agissant ainsi, de déstabiliser cet ensemble. Au mieux, les systèmes soumis aux mêmes impulsions peuvent sauvegarder leur stabilité par des solutions individuelles qui aggravent leurs divergences.

Ce sont précisément ces deux points que nous souhaitons maintenant développer. Ils ne sont pas spécifiques à l'intégration européenne, mais ils y trouvent un terrain d'application qui nous semble très pertinent.

3. Efficience des systèmes financiers et complémentarités institutionnelles

La fonction d'un système financier n'est pas seulement de mobiliser de l'épargne pour l'acheminer vers des investissements supposés productifs. Il est aussi d'orienter et de contrôler les décisions des utilisateurs de capitaux. Les deux missions sont évidemment liées parce que la collecte des fonds prêtables nécessite que l'on s'assure de leur emploi, ce qui implique notamment que l'on résolve le classique problème d'asymétrie d'information entre offreurs et demandeurs de capitaux.

L'expérience montre qu'il n'est guère possible de construire une typologie robuste des systèmes financiers, en se fondant sur des critères formels ou institutionnels. En particulier, l'opposition souvent faite entre les systèmes à orientation bancaire (« bank oriented ») et ceux où prédominent les marchés « market oriented » est aujourd'hui dépassée : parce que la frontière est devenue floue entre les activités traditionnelles des établissements de crédit et celles de marchés. Mais il faut ajouter que le comportement des banques est différent selon le contexte dans lequel elles évoluent (la structure du marché du crédit, l'environnement comptable et réglementaire ...) : la banque de relation ne joue pas le même rôle qu'une « banque à l'acte ». Il en est de même pour les intermédiaires financiers en tout genre : assurance, fonds de pension, fonds d'investissement... Enfin, le fonctionnement et l'incidence des marchés financiers peuvent également être bien différents selon le type de produits traités, les instruments, la concentration du capital ... Il n'est donc pas pertinent de caractériser et d'évaluer un système financier en ces termes, c'est-à-dire en se limitant à décrire ses composantes et le poids qu'elles occupent.

En revanche, il existe une distinction analytiquement bien fondée entre deux formes de contrôle des utilisateurs de capitaux (ici des entreprises) :

— la première repose sur des relations de proximité entre les demandeurs et apporteurs de capitaux. Elle utilise des informations acquises directement auprès de l'emprunteur : il s'agit donc d'informations privées qui mélangent des observations quantifiées et des appréciations plus qualitatives (« soft information ») obtenues dans le cadre d'une relation durable. Le

contrôle s'opère, quant à lui, par intervention directe sur les décisions de l'entreprise (par l'intermédiaire de clauses particulières, arrêts des financements, vote du conseil d'administration ...). Ce type de relation concerne les crédits bancaires traditionnels (par des banques de relation) mais aussi les interventions en fonds propres de sociétés de capital-risque (qui sont des intermédiaires financiers) ou encore les apports d'actionnaires majoritaires (qui exercent en principe un contrôle direct sur les dirigeants) :

— la seconde repose, au contraire, sur une rencontre ponctuelle sur un marché entre les demandeurs et les apporteurs de capitaux. Elle utilise des informations diffusées publiquement (par documents comptables, évaluations d'analystes financiers ou agences de notation ...) et donc accessibles à tous les investisseurs potentiels. Le contrôle s'exerce par les prix des titres émis, dont les évolutions sanctionnent et orientent les décisions de la firme. Les investisseurs, n'ayant pas la possibilité d'intervenir directement sur ces décisions, agissent en achetant ou vendant les titres (en « votant avec leurs pieds »), ce qui est d'autant plus facile que le marché est liquide. Ce type de relation concerne évidemment les financements de marché, c'est-à-dire les actions cotées, du moins celles qui sont détenues par un actionariat dispersé, mais aussi les obligations, les billets de trésorerie. On peut y ajouter les financements accordés par les banques à l'acte, non pas que celles-ci exercent leur contrôle par des signaux de prix, mais parce qu'elles nouent des relations ponctuelles, pour une durée définie et sur la base d'informations quantifiables (scoring, par exemple).

Le recours à l'une ou l'autre de ces formes de contrôle se justifie de différentes manières. Notamment parce que les coûts de production et de diffusion de l'information peuvent rendre trop coûteuse ou, au contraire, plus avantageuse l'une des solutions : par exemple, le recours au marché est prohibitif pour les financements de faible montant. Toutefois, ce qui oppose le plus clairement ces deux types de relations entre offreurs et demandeurs de capitaux c'est la façon dont elles s'inscrivent dans le temps et dont elles l'utilisent. Il serait sans doute excessif d'affirmer que les marchés ne gardent aucune mémoire des transactions passées, car les phénomènes de réputation, qui sont des traces de jeux passés, interviennent bel et bien dans les conditions de financement. Mais il reste que leur logique de fonctionnement (la recherche de la liquidité et l'anonymat des co-échangistes) interdit effectivement certains engagements durables. Tandis que le propre des intermédiaires financiers, mais aussi des investisseurs de long terme (en particulier les détenteurs de blocs de contrôle), est précisément d'instaurer et de réserver des relations de long terme avec les entreprises. Cela permet de résoudre des problèmes d'asymétrie d'information dans le cadre de contrats à plusieurs périodes, et aussi de lisser dans le temps les conditions de financement.

Dès lors, le type de contrôle exercé gouverne la façon dont l'entreprise développe sa stratégie et prend ses décisions dans le temps, c'est-à-dire l'horizon de ses investissements, la flexibilité de ses plans de production, ses réactions à la conjoncture. Il existe donc une interaction entre les relations financières et le modèle d'entreprise ; au-delà ces relations sont en interdépendance avec les divers aspects de l'organisation économique et sociale. Mais rien ne permet de dire que l'une, l'autre ou une combinaison

particulière des deux formes de contrôle est *a priori* préférable. Car leur efficacité est contingente au contexte institutionnel dans lequel elles existent. Et c'est bien pourquoi la conception du courant « Law and Finance », reprise dans les écrits de la BCE, paraît tellement réductrice. Il est, en effet, caricatural de ramener l'efficacité d'un système financier à la qualité de la protection offerte aux apporteurs de capitaux, et en définitive à la nature du régime juridique qui la rend possible. Parce que les contrats financiers ne sont qu'une partie de l'ensemble des engagements (explicites ou non) qui lient entre eux les agents économiques. L'évaluation que l'on en fait doit donc tenir compte de la façon dont ils s'y insèrent.

Cette idée est un des éléments constitutifs des travaux sur la « diversité des capitalismes » qui parlent à ce propos de « complémentarités institutionnelles ». Sans reprendre ou chercher à résumer ces contributions, nous allons brièvement analyser les interdépendances possibles entre les systèmes financiers et les autres dimensions institutionnelles des modèles économiques et sociaux. Ce qui permettra de relativiser la croyance en un système financier optimal.

3.1. Systèmes financiers et protection de l'emploi

Plusieurs études ont mis en évidence l'existence, au niveau des économies développées, d'une corrélation négative entre la capitalisation boursière (plus généralement le poids des marchés financiers) et la protection de l'emploi²². Ainsi s'opposent les économies anglo-saxonnes (Royaume-Uni, États-Unis, Canada) aux économies d'Europe Continentale (Allemagne, Autriche, Italie). Cette observation est très instructive et s'explique assez bien dans la mesure où l'horizon plus court du contrôle par le marché implique des ajustements de l'emploi plus rapides, induits par un mode de gouvernance (un modèle dit de « shareholders ») et/ou un cadre réglementaire qui s'accordent avec la logique financière. Le maintien de la rentabilité du capital, y compris à court terme, suppose une adaptation rapide de la productivité des facteurs et donc une flexibilité suffisante des emplois. Au plan macroéconomique il est plus facile de satisfaire aux contraintes de rentabilité financière lorsqu'on possède les institutions et que l'on a forgé les comportements qui permettent d'assumer le coût de la plus grande instabilité de l'économie qui en résulte. Cela nécessite un marché externe du travail assez actif pour offrir aux salariés des « options de sortie », c'est-à-

22. Cf. en particulier l'introduction de l'ouvrage édité par Hall et Soskice [2001]. Pollin et Vaubourg [2006] proposent une analyse en composantes principales de 23 variables institutionnelles portant sur 16 pays développés, principalement européens. Le premier axe de l'ACP (33 % de la variance) oppose les variables représentatives des systèmes financiers de marché (forte capitalisation, faible concentration du capital ...) aux variables représentatives d'une forte régulation des marchés du travail et des liens (pouvoir des syndicats, lourdeur des procédures pour la création d'une firme ...).

Pagano et Volpin [2005] font, quant à eux, ressortir une corrélation négative entre la protection de l'emploi et celle des actionnaires, ce qui va dans le même sens.

dire des possibilités de reclassement qui rendent le coût de l'ajustement socialement acceptable. Cela suppose aussi que les salariés disposent de qualifications transposables et donc pas trop spécifiques aux entreprises qu'ils quittent ou qui les licencient.

Au contraire, un système garantissant une forte protection de l'emploi, fondé sur des relations stables entre les entreprises et leurs salariés (un modèle de « stakeholders ») se prête mal aux exigences des marchés financiers. Il présente l'avantage de favoriser l'acquisition par les salariés de connaissances et de savoir faire propres à l'entreprise. Mais en contrepartie, l'adaptation du processus de production aux chocs extérieurs se fait par transformation des emplois et des qualifications en interne, ce qui est fatalement plus lent. En conséquence, cela suppose des formes de financement qui offrent à la firme la flexibilité nécessaire pour compenser la rigidité de ses engagements vis-à-vis de ses salariés. Ce qui signifie qu'un tel système s'accorde mieux avec une concentration du capital (qui crédibilise les engagements pris), un financement plus intermédié et une proximité entre banques et entreprises (afin de lisser les conditions de financement et d'amortir les fluctuations de liquidité)²³.

3.2. Systèmes financiers et relations inter-entreprises

Cette argumentation se transpose naturellement aux relations inter-entreprises, dans la mesure où les fournisseurs et clients de la firme peuvent aussi être considérés, comme des « parties prenantes ». Du moins dans le cas où les différentes contributions au sein d'un même processus de production ne peuvent être réglées par des contrats complets, pas trop coûteux à écrire et à faire exécuter. Les mécanismes de marché ne permettent pas alors de fixer la valeur de chaque contribution pour rendre possibles et efficaces les échanges entre les entités participant à la production. C'est ce qui explique que certains stades du processus doivent être intégrés, afin de résoudre de façon interne à l'entreprise ce problème de coordination.

La théorie des coûts de transaction et celle des droits de propriété ont développé des arguments qui justifient ce phénomène d'intégration et expliquent les déterminants des frontières de la firme²⁴. L'une et l'autre démontrent que l'intégration dans une même entité de certains stades du processus de production est préférable dans certaines circonstances. C'est-à-dire lorsque les échanges entre ces stades de production se fait à des conditions incertaines (volatiles dans le temps), lorsque certains d'entre eux posent des problèmes de contrôle, lorsqu'ils impliquent des investissements

23. Gatti et Vaubourg [2009] étudient l'effet sur le taux de change de l'interaction entre systèmes financiers et régulation du marché du travail sur un échantillon de 18 pays de l'OCDE. Elles montrent qu'un système de finance directe est favorable à l'emploi lorsque la régulation du marché du travail et la coordination salariale sont faibles. Un système intermédié est plus approprié dans le cas contraire.

24. Cf. le survey de Lafontaine et Slade [2007].

spécifiques, ou encore, lorsqu'ils nécessitent une mise en commun de ressources (dans la recherche, la conception de nouveaux produits par exemple).

Mais l'intégration n'est pas la seule, ni la meilleure solution pour répondre à ce problème de coordination. Parce qu'ici aussi certaines défaillances de marché peuvent être surmontées en fixant dans le temps la relation entre les firmes et/ou en rendant crédibles leurs engagements réciproques. Certains comportements opportunistes, capables de bloquer la conclusion de contrats, n'ont de sens que lorsque l'échange entre entreprises est ponctuel (un jeu à une seule période). Ils peuvent être éliminés, n'être plus profitables, lorsque la transaction se répète sur une période assez longue (lorsqu'il s'agit de jeux à plusieurs périodes). La menace de rompre la relation peut être dissuasive ; ou en sens inverse il est possible de construire dans le temps une réputation qui peut valoir engagement à ne pas exploiter un rapport de force favorable, et se substituer à un contrat explicite, difficile ou coûteux à écrire.

Dans ces conditions, des entités distinctes peuvent accepter d'apporter des contributions spécifiques, de mettre en commun des ressources ... Il suffit pour cela que se nouent entre elles des relations de long terme qui permettent de répondre à l'incomplétude des contrats. Mais cela suppose naturellement que l'horizon des firmes concernées autorise la mise en place de telles relations. Et c'est à ce niveau que se joue l'interdépendance entre l'organisation industrielle et le système de financement et de gouvernance. Car ces relations de long terme ne s'accordent qu'avec un horizon et des critères particuliers de gestion. Elles supposent un certain partage du pouvoir de décision entre les firmes qui choisissent de coopérer, et une définition des objectifs qui ne mette pas trop l'accent sur la rentabilité à court terme. Elles nécessitent donc un environnement financier qui protège le développement de collaborations durables entre firmes, c'est-à-dire à nouveau, un système de financement plus intermédié, une proximité entretenue entre institutions financières et entreprises... Le modèle rhénan offre un bon exemple d'une telle organisation industrielle couplée avec un système financier respectueux des horizons de long terme des firmes (et de leurs collaborations)²⁵. Il s'oppose, ici encore, au modèle anglo-saxon.

Or le choix entre ces modèles n'est pas sans conséquence sur les mouvements de restructurations industrielles et ce que l'on peut en attendre. Car d'un côté, il existe une tendance à la désintégration verticale qui résulte de la réduction des coûts de transactions (plus généralement des imperfections de marché) due à l'introduction des nouvelles technologies de l'information ; sans doute aussi de la volonté de réaliser des économies d'échelle au niveau des activités ainsi désintégrées et de la recherche d'une plus grande flexibilité des conditions de production. Mais d'un autre côté cette désintégration nuit, comme on vient de le dire, à la réalisation d'investissements spécifiques. Et c'est ici que l'instauration de relations de long terme entre firmes trouve sa meilleure justification : parce qu'elle permet de surmonter

25. Si l'on accepte de regarder au-delà des frontières de l'Union européenne, le modèle japonais constitue à vrai dire un exemple encore plus typique comme les travaux de M. Aoki l'ont montré. Cf. en particulier Aoki [2006].

cette contradiction. Mais pour cela, il faut pouvoir nouer et protéger des engagements informels sur un horizon suffisamment long. Ce qui n'est guère compatible avec la montée des financements de marché et des critères de valeur actionnariale. De sorte que le choix du modèle anglo-saxon n'est pas en l'occurrence une garantie d'efficience.

3.3. Systèmes financiers et structures des systèmes productifs

Il existe aussi une interdépendance assez évidente entre la structure productive (la composition de la valeur ajoutée) d'une économie et la forme de son système financier. Car les types de contrôle que nous avons évoqués sont plus ou moins adaptés aux secteurs ou aux activités auxquels ils sont susceptibles de s'appliquer. Un contrôle direct par des « insiders » (qui peuvent être des actionnaires majoritaires, des banques de relation ...) est *a priori* plus efficient lorsqu'il concerne des activités connues, car l'information importante est alors spécifique à l'entreprise et elle est moins coûteusement acquise par une relation de proximité. Mais ce type de relation expose à des phénomènes de connivence ou de perte d'objectivité (une « capture du contrôleur ») et laisse peu de place à des divergences d'opinion lorsqu'il s'agit de faire des choix pour lesquels l'information accumulée est peu pertinente ou n'existe pas. C'est-à-dire lorsque le traitement de l'incertitude l'emporte sur la résolution des problèmes d'asymétrie d'information. Dans ce cas, le contrôle externe par les marchés (par les « outsiders ») présente l'avantage d'agréger des informations d'origines plus diverses (notamment sur l'avenir de nouvelles technologies, l'opportunité d'investissements dans de nouveaux secteurs ...). De plus, les contrats conclus dans le cadre de relations « distantes » entre firmes et apporteurs de capitaux sont difficilement renégociables, ce qui rend plus strictes les contraintes de budget qu'ils incorporent, et donc plus immédiates les réallocations de ressources. Enfin, les financements de marchés facilitent les prises de risque, dans la mesure où ils offrent de meilleures possibilités de diversification.

En conséquence, les activités ou les systèmes productifs plus matures devraient mieux s'accorder avec un mode de contrôle direct (financement intermédié, concentration du capital et du système bancaire). Alors qu'au contraire, le « contrôle à distance » est plus approprié pour les économies ou les secteurs en recomposition, pour lesquels existe une incertitude sur la rentabilité des investissements. Dans ce cas, la réallocation rapide des capitaux, la diversification des risques sont plus importantes que la question du contrôle des dirigeants.

En ce sens plusieurs contributions ont cherché à mettre en relation certaines caractéristiques des systèmes financiers et la croissance (ou l'innovation, le niveau de R et D) d'entreprises ou de secteurs particuliers. Carlin et Mayer [2003] par exemple, montrent que la diffusion d'informations de qualité sur les entreprises, la concurrence dans le secteur bancaire et la concentration du capital sont favorables à la croissance des secteurs à haute qualification et dépendant de capitaux propres pour leur financement. Au-delà,

d'autres travaux ont cherché à démontrer que les économies développées qui souhaitent stimuler l'innovation (qui cherchent à se situer sur la « frontière technologique ») doivent accroître le poids des marchés financiers, à la différence des économies moins avancées qui pratiquent une stratégie d'imitation. C'est d'ailleurs ce type d'argument qui a alimenté la démarche d'Hartmann *et al.* [2007], puisqu'elle consiste à montrer que la mobilité du capital est fonction du développement financier, lequel dépend principalement des variables juridiques dont nous avons parlé²⁶.

En poussant trop loin le raisonnement, on en vient alors à considérer qu'il existe une forme optimale de système financier pour l'ensemble des pays développés. Or cette interprétation, que nous récusons, appelle au moins trois réserves ou remarques critiques :

— il faut d'abord souligner que la compétitivité ou les performances macroéconomiques d'un pays ne dépendent pas seulement, ni principalement, d'un positionnement sur les nouvelles technologies. L'exemple de l'Allemagne montre que l'on peut être très compétitif en maintenant une spécialisation sur des productions de qualité mais utilisant des technologies de milieu de gamme²⁷. Il semble qu'en l'occurrence, le modèle de gouvernance recherchant la stabilité de l'emploi et la préservation des compétences acquises ait joué un rôle important dans ce choix stratégique. Ainsi, l'évolution du système productif allemand a privilégié, à la différence des économies anglo-saxonnes, les innovations incrémentales plutôt que radicales. Mais rien ne démontre que ce soit là une stratégie de second rang.

— de même l'augmentation de la productivité n'est pas qu'une affaire de mobilité du capital et des autres facteurs de production. Pour une bonne part c'est aussi le produit d'une accumulation de connaissances et de savoir faire de la part des salariés et des fournisseurs. Or, nous avons déjà dit que ces investissements spécifiques nécessitent des engagements durables de l'entreprise vis-à-vis de toutes ses « parties prenantes », donc l'inverse de ce qu'impose l'horizon court-termiste des marchés. L'innovation n'a pas seulement besoin de flexibilité dans l'allocation des ressources, elle a aussi besoin de temps et de stabilité.

— on a d'ailleurs tiré des conclusions excessives, et en partie fausses, du développement des technologies de l'information et de la communication aux Etats-Unis. D'abord parce qu'il a été assuré bien plus par des financements de proximité (apports personnels ou de proches) ou intermédiés (institutions de capital risque) que par les marchés²⁸. Ensuite, parce que l'innovation ne prend pas les mêmes formes selon les secteurs, et ce qui a pu être

26. Ces variables sont le « formalisme juridique » (censé mesurer le poids des procédures qui freinent le développement financier), la protection des investisseurs (le respect des droits des actionnaires minoritaires) la répression des délits d'initiés, le niveau de concurrence dans le secteur bancaire et la part du secteur public dans le capital bancaire.

27. Vitols [2001] montre que les différences de gouvernance d'entreprise entre l'Allemagne et le Royaume-Uni ont conduit à des choix de spécialisation dissemblables dans deux secteurs qu'il a plus particulièrement étudiés (la finance et la chimie-pharmacie). Mais ces choix n'aboutissent nullement à des écarts de compétitivité. On peut dire, au contraire, que chaque pays s'est spécialisé en fonction de son avantage comparatif institutionnel ». Et il n'apparaît aucune tendance à la convergence de l'un des systèmes vers l'autre.

28. Cf. Mayer [2002].

vrai pour les technologies de l'information et de la communication, ne se transpose pas forcément aux biotechnologies. Le temps de maturation n'est pas le même dans les deux cas, de sorte que la mobilisation du capital et son contrôle ne s'opèrent pas de la même façon.

3.4. Systèmes financiers et protection sociale

Dans un autre ordre d'idée, on peut dire que la forme et l'étendue de la protection sociale façonnent également le système financier. Mais ce n'est plus ici la demande de financement qui est concernée ; c'est plutôt de la structure de l'offre de capitaux dont il s'agit. Car le niveau et la composition de l'épargne diffèrent selon que les assurances sociales (chômage, santé, vieillesse) sont laissées principalement à la responsabilité individuelle ou qu'elles sont prises en charge par la collectivité. Dans la zone euro cela conduit à opposer notamment l'Irlande, les Pays-Bas, l'Espagne qui peuvent être considérés de ce point de vue, comme des économies libérales (faibles prestations publiques, pas d'objectif redistributif), à l'Allemagne, la France, l'Autriche dans lesquelles les dépenses sociales publiques sont plus développées et qui accordent plus d'importance à la solidarité²⁹.

Dans le premier cas, l'assurance se fait par souscription auprès de sociétés qui constituent des réserves principalement sous formes de titres. Un tel système a donc besoin de marchés financiers développés, puisqu'en l'absence d'une liquidité des actifs suffisante, les fonds ne pourraient investir en toute sécurité. Cela nécessite donc des normes rigoureuses de comptabilité et de diffusion de l'information, une bonne protection des apporteurs de capitaux et notamment des actionnaires minoritaires ...

Au contraire, lorsque la couverture sociale par le secteur public est élevée, la constitution de réserves n'est pas ou est moins nécessaire : on pense, en particulier, aux régimes de retraites par répartition. Dans les pays concernés l'épargne investie sur les marchés de façon directe ou indirecte, est alors sensiblement plus faible. On observe que les placements des ménages sont composés plus largement de produits bancaires classiques, ce qui a naturellement des conséquences sur la structure de l'offre de financements générée au niveau national. L'Allemagne en est un bon exemple.

3.5. De la relativité des critères d'efficience

En traitant, comme on vient de le faire, des seuls rapports du système financier aux autres dimensions du système économique (en négligeant les

29. Amable [2005] distingue trois systèmes de protection sociale : celui des économies libérales, celui des économies « corporatistes conservatrices », et celui des économies social-démocrates. Il range l'Allemagne, la France ... dans la seconde catégorie, et les pays d'Europe du Nord dans la troisième. A l'exception de la Finlande, ces économies social-démocrates sont restées à l'extérieur de la zone euro.

relations de ces autres dimensions entre elles), on laisse de côté une large partie de la matrice des complémentarités institutionnelles. C'est-à-dire que l'on renonce aussi à décrire les combinaisons de toutes ces dimensions qui caractérisent les systèmes économiques et sociaux. Par là même, on renonce à comprendre ce qui fait la cohérence et la stabilité de certaines d'entre elles. Cette problématique est précisément celle de la littérature sur la variété des capitalismes. Mais nous n'entendons pas nous y engager plus avant ; on en retiendra seulement qu'il existe des configurations institutionnelles (des modèles économiques et sociaux) de formes bien différentes mais qui s'avèrent également performantes et raisonnablement stables à moyen-long terme³⁰.

Notre objectif était tout simplement de montrer qu'il n'existe pas de définition ou d'indicateurs d'efficacité d'un système financier qui s'applique indistinctement à toute configuration institutionnelle. En particulier, le fait d'améliorer la protection des apporteurs de capitaux ou d'inciter à la maximisation de la valeur actionnariale ne peut être considéré en toutes circonstances, comme un facteur d'optimisation ou de développement du système financier. Car cela revient en l'occurrence à favoriser un certain partage des droits de propriété dont rien ne prouve qu'il soit *a priori* le meilleur. Tout contrat financier repose sur un partage variable d'une économie à l'autre entre les parties prenantes de la firme³¹. Et il serait bien naïf, ou au contraire mystificateur, d'interpréter ces différences dans le temps et l'espace comme une marque de plus ou moins grande efficacité. Dans le cas de certaines architectures institutionnelles le fait de réduire les droits des salariés, d'inciter à une dispersion du capital, de faciliter les OPA... peut être contre-productif. Parce que de telles mesures sont susceptibles de remettre en cause des relations de long terme entre l'entreprise et certaines de ses parties prenantes.

Définir dans l'absolu les voies et les moyens du développement financier ne peut donc être neutre. Et l'on ne peut même pas s'en tirer en expliquant qu'il ne s'agit que d'améliorer le fonctionnement du système ou d'élargir la gamme des possibilités de financement ou de placement. Car le simple fait d'introduire ces nouvelles opportunités (par exemple faciliter l'entrée de nouvelles institutions, ou rendre plus aisées les OPA) est capable de déstabiliser l'organisation existante. En d'autres termes, le développement des marchés peut s'avérer contraire à la pérennité des financements intermédiés (des relations de proximité). C'est ainsi que la volonté d'intégration de l'Eurosystème se heurte à l'hétérogénéité institutionnelle des pays membres de l'Union monétaire.

30. Ainsi Hall et Soskice [2001] distinguent entre les économies libérales de marché et les économies de marché coordonnées. Amable [2003] distingue 5 types de capitalismes également stables et dont les performances sont comparables.

31. Les lois sur les faillites fournissent un bon exemple de ces différences. Ces lois propres à chaque pays reposent effectivement sur un arbitrage entre les intérêts des créanciers, des salariés, des actionnaires ... Or, il n'y a pas a priori de solution optimale en ce domaine. Rien ne montre que la loi la plus restrictive, qui protège le mieux les intérêts des créanciers, permet une maximisation de la somme des intérêts particuliers.

4. La libéralisation financière ne garantit pas la convergence : l'exemple des cas allemand et français

Le fait d'insister sur la cohérence entre les différentes dimensions d'un système économique et social ne doit pas empêcher de penser ses transformations, sous l'impulsion d'une dynamique propre ou sous l'effet de chocs extérieurs. C'est une objection classique faite au courant de la diversité des capitalismes : à trop insister sur les complémentarités institutionnelles, on court le risque de ne pas comprendre la logique de ses évolutions³².

De notre point de vue la question, plus étroite, qui se pose est celle de savoir comment des systèmes différents, mais *a priori* stables, réagissent face à des chocs communs : sous quelles conditions ils sont à même de conserver leur cohérence dans leur diversité, ou dans quels cas, au contraire, ils vont être amenés à converger. Plus précisément encore : dans quelle mesure le fait de soumettre les systèmes financiers européens à des pressions, des normes, des règles identiques va-t-il les unifier. Car il se trouve qu'ils ont tous été plus ou moins soumis à l'impact de la globalisation et à la volonté d'intégration de l'Eurosystème. Cela s'est traduit par une montée du pouvoir actionnarial qui a accru les exigences de rentabilité du capital (en les alignant sur celles des pays anglo-saxons), rapproché les règles de gouvernance (sur les droits de vote, la composition des conseils d'administration, les normes comptables ...), accru la concurrence entre banques, unifié en partie les fonctionnements des marchés financiers.

Ces évolutions ont des causes multiples. En particulier, les phénomènes démographiques (le vieillissement de la population), ont joué un rôle essentiel dans le développement des fonds d'investissement et contribué ainsi au renforcement du pouvoir actionnarial. Mais l'internationalisation des flux de capitaux a aussi élargi les possibilités d'arbitrage des fonds et leur a permis d'imposer plus facilement leurs exigences de rentabilité. La mise en place de l'euro a naturellement participé à ce phénomène puisque nous avons vu qu'elle avait favorisé les investissements à l'étranger (réduit le « biais domestique ») des fonds d'investissement. L'élimination du risque de change, mais aussi les mesures prises en faveur de l'intégration financière a permis l'émergence de marchés plus liquides et donc plus attractifs.

Les systèmes financiers européens ont ainsi été soumis à de fortes pressions internes et externes capables de bousculer leur logique et leurs conditions de fonctionnement. Des pressions qui vont globalement dans le sens des préconisations de l'Eurosystème, dont le rôle a consisté à les accompagner. Il est donc intéressant d'étudier comment les différentes économies y

32. L'un des objectifs de l'ouvrage de Hancke *et al.* (ed) [2007] est précisément de corriger ce possible travers.

ont réagi, et dans quelle mesure cela a favorisé la convergence recherchée. Nous allons pour cela nous concentrer sur les systèmes de financement et de gouvernance allemands et français pour lesquels on dispose de bonnes informations, et dont les évolutions ont été symptomatiques : leurs différences initiales ont généré des trajectoires dissemblables au lieu de les rapprocher.

4.1. L'Allemagne et la globalisation financière : les voies de la résistance

La très grande majorité des travaux consacrés aux transformations du système allemand de financement et de gouvernance considère qu'il est parvenu à s'adapter aux défis de la globalisation et de l'intégration financière européenne en préservant ses caractéristiques essentielles³³. Le « capitalisme rhénan » constituait jusqu'ici le type même de l'économie de marché coordonnée (au sens de Hall et Soskice), reposant sur une forte concentration du capital des entreprises, un financement largement intermédié, des banques directement investies dans le capital et le contrôle des firmes et des engagements de long terme entre les entreprises et leurs salariés. Or ce système a dû subir un certain nombre de pressions d'origines diverses qui étaient potentiellement déstabilisantes :

— l'évolution majeure est celle qui a conduit les banques à se désengager du capital des entreprises. Pour les y inciter le gouvernement les a autorisées à vendre leurs participations en franchise d'impôts sur les plus values. Ce retrait devait rompre ou du moins réduire l'imbrication trop étroite entre le système bancaire et les grandes entreprises pour faciliter une allocation plus libre du capital. Plus généralement, il devait réduire la concentration du capital puisque cette mesure, également applicable aux entreprises non financières, était censée réduire les participations croisées. Dans le même temps, cela ouvrait le capital des firmes à de nouveaux investisseurs.

— dans le même ordre d'idée, après bien des péripéties, le Parlement allemand a fini par voter une loi sur les OPA, inspirée d'une directive européenne, à ceci près qu'elle autorisait d'assez larges pratiques défensives des dirigeants contre les OPA hostiles. Dans le contexte allemand cette réforme constituait une avancée notable, capable d'élargir le contrôle des firmes par le marché.

— d'autre part, afin d'éviter la marginalisation de la place de Francfort, les pouvoirs publics en liaison avec les autorités de marché (elles-mêmes réformées avec la création d'une Commission Fédérale de Régulation) ont légiféré pour améliorer la transparence de l'information sur les sociétés et pour mieux protéger les actionnaires minoritaires.

33. Cf. en particulier O'Sullivan [2003], Hacketal *et al.* [2005], Vitols [2005], Goyer [2006], Carlin [2008], Georgen *et al.* [2008]. En revanche, Pesin et Strassel [2006] développent dans leur ouvrage un point de vue différent : ils intitulent un de leurs chapitres « le crépuscule du capitalisme rhénan ».

— enfin, diverses mesures ont été prises pour faciliter l'accès des entreprises aux marchés financiers (avec la création éphémère d'un Nouveau Marché), moderniser le système de transactions et élargir la gamme des produits traités.

La principale conséquence de ces diverses initiatives a été de distendre les rapports entre les entreprises et les grandes banques³⁴. D'abord parce que celles-ci se sont séparées d'un peu plus du tiers des participations qu'elles détenaient, une partie ayant été rachetée par les compagnies d'assurance. Mais de surcroît, l'intensification de la concurrence dans le secteur bancaire a remis en cause la coopération qui prévalait dans le contrôle des entreprises, notamment lorsque celles-ci connaissaient des difficultés financières. En d'autres termes, la concurrence entre institutions financières a réduit la proximité qui existait entre entreprises et banques. Et comme dans le même temps les participations croisées entre firmes ont aussi été partiellement rompues, la concentration du capital s'en est trouvée sensiblement diminuée. Ainsi les grandes entreprises, ou du moins certaines d'entre elles, ont en partie perdu la protection dont elles disposaient face aux exigences des investisseurs court-termistes.

Il reste que les entreprises allemandes sont restées très dépendantes des financements bancaires. D'ailleurs si l'accroissement du recours aux marchés financiers a engendré un développement des opérations de toute nature (transactions boursières, fusions-acquisitions, introduction de nouvelles sociétés sur le marché ...) ainsi qu'une augmentation de la capitalisation boursière, celle-ci reste très en retrait (en pourcentage du PIB) par rapport au niveau observé dans les autres pays développés. Au demeurant, les variations très heurtées des marchés au cours de ces dix dernières années empêchent d'évaluer précisément la croissance de long terme de cette capitalisation.

Parallèlement, on a observé un infléchissement de la structure de l'épargne vers les placements boursiers. Mais ici encore, l'évolution heurtée de ces dernières années n'est pas claire et le niveau de détention de valeurs mobilières est relativement faible, comme il a déjà été dit ; l'épargne des ménages allemands reste largement investie en liquidités. Quant aux entrées de capitaux-externes sur les marchés, elles sont restées modestes : en 2005 la part de la capitalisation boursière détenue par les étrangers n'était que de 21 %, soit une proportion inférieure de moitié à celle de la France. De plus, il semble que les prises de participation des fonds d'investissement étrangers, notamment anglo-saxons, aient été faites dans un simple objectif de diversification, sans chercher à intervenir dans la gestion des

34. On débat, depuis assez longtemps, sur le point de savoir si les banques allemandes ont joué un rôle actif dans la gouvernance des entreprises. En particulier Edwards et Fisher [1994] se sont efforcés de montrer que ce n'était pas le cas : pour eux les banques se sont toujours gardées d'intervenir dans les décisions stratégiques. Mais de notre point de vue, cette question n'est pas essentielle. Ce qui compte le plus, en l'occurrence, n'est pas que les banques aient été impliquées dans les décisions, mais plutôt qu'elles aient contribué à protéger les contrats implicites entre les différentes parties prenantes des entreprises. C'est-à-dire qu'elles aient pu les soustraire à la dictature des marchés et des critères de rentabilité à court terme.

entreprises : en témoigne le faible nombre d'entreprises cotées dans lesquelles les fonds ont pris une part supérieure à 5 % du capital³⁵.

Si l'on s'en tient à ces observations, le système financier allemand ne paraît pas avoir connu de véritable bouleversement et c'est pourquoi on s'accorde généralement pour considérer qu'il reste fondé sur l'importance de l'intermédiation et n'a donc pas basculé jusqu'ici vers un système dominé par les marchés. Par le fait même le modèle de gouvernance des entreprises semble avoir, lui aussi, préservé sa particularité, c'est à dire la prise en compte des intérêts des diverses parties prenantes, le souci du long terme ... Toutefois, cette stabilité du « cœur financier » n'a pu se maintenir qu'au prix d'un certain nombre de contreparties :

— d'abord les grandes entreprises sont parvenues à améliorer leur compétitivité et leur rentabilité en délocalisant une partie notable de leurs activités. Elles ont donc protégé leur modèle en cherchant à l'extérieur les conditions de leur flexibilité et de la maîtrise de leurs coûts.

— les PME (les entreprises du *Mittelstand*) ont également servi de variables d'ajustement dans la flexibilisation du système de production. De plus, ce sont elles qui ont subi le plus durement l'affaiblissement des relations entre les banques et les entreprises. Elles ont à l'évidence été soumises à un rationnement de leurs financements de long terme.

— enfin, les pouvoirs publics ont réagi à la dérive des dépenses sociales, à la rigidité de la structure productive et à la dégradation de la compétitivité par une série de mesures visant à réduire la protection de l'emploi (licenciements facilités, possibilités de contrats de travail plus courts) ainsi que la durée et le montant des prestations chômage. Ce qui a eu pour conséquence de créer ou d'accentuer un certain dualisme sur le marché du travail.

Ces évolutions ont permis aux grandes entreprises de s'adapter aux exigences de rentabilité du capital induites par la globalisation. Elles ont aussi permis à l'économie allemande, de faire face à la détérioration de sa compétitivité, résultant notamment de son entrée dans l'euro à une parité surévaluée. Elles se sont traduites par une rigueur salariale de plusieurs années, un déplacement du partage de la valeur ajoutée et une montée des inégalités. La pression sur les salariés a autorisé un fléchissement sensible de la consommation, mais qui a été compensé, au niveau de la demande globale, par une progression impressionnante des exportations. De sorte que l'Allemagne a retrouvé (du moins avant qu'elle ne soit frappée par la crise et l'effondrement du commerce mondial) des performances macroéconomiques satisfaisantes sans remettre en cause la cohérence de son architecture institutionnelle. Car, au bout du compte, le compromis capital-travail a été préservé et le principe de cogestion a résisté aux discours prêchant la supériorité du « modèle de shareholders ». L'Allemagne offre ainsi l'exemple d'une résistance au modèle dominant, sans que l'on puisse y voir la marque d'une quelconque inefficience.

35. Cf. Goyer [2007].

4.2. La France et la globalisation financière : le glissement contraint vers une économie libérale ?

Même si l'on a parfois tendance à regrouper la France et l'Allemagne en évoquant un modèle d'Europe Continentale, leurs systèmes de financement et de gouvernance ont connu des histoires bien différentes. D'abord, parce que le modèle français n'a jamais eu la cohérence de son homologue : en dépit de la référence à l'intérêt général de l'entreprise, le principe de cogestion a toujours été récusé, et les banques françaises n'ont pas été aussi présentes auprès des entreprises que les banques universelles « à l'allemande ». Par contre, l'Etat a joué en France un rôle essentiel de coordination par sa politique industrielle, ses politiques sociales, et sa forte implication dans le financement de l'économie (circuits de financements privilégiés, rôle de la Caisse des dépôts ...). Curieusement c'est d'ailleurs l'Etat qui a été à l'origine de la libéralisation du système financier, au milieu des années 80, pour des raisons aussi diverses que mal définies. La France a donc entrepris une « modernisation » de ses intermédiaires et marchés financiers avant l'Allemagne et bien avant l'intégration monétaire et financière européenne. Même si la mise en place de l'euro a certainement ici aussi contribué à amplifier l'entrée des capitaux étrangers, donc l'empreinte de la finance anglo-saxonne.

On sait que ces impulsions se sont traduites par une vive progression de la finance de marché : entre le début des années 90 et la veille de la crise financière, la capitalisation boursière rapportée au PIB a plus que doublé. En 2006, ce ratio ressortait environ à 80 %, soit le double du ratio allemand. Parallèlement, les crédits accordés par les institutions financières aux entreprises ont peu augmenté de sorte que le taux d'intermédiation des financements d'entreprises, au sens étroit, a diminué de quelques 20 % (de 50 % à 30 % environ), depuis le milieu des années 90. De ce point de vue le système financier français est désormais plus proche du modèle anglo-saxon, par la place qu'il accorde aux financements de marchés.

En revanche, la structure des placements financiers des agents non financiers n'a pas évolué dans les mêmes proportions. En particulier, la part des titres dans le patrimoine des ménages (et surtout les titres détenus en direct) reste limitée. Elle est même très faible si on la compare à celle des pays anglo-saxons. Ce qui s'explique naturellement par la forme du régime de retraite, en dépit du rôle grandissant des placements sous forme d'assurance vie. C'est donc l'entrée des non résidents qui a permis de combler l'écart entre l'offre et la demande de financements de marché : on estime que depuis la fin des années 90, 80 % des financements non intermédiés ont été apportés par des non-résidents³⁶. La baisse des taux d'intermédiation, au sens strict ou au sens large, depuis lors, s'explique principalement par ce phénomène.

36. Cf. Boutillier et Bricongne [2006].

Ce mouvement est bien plus fort que celui observé en Allemagne. De plus, l'origine et la motivation des fonds paraissent être différentes. Si l'on en juge par le montant des prises de participation des fonds d'investissement étrangers dans le capital des entreprises françaises, il ne semble pas que l'objectif de diversification soit ici prédominant. Goyer [2007] montre que les prises de participation supérieures à 5 % du capital de fonds étrangers sont deux fois plus élevées qu'en Allemagne. L'entrée dans le capital a donc ici pour but d'intervenir, au moins à court terme, dans les décisions des firmes.

Cette différence essentielle avec l'Allemagne mérite que l'on s'y arrête, car il se pourrait qu'elle soit due à la moindre cohérence du modèle français, à sa moindre capacité de résistance par rapport aux exigences du capital financier³⁷. Du fait de la faiblesse du contre-pouvoir salarial, notamment de la faible représentation des salariés dans les instances de décision, les dirigeants de l'entreprise disposent d'une plus grande marge de manœuvre. De sorte que les fonds d'investissement ont pu nouer des alliances avec la direction et les actionnaires majoritaires pour imposer des réorganisations plus vite et plus facilement qu'en Allemagne. En d'autres termes, le « capital impatient » a pu établir, en France mieux qu'en Allemagne, un rapport de force favorable lui permettant de faire prévaloir ses objectifs et son horizon de contrôle.

Ce phénomène a bien sûr touché plus directement les grandes entreprises, cibles privilégiées de ces investissements étrangers, qui ont subi ou mené de nombreuses opérations de restructurations, d'externalisations, de cessions, de fusions-absorptions, de délocalisations... Mais les PME ont également été affectées de façon indirecte parce que le comportement des grandes firmes gouverne (par leurs commandes, les garanties qu'elles offrent, les partenariats qu'elles nouent, les participations qu'elles prennent ...) celui des entreprises qui gravitent autour d'elles. De sorte que la soumission à cette nouvelle gouvernance, à ces critères de rentabilité de plus court terme, s'est propagée bien au-delà de la zone d'intervention directe des fonds d'investissement. Or, cette modification des critères nécessitait une plus grande flexibilité, dans l'allocation des ressources et en particulier dans la gestion des emplois. De ce point de vue, d'importantes évolutions, soutenues par les politiques publiques, se sont d'ailleurs produites dont témoignent la sensibilité accrue de l'emploi au niveau d'activité et la plus forte mobilité des salariés : les trois quarts des embauches se font en contrats à durée déterminée et les formes d'emplois précaires (CDD, intérim, stages) sont passées de 9 % par rapport à l'emploi total en 1990 à près de 14 % en 2007. Il faut y ajouter la montée des rémunérations variables, liées à la performance, qui a également permis de flexibiliser la masse salariale en fonction de la conjoncture.

Il n'empêche que la protection de l'emploi reste en France encore bien plus développée que celle qui prévaut dans les économies libérales de marché, et le fonctionnement du marché du travail n'a pas la même fluidité que celle des économies américaine et britannique. La plus grande flexibilité du travail (l'augmentation des flux de main d'œuvre) a touché certains types

37. C'est du moins la thèse développée par Goyer [2007].

d'emploi et certaines catégories de salariés ; elle n'a pas engendré une dynamique de réallocation des emplois dans l'ensemble de la population active³⁸. De ce fait, les recompositions en tout genre du système productif, censées stimuler la productivité et l'emploi, ont jusqu'ici alimenté un chômage supérieur à la moyenne de la zone euro. La plus grande précarité des emplois n'a pas été compensée par une activité plus soutenue sur le marché du travail. En conséquence, ce sont les dépenses publiques pour l'emploi qui ont absorbé le coût social de l'accroissement de la flexibilité et qui ont permis de maintenir la croissance de la consommation. Mais ces dépenses, qui représentent 4,5 % du PIB depuis le début des années 2000, pèsent naturellement sur la compétitivité, ce qui réduit ou annule les gains attendus d'une éventuelle amélioration dans la gestion de la main d'œuvre.

Au total, cette agitation incessante de l'organisation productive a sans doute permis aux grandes entreprises d'obtenir des taux de rentabilité plus élevés et plus stables, répondant ainsi aux normes fixées par les fonds d'investissement. Les profits des entreprises du CAC 40 ont augmenté, surtout parce qu'une partie croissante de leur activité se situe à l'étranger. Mais d'un point de vue plus général, rien ne prouve que les transformations du système productif ont permis d'améliorer les performances macroéconomiques. Tous les indicateurs montrent que la croissance de la productivité est restée faible et stable depuis le début des années 90. Au plan de la compétitivité, la France enregistre depuis 2002 une baisse continue de sa part de marché dans l'ensemble des exportations des pays de l'OCDE, en dépit d'une stabilité des coûts unitaires de production. L'industrie française reste peu spécialisée, à la différence de celle de l'Allemagne, et elle semble nettement en retard dans ses performances technologiques et sa capacité d'innovation : elle détient 4,7 % des brevets dits « triadiques » contre 11,9 % à l'Allemagne. En bref, quels que soient les indicateurs auxquels on se réfère, il apparaît un étrange décalage entre les performances de l'économie française (en termes de croissance, d'emploi ou de commerce extérieur) et l'importance des restructurations qu'elle a subies au cours de ces dernières années, sous l'influence des évolutions importées de ses systèmes de financement et de gouvernance.

Soumis aux exigences de cette nouvelle logique financière, le modèle économique et social français n'a manifestement pas trouvé les moyens d'y répondre de façon cohérente. Probablement parce que ces exigences se sont révélées incompatibles avec les caractéristiques des autres dimensions institutionnelles, et notamment avec le fonctionnement du marché du travail ou le niveau de protection sociale. Pour retrouver une cohérence, le modèle français est donc condamné à choisir entre deux voies opposées. Soit il tente de se soustraire aux contraintes qu'impose le « capital impatient » pour revenir à un horizon de décision qui s'accorde avec une croissance et des relations salariales plus équilibrées ; ce qui nécessite de retrouver des sources de financement à long terme et des structures de capital plus sta-

38. C. Picart [2008] montre d'une part que les flux d'emploi en France sont nettement moins importants qu'aux Etats-Unis. D'autre part, les rotations (excès des flux de main d'œuvre sur les emplois) apparaissent plutôt comme le résultat d'un dualisme du marché du travail (elles sont concentrées sur certains secteurs) que comme le produit d'un processus de destruction créatrice

bles. Soit il accepte la loi de la finance globalisée et il doit alors franchir les derniers pas pour entrer pleinement dans une économie libérale de marché ; ce qui implique de revoir la protection de l'emploi, la couverture sociale ... En l'absence d'un fort volontarisme politique, c'est cette seconde solution qui devrait logiquement s'imposer.

4.3. Allemagne et France : les enseignements d'une comparaison

Au total, les évolutions comparées des modèles allemand et français montrent bien qu'il est illusoire de vouloir faire converger les systèmes financiers en les incitant à se soumettre à des règles identiques, à partager des infrastructures communes ou même à intégrer leurs marchés de capitaux. Confrontés aux mêmes transformations de leur environnement, les systèmes de financement et de gouvernance allemands et français ont réagi de façon très différente. Parce que leurs réactions étaient conditionnées par la configuration institutionnelle dont ils dépendaient. Sans doute aussi parce que les choix qui ont été faits se situaient dans des contextes politiques et sociaux dissemblables.

Quoiqu'il en soit, le modèle allemand s'est adapté aux nouvelles exigences de valorisation du capital en préservant l'essentiel de sa cohérence. Tandis que le modèle français s'est trouvé déstabilisé et n'a pu être plus d'autre choix que d'achever sa transition vers une économie libérale de marché, ce qui sera sans doute long et coûteux. Bien évidemment on ne peut ramener l'explication des performances comparées de l'Allemagne et de la France à une simple question de compatibilité entre système financier et rapport salarial. Mais cette confrontation permet, au moins, de montrer que l'augmentation du poids des marchés financiers n'est pas en elle-même un facteur de croissance et de compétitivité. Elle montre aussi que l'organisation d'un espace financier intégré n'induit pas les mêmes conséquences dans les pays concernés. A l'arrivée, il y a bien deux types de systèmes financiers et de configurations institutionnelles qui divergent au lieu de se rapprocher.

Or, ces évolutions différentes constituent un sérieux problème du point de vue de l'intégration monétaire et financière européenne. Car non seulement cela renforce l'hétérogénéité des mécanismes de transmission de la politique monétaire entre les pays partenaires. Mais de plus, cela peut induire une divergence des structures productives, ce qui augmente l'éventualité de chocs asymétriques ou de réponses asymétriques à des chocs communs au sein de la zone. Dans tous les cas, cela remet en cause l'opportunité de la monnaie unique et contraint l'exercice de la politique monétaire.

Plus encore, ces divergences institutionnelles débouchent sur des stratégies de politique économique potentiellement conflictuelles. On a vu que l'Allemagne était parvenue à rétablir sa compétitivité en jouant sur des engagements réciproques des salariés et des entreprises : la rigueur salariale contre la stabilité de l'emploi. Cela lui a permis de stimuler ses expor-

tations et de tirer ainsi sa croissance. De la part d'un pays développé et vieillissant cela n'a rien *a priori* de condamnable et devrait même être considéré comme exemplaire. Mais il est vrai que ces gains de parts de marché se sont faits, pour une bonne part, aux dépens de ses partenaires européens et sont donc considérés comme non coopératifs. Les autres pays (et en particulier la France) incapables de suivre une telle stratégie du fait de leurs relations sociales et des caractéristiques de leur système financier, ont sollicité l'endettement privé et public pour leur régulation macroéconomique. Ce qui peut également apparaître comme un comportement non coopératif. Mais on comprend bien que l'instabilité de ce jeu n'est pas le simple produit « d'égoïsmes nationaux ». Car la coopération suppose un rapprochement préalable des modèles, et le chemin actuellement suivi pour y parvenir est loin d'être optimal. Penser que l'on peut appliquer le principe de subsidiarité au choix des configurations institutionnelles est une idée fautive ; suggérer que l'on peut laisser aux forces du marché le soin de les faire converger en est une autre.

5. Conclusion

L'intégration financière est, sans aucun doute, un aspect essentiel de la construction monétaire européenne. Principalement parce qu'il est sous-optimal d'appliquer une même politique monétaire à une zone dont les systèmes financiers sont trop hétérogènes. Des effets trop différenciés d'un pays à l'autre a alors pour conséquence de rendre cette politique peu réactive. C'est bien d'ailleurs la situation que l'on observe aujourd'hui dans la zone euro : la BCE manie ses taux directeurs avec une excessive prudence parce que leur impact est bien différent selon les régions, et aussi parce que les conjonctures y sont dissemblables.

L'Eurosystème a donc raison d'accorder une attention particulière à ce problème et de tenter d'y apporter des réponses. Mais le défi est redoutable car cette recherche de l'intégration financière suppose que l'on définisse le point de convergence et le chemin pour y parvenir. Concrètement, il s'agit de savoir quel est le type de système financier que l'on souhaite voir se mettre en place dans l'ensemble de la zone. Or la réponse à cette question ne se réduit pas à de pures considérations techniques. Elle renvoie à des préférences sociales qui en font un véritable problème d'économie politique. Parce qu'une organisation financière n'est pas une simple juxtaposition de produits, de banques, de marchés ... ; et son efficacité ne dépend pas seulement de la qualité et de la diversité de ces composantes. Cette efficacité est surtout fonction de la cohérence de l'architecture financière (c'est-à-dire de la combinaison de ses composantes) et de son articulation avec les autres dimensions institutionnelles du système économique et social dans lequel elle s'insère.

Ce type de réflexion est, cependant, tout à fait étranger à la problématique de l'Eurosystème sur la question de l'intégration financière. Sa démarche consiste en réalité à reprendre la stratégie constante (déliquée et affichée)

des autorités européennes, en matière de convergence institutionnelle : celle de la mise en concurrence des systèmes nationaux. Car, du fait de la diversité de leurs cultures, de leurs valeurs, de leur histoire, les pays européens n'ont jamais été en mesure de s'entendre sur un modèle économique et social commun. Ils ont donc considéré que l'intégration viendrait de la confrontation entre les différentes solutions nationales, les meilleures ayant vocation à s'imposer dans l'ensemble de l'Union. On a souvent fait valoir que cette façon de procéder risquait de promouvoir les solutions les plus libérales qui privilégient l'intervention publique minimale et le moins disant réglementaire. Mais plus encore, elle risque de déstabiliser les modèles nationaux (du moins certains d'entre eux) et de les éloigner au lieu de les rapprocher.

En ce sens, l'étude de l'intégration financière fournit une bonne illustration des enjeux de la convergence institutionnelle, de ses difficultés et des limites de la stratégie de mise en concurrence des solutions nationales. L'idée d'un système financier optimal ne résiste guère, en effet, à l'analyse des interdépendances entre les caractéristiques de l'architecture financière et les autres dimensions de l'organisation économique et sociale. Il n'y a donc pas de raison pour que tous les pays partenaires convergent, par les vertus de la concurrence, vers le même système de financement dès lors qu'ils diffèrent au niveau de leur protection de l'emploi, de leur protection sociale, de leur modèle de gouvernance, de leurs structures productives ... Les évolutions divergentes des systèmes allemand et français de financement et de gouvernance en sont un bon exemple. En ce domaine, qui est aussi celui de la diversité des capitalismes, la « fin de l'Histoire » n'est pas encore pour demain. Du moins l'alignement sur le modèle anglo-saxon n'est pas une fatalité.

Il ressort de tout ceci, que la convergence des systèmes financiers suppose sans doute aussi le rapprochement des autres dimensions institutionnelles des pays partenaires. Et l'on ne peut alors éluder un débat et des choix sur les grandes lignes d'un modèle européen. Au fond, ce n'est pas là une exigence démesurée, puisqu'il était dit que la construction européenne n'avait de sens que si elle permettait aux pays membres de garder dans la mondialisation une organisation économique et sociale qui leur soit propre. Mais en l'occurrence, la conception de ce modèle n'est pas seulement une ambition politique estimable, c'est aussi la condition indispensable de l'intégration financière, et donc monétaire, européenne. Faute de quoi l'aventure de la monnaie unique restera un projet inachevé et potentiellement instable. Car en-deçà des critères traditionnels (asymétries des réactions aux chocs, mobilité des facteurs ...) c'est bien l'homogénéité, ou du moins la compatibilité, des configurations institutionnelles qui fonde pour l'essentiel l'existence d'une zone monétaire optimale. Le « péché originel » de l'euro réside dans la négligence ou le déni de ce principe.

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L'AGRICULTURE

La fin d'une politique d'exception ?

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L'agriculture : la fin d'une politique d'exception ?

La Politique agricole commune (PAC) a longtemps été guidée par un consensus normatif qualifié d'« exceptionnalisme agricole » : l'agriculture était considérée comme une activité sociale et économique particulière qui ne devait pas être soumise aux mêmes règles que les autres secteurs politiques. Depuis trente ans, cet exceptionnalisme agricole a été remis en cause. Le tournant néolibéral, l'avènement de nouveaux enjeux qui traversent trans-sectoriels, comme la protection des consommateurs ou de l'environnement, ont bouleversé l'idée selon laquelle les pouvoirs publics devaient réserver un traitement particulier à l'agriculture. Cet article tente d'éclaircir une question largement débattue : ces nouveaux enjeux ont-ils fait émerger un nouveau paradigme normatif, ou se heurtent-ils au contraire aux résistances d'acteurs et d'institutions qui tentent, avec plus ou moins de succès, de préserver l'idée d'exception agricole ? En utilisant des données quantitatives sur la production législative de l'Union européenne, nous concluons en faveur de la seconde hypothèse. Nous montrons ainsi en quoi la politique agricole européenne peut être qualifiée de « post-exceptionnelle ».

Agriculture: the end of an exceptionalist policy?

The Common agricultural policy has long been based on a normative consensus called "agricultural exceptionalism": agriculture has been considered as a social and economic activity that should not be treated like any other policy sector. However, agricultural exceptionalism has been put under during the last three decades. The emergence of neoliberalism and new trans-sectoral issues, such as consumers' or environmental protection, have overwhelmed the idea that agriculture should be given a special treatment by public actors. This article aims to enlighten a largely debated question: has a new policy paradigm been built over these new issues? Or have they been resisted by actors and institutions that try to preserve, with fluctuating success, the exceptionalist ideational framework? By using data about the legislative process, we conclude in favor of the second hypothesis. We thus show how the European agricultural policy can be qualified as "post-exceptionalist".

L'agriculture

La fin d'une politique d'exception ?

Matthieu Replinger

Sciences Po

La Politique agricole commune (PAC) a longtemps été guidée par un consensus normatif basé sur l'exceptionnalisme agricole. Il s'agit de l'idée selon laquelle l'agriculture est une activité sociale et économique particulière qui ne peut être soumise aux mêmes règles que les autres secteurs européens (Skogstad, 1998 ; Daugbjerg et Feindt, 2017). La PAC a été ainsi fondée sur un paradigme normatif¹ faisant consensus entre un nombre limité d'acteurs impliqués dans la prise de décision et la mise en œuvre de l'action publique agricole. Ce paradigme a d'importantes implications, tant en termes de processus (*policy process*) que de programme et d'instruments : en termes de processus, la PAC a ainsi été construite au sein d'un sous-système d'action publique fermé. En termes de programme, elle a été conçue pour favoriser les seuls intérêts des agriculteurs.

De nombreux travaux sur la PAC ont toutefois montré comment cette exception agricole a été remise en cause au cours des trente dernières années². L'émergence de nouveaux enjeux qui traversent les frontières sectorielles des politiques publiques, comme la protection des consommateurs ou la lutte contre le changement climatique, ont ainsi bouleversé l'idée selon laquelle les pouvoirs publics devaient réserver un traitement particulier à l'agriculture. Au contraire, l'agriculture doit de plus en plus remplir un ensemble de fonctions répondant à des attentes sociétales plus générales. Cette remise en cause des objectifs poursuivis par la PAC et des instruments sous-jacents a permis à de nouveaux acteurs de jouer un rôle croissant dans l'évolution de la politique agricole européenne, comme des ONG non spécialisées dans la défense des intérêts agricoles ou encore le Parlement européen.

1 Pour une définition du terme de « paradigme » et une présentation de l'analyse cognitive des politiques publique, voir Muller (2000) ; Surel (2000).

2 Voir *infra*.

Une question demeure cependant irrésolue dans les analyses de la politique agricole européenne : l'émergence de ces nouveaux enjeux et de ces nouveaux acteurs est-elle le synonyme d'un nouveau consensus normatif valorisant les différentes fonctions sociales de l'agriculture au-delà de la production de biens agricoles (paradigme multifonctionnel) ? Ou est-ce qu'au contraire ces nouvelles dynamiques se heurtent aux résistances des anciennes configurations institutionnelles qui tentent, avec plus ou moins de succès, de préserver l'idée d'exception agricole (post-exceptionnalisme agricole) ? Cet article utilise les données quantitatives de l'Observatory of European Institutions relatives à la production et au processus législatifs de l'Union européenne pour montrer qu'il semble bien y avoir une persistance de l'exception agricole malgré sa remise en cause par des enjeux trans-sectoriels.

Dans un premier temps, nous reviendrons de façon plus détaillée sur le débat qui traverse les analyses de la politique agricole européenne et sur l'émergence discutée d'un nouveau consensus. Puis nous présenterons les différents résultats obtenus grâce aux données sur la production législative européenne. Pour cela, nous aborderons trois dimensions liées au post-exceptionnalisme agricole que nous voudrions rapidement présenter : le changement de la politique agricole par superposition (*layering*), la décompartimentation institutionnelle, et enfin la normalisation des procédures légales. Dans la deuxième partie, nous présenterons l'évolution générale du processus législatif en matière agricole. Nous verrons que l'Union européenne produit de moins en moins d'actes législatifs encadrant la politique agricole. Ce recul s'accroît nettement à partir de 2010, renvoyant à des changements graduels transformateurs la PAC par superposition (Thelen et Streeck, 2005) : depuis les années 1990, de nouveaux programmes traduisant l'émergence d'enjeux transsectoriels sont venus se superposer progressivement aux ambitions initiales de la PAC, qui n'ont pas été remises en cause. Dans une troisième partie, nous verrons de façon plus détaillée comment les « nouveaux » enjeux sont incorporés aux objectifs historiques de la PAC. L'émergence d'une législation sanitaire autonome dans les années 2000 illustre la volonté des autorités européennes de se désengager du seul soutien à la production pour mieux encadrer la sécurité et la traçabilité de l'alimentation. À l'inverse, l'environnement reste très lié aux valeurs de l'exception agricole et est généralement incorporé dans la législation sur la production agricole. Cette partie permet d'aborder comment la remise en cause partielle de l'exceptionnalisme agricole entraîne une forme de décompartimentation institutionnelle avec l'émergence de nouveaux acteurs dans le processus législatif. Enfin, dans une dernière partie, nous montrerons que l'agriculture a également subi une remise en cause de

son statut d'exception dans la manière dont sont produits les actes législatifs : l'extension de la procédure de codécision à l'agriculture témoigne d'une volonté des autorités européennes de « simplifier » et normaliser les règles et les procédures de tous les secteurs de l'Union. Les données de l'Observatory of European Institutions (OEI) relatives à l'évolution du processus législatif sont de ce point de vue particulièrement éclairantes pour saisir cette « normalisation » de l'agriculture.

Consensus et conflits normatifs autour de « l'exception agricole »

Nous voudrions dans un premier temps revenir sur les nombreux travaux qui ont analysé l'évolution de la PAC pour comprendre comment la notion d'exception agricole a été au centre d'un consensus normatif pendant les Trente Glorieuses, avant de se voir contesté à partir des années 1990.

L'exception agricole comme consensus à la fondation de la PAC

Prévue dès le traité de Rome de 1957, puis fondée en 1962, la PAC reste aujourd'hui la principale politique intégrée de l'Union européenne. Sa création, puis son étonnante stabilité malgré les crises traversées dès ses débuts³, sont généralement considérées comme le symbole du consensus européen pendant les Trente Glorieuses. De nombreux travaux analysent ce consensus comme le fruit d'un cadre normatif dominant (Grant, 1995 ; Skogstad, 1998 ; Fueilleux, 2003, Coleman *et al.*, 2004 ; Daugbjerg et Feindt, 2017) : jusqu'aux années 1980, les acteurs impliqués dans la création et l'évolution de la PAC partagent l'idée que l'agriculture ne peut être régulée de la même manière et suivant les mêmes logiques que les autres secteurs de l'économie. Par le biais d'une intervention sur les marchés agricoles (voir encadré 1), il s'agit de protéger les agriculteurs des aléas économiques, de les accompagner dans l'adaptation à la société industrielle d'après-guerre et de les inciter à accroître leur production de manière à éloigner les risques de pénurie alimentaire que l'Europe connaît encore dans les années 1950⁴.

3 La plus notable étant la crise « de la chaise vide » de 1965.

4 Pour Grace Skogstad (1998), l'agriculture était considérée de façon particulière pour deux raisons. D'abord, car les agriculteurs sont soumis à des aléas que ne connaissent pas les autres productions économiques. Ensuite, car l'autosuffisance alimentaire était vue comme une priorité nationale dans le

Ce paradigme « moderniste-protectionniste » (Garzon, 2006)⁵, auquel se rattache l'idée d'exception agricole, permet d'expliquer les arrangements institutionnels qui ont encadré la création de la PAC et ses premières évolutions. L'idée d'exception agricole est en effet liée au découpage de l'action publique en secteurs d'intervention⁶. Pour qu'un secteur soit considéré comme une exception, encore faut-il que les acteurs de l'action publique considèrent la société comme une agrégation de secteurs poursuivant des objectifs qui leur sont propres. Ces derniers sont organisés en sous-systèmes institutionnels dotés de leurs propres règles de fonctionnement. À ce titre, nombreux sont les travaux qui ont montré la « fermeture » du sous-système agricole européen. Mobilisant l'analyse des réseaux d'action publique, Carsten Daugbjerg l'a ainsi assimilé à une « communauté de politique publique » rassemblant un nombre limité d'acteurs, tous liés par des valeurs et une conception communes de l'intervention agricole : Direction agricole de la Commission européenne, ministères nationaux de l'Agriculture et intérêts professionnels agricoles constituent cette communauté stable (Daugbjerg, 1997). Mobilisant une approche moins rigide, Eve Fouilleux n'en a pas moins montré que la PAC a été construite par les échanges entre un nombre limité de forums recherchant la préservation du *statut quo* autour des valeurs de l'exception agricole (Fouilleux, 2000, 2003). Cela ne veut pas dire qu'il n'existe pas de conflit ou que les règles de fonctionnement de la PAC font l'unanimité. Néanmoins, les critiques sont reléguées à l'extérieur de ces configurations institutionnelles, et ce d'autant plus facilement qu'elles entrent en dissonance avec les valeurs dominantes de l'époque.

En effet, Carsten Daugbjerg et Peter Feindt rappellent que pendant les Trente Glorieuses, « l'exceptionnalisme » n'est pas propre au secteur agricole (2017).

contexte de l'après-guerre. À ce titre, nous pouvons relever le travail d'Ann-Christina Knudsen, qui a montré comment les six États fondateurs de la CEE ont férocement bataillé pour mettre au point les premiers prix garantis de 1962. Son travail nuance fortement le mythe d'une « division du travail » franco-allemande. Loin d'être une concession faite par l'Allemagne industrielle à la France agricole, la PAC était prise très au sérieux par la République fédérale.

5 C. Skogstad (1998), suivie par C. Daugbjerg et P. Feindt (2017), parle de l'exceptionnalisme agricole pour caractériser le paradigme agricole dominant. Ce dernier s'articule avec le paradigme global d'assistance d'État (*state-assisted paradigm*). William Coleman *et al.*, dans un ouvrage de 2004, parlent de *dependant paradigm* pour désigner ce même paradigme sectoriel. Nous préférons reprendre le terme de « moderniste-protectionniste » car il permet de désigner ensemble le paradigme sectoriel et le paradigme global.

6 Pour une discussion de la notion de secteur, voir Muller (2010) ainsi qu'Halpern et Jacquot (2015).

Il est caractéristique de l'âge d'or de l'État-providence où les pouvoirs publics interviennent directement dans l'économie en considérant la société comme une agrégation de secteurs soumis à des enjeux spécifiques⁷. On retrouve là des similitudes avec les travaux de Pierre Muller (2015), pour qui le référentiel sectoriel de la politique agricole en France ne fait que refléter le référentiel global alors dominant dans la société française ; en l'occurrence, celui de la modernisation de l'économie et de la planification publique.

Ainsi, l'analyse des politiques agricoles a permis de nourrir les approches sectorielles des politiques publiques, tant du point de vue national qu'au niveau européen. Le point commun de ces approches et qu'elles expliquent la production de l'action publique par des arrangements consensuels entre des acteurs aux intérêts parfois divergents, mais dont les valeurs communes renvoient à un paradigme dominant.

Encadré 1 : Genèse et évolutions de la PAC⁸

Prévue dès le traité de Rome en 1957, la Politique agricole commune est officiellement créée en 1962 lorsque les six États fondateurs s'accordent sur l'organisation commune des marchés des céréales, du porc, de la volaille, des œufs, des fruits et des légumes. Les autres productions agricoles sont intégrées en 1966. Cette organisation commune repose sur deux principes fondateurs : un « principe marchand », basé sur la suppression de toute barrière à la circulation des produits agricoles au sein de la Communauté, et un « principe d'intervention », basé sur une régulation des prix agricoles par les institutions communautaires (Barthélémy, 2008, 36). Chaque production agricole est encadrée par une Organisation commune de marché (OCM), qui fixe un prix garanti renégocié chaque année en Conseil des ministres. Pour atteindre ce prix garanti, des mesures d'interventions sont mises en place afin de retirer du marché intérieur une partie de la production et ainsi tirer les prix vers le haut. Les produits ainsi retirés sont soit stockés, soit subventionnés pour être écoulés sur des marchés tiers.

Ce régime de soutien par les prix reste pratiquement inchangé pendant trente ans, conduisant à une accumulation structurelle d'excédents alimentaires. Face à l'augmentation du poids budgétaire causé par le stockage de ces excédents, des quotas de production sont introduits en 1984 dans le secteur laitier. En 1988, la Communauté a décidé d'introduire une plus grande

- 7 Il n'est pas anodin que les titres de plusieurs travaux sur les politiques agricoles mentionnent le « Welfare » des agriculteurs : Sheingate (2003) ; Knudsen, (2009).
- 8 Pour une présentation exhaustive de l'évolution des mécanismes économiques de la PAC, voir Bureau et Thoyer, (2014).

discipline budgétaire en introduisant le premier cadre financier pluriannuel. Face aux résultats insuffisants de ces mesures, et face aux pressions exercées par des États tiers dans le cadre des négociations commerciales du General Agreement on Tariffs and Trade (GATT), une première grande réforme de la PAC est adoptée en 1992 : les prix garantis sont considérablement abaissés pour les céréales et la viande bovine. Pour compenser les pertes de revenus ainsi engendrées pour les agriculteurs, des aides directes compensatoires sont mises en place.

Quatre autres réformes ont été négociées depuis (1999, 2003, 2008, 2013), réduisant progressivement l'intervention directe de l'Union européenne sur les marchés agricoles.

La remise en cause de l'exception

Le questionnement du bien-fondé de l'exception agricole est aussi ancien que la PAC elle-même⁹. Toutefois, il faut attendre 1992 pour que ces critiques se concrétisent par l'adoption de la première grande transformation de cette politique réputée « impossible à réformer » (Fouilleux, 2000, 292). L'explication de ce tournant a constitué un agenda de recherche fécond, et c'est la remise en cause des valeurs dominantes des sociétés occidentales qui a été mise en avant comme principal levier de changement. En 1992 la remise en cause de l'exception agricole fait écho à l'émergence du paradigme néo-libéral dans la décennie précédente et au questionnement global des politiques « welfaristes » (Jobert, 1995 ; Grant, 1995 ; Fouilleux, 2003 ; Daugbjerg et Swinbank, 2012). Dans le cadre de ce nouveau paradigme, les problèmes sociaux et leurs solutions sont définis par rapport aux performances économiques globales des marchés, et moins en fonction d'objectifs sociaux spécifiques à différents secteurs. Cette transformation est facilitée par le développement de nouveaux outils de calcul qui permettent l'utilisation croissante d'indicateurs quantitatifs dans l'action publique.

Au niveau agricole, ce processus s'amorce dans les années 1980. L'élaboration de nouveaux indicateurs par l'OCDE permet de démontrer de façon accrue les distorsions commerciales entraînées par les politiques protectionnistes.

9 Notamment par les économistes néoclassiques, qui l'accusent d'engendrer un coût financier considérable sur les finances de la Communauté économique européenne (CEE) tant en créant des distorsions de concurrence au niveau international ainsi que des transferts inéquitables vers les agriculteurs qui produisent les plus grandes quantités.

En 1986, La relance des négociations commerciales internationales dans le cadre du GATT donne davantage de poids aux arguments néoclassiques, et permet de reformuler la question agricole non plus comme un enjeu national stratégique, mais comme la pierre d'achoppement du commerce international (Daugbjerg et Swinbank, 2009). Ces idées sont ensuite reprises par la Commission européenne présidée par Jacques Delors, elle aussi peu encline à préserver l'exceptionnalisme. La commission Delors est en effet davantage soucieuse de relancer la construction européenne dans son ensemble que de mener des politiques sectorielles poursuivant des objectifs séparés. Au niveau agricole, cela se traduit par une volonté de limiter le poids budgétaire de la PAC afin de préserver la stabilité financière nécessaire à l'entreprise européenne (Fouilleux, 2000).

On peut appeler « normalisation » ce processus par lequel l'agriculture perd son statut d'exception pour être considérée comme un secteur d'action publique parmi d'autres. En 1992, la normalisation est avant tout d'ordre économique. Il s'agit de limiter l'intervention directe des pouvoirs publics sur les prix agricoles. Mais pour éviter les pertes de revenus aux agriculteurs, la baisse des prix garantis est compensée par l'introduction d'aides directes. Ces dernières rendent plus visible le soutien vers les agriculteurs les plus productifs, et contribuent à introduire de nouveaux débats au sein du secteur agricole : au-delà de son impact financier, se pose la question de l'impact sur l'environnement et la santé publique d'une politique dont les principaux leviers ont favorisé une redistribution financière vers les modes de production les plus intensifs. Ces débats, présents mais marginaux en 1992, prennent rapidement de l'importance avec l'éclatement, dans les années 1990, d'importants scandales sanitaires, dont le plus emblématique est la crise de la vache folle en 1996. Les enjeux environnementaux et sanitaires s'insèrent d'autant plus facilement dans le nouveau paradigme qu'ils ne concernent pas un secteur particulier, mais cherchent au contraire à transcender les découpages sectoriels traditionnels (Fouilleux, 2000 ; Ansaloni, 2015 ; Greer, 2017). Là encore, ces changements normatifs ont d'importantes conséquences sur les arrangements institutionnels qui structurent la fabrique de PAC. La remise en cause de l'exception agricole se traduit par ce qu'Alan Greer nomme une « dé-compartmentation » (Greer et Hind, 2012 ; Greer, 2017) : le sous-système agricole européen, longtemps fermé, s'ouvre à de nouveaux acteurs, des ONG et des associations spécialisées dans la défense des causes environnementales ou de protection des consommateurs (Ansaloni, 2015). Au niveau des institutions européennes, le Parlement européen est amené à jouer un rôle croissant alors qu'il avait longtemps été tenu à l'écart.

Vers un nouveau consensus ?

Une question demeure cependant : assiste-t-on à l'émergence d'un nouveau consensus autour de ces dynamiques cognitives et institutionnelles ?

Certains auteurs répondent par l'affirmative et voient l'émergence d'un paradigme multifonctionnel, qui tente de réconcilier, « par la réglementation publique et les incitations matérielles, les besoins d'une économie de marché ouverte avec la demande sociale pour un environnement de qualité » (Garzon, 2006, 180). La multifonctionnalité renvoie à l'idée que l'activité agricole n'a pas pour unique vocation de produire des biens alimentaires ; elle peut également fournir un ensemble de services répondant à des attentes sociétales plus générales, comme l'entretien des milieux naturels, l'amélioration de la santé publique ou l'aménagement du territoire. La multifonctionnalité n'est pas qu'une qualité intrinsèque de l'activité agricole. Elle relève surtout d'une volonté politique de faire participer les agriculteurs à certaines « fonctions sociales » qui dépassent la vocation productrice qu'on leur avait initialement confiée dans les années 1950-1960 (Delorme, 2004). Les politiques agricoles sont traitées par une coordination inter-institutionnelle qui fait de la gestion des externalités le fondement du nouveau consensus. C'est par exemple le cas lorsque différentes directions générales de la Commission européenne (commerce, environnement, protection des consommateurs, etc.) sont sollicitées pour participer à l'évolution de la PAC.

Pour d'autres auteurs au contraire (Daugbjerg et Swinbank, 2011 ; Daugbjerg et Feindt, 2017 ; Greer, 2017), les acteurs qui participent à la fabrication des politiques agricoles en Europe peinent à établir un nouveau consensus. L'émergence de nouvelles valeurs et de nouveaux acteurs dans la fabrique des politiques agricoles est réelle, mais elle se heurte aux résistances des anciennes configurations institutionnelles qui tentent, avec plus ou moins de succès, de faire perdurer le discours de l'exception agricole en l'adaptant aux nouveaux débats trans-sectoriels. C'est ce que ces auteurs nomment le « post-exceptionnalisme ». L'exception agricole est ainsi toujours invoquée par les anciennes coalitions entre l'administration agricole et les intérêts professionnels pour justifier les paiements directs versés aux agriculteurs. Elle est également invoquée pour mettre en avant les externalités positives produites par l'agriculture en termes d'entretien paysager, de biodiversité ou encore de séquestration de carbone. Mais cette adaptation du récit de l'exception agricole est contestée par les groupes qui défendent des intérêts

non-agricoles, pour qui elle constitue une manière de freiner l'adaptation des politiques agricoles aux « nouveaux » enjeux trans-sectoriels.

Nous allons contribuer à ce débat en proposant une méthode originale d'analyse des changements d'action publique européenne : l'analyse de séries de données quantitatives sur le processus législatif de l'Union européenne (voir encadré 2).

Encadré 2. Données mobilisées

Les données utilisées sont issues d'une analyse de la production législative de l'Union européenne de 1996 à 2014. Ces données suivent l'évolution des actes agricoles produits chaque année (règlements, directives).

Ce qui est ici considéré comme faisant partie de la législation agricole ne comptabilise pas uniquement les actes relatifs à la Politique agricole commune. Les données intègrent également un ensemble de règles qui portent sur des enjeux sanitaires allant de l'alimentation animale aux pratiques vétérinaires, en passant par l'emploi des pesticides ou l'usage des semences. Bien que ne faisant pas partie de la PAC, ces règles sont considérées comme relevant des affaires agricoles par les institutions européennes, et sont donc comptabilisées dans les données présentées dans cet article.

Le classement des actes reprend les catégories utilisées par les institutions européennes. Dans le secteur agricole, ils sont regroupés en dix catégories : généralités ; statistiques ; dispositions de base ; fonds structurels agricoles ; structures agricoles ; mesures monétaires ; harmonisation des législations et mesures en matière de santé ; produits faisant l'objet d'une organisation des marchés ; produits ne faisant pas l'objet d'une organisation des marchés ; accords avec les pays tiers.

Comme nous le verrons, le nombre d'actes produits après 2010 est très faible. S'il est difficile de tirer des conclusions des chiffres seuls, les tendances qu'ils dévoilent peuvent être comparées aux résultats obtenus dans d'autres études menées sur les dernières réformes de la PAC, et ainsi enrichir les débats théoriques que nous avons présentés.

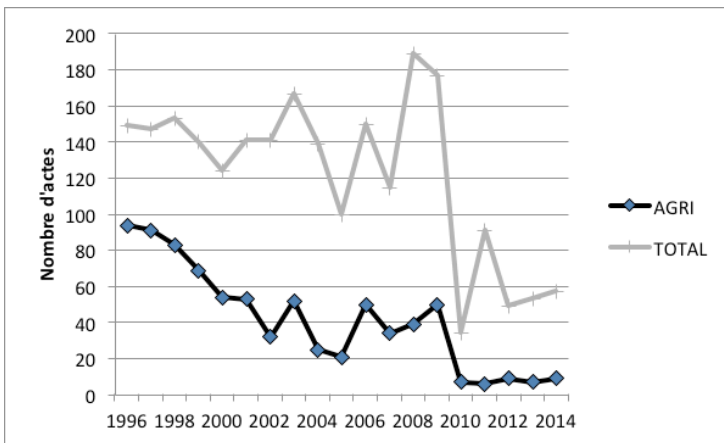
Le processus législatif en matière agricole de 1996 à 2014 : une évolution graduelle par superposition

Dans cette partie, nous allons aborder les changements de la PAC entre 1996 et 2014. Nous verrons d'abord que l'Union européenne produit de moins en moins d'actes législatifs en matière agricole. Ce recul s'accroît nettement à partir de 2010, renvoyant à des effets cumulatifs d'ajustements graduels de la PAC. Ce recul non-linéaire permet d'envisager une évolution de la PAC par superposition (*layering*) (Streek et Thelen, 2005), permettant d'envisager des résistances des anciennes institutions plutôt que le passage consensuel d'un paradigme moderniste-productiviste à un paradigme multifonctionnel.

La baisse de la production législative agricole

Un premier regard porté sur la production annuelle d'actes agricoles montre une diminution graduelle et irrégulière (Graphique 1) :

Graphique 1. Production législative annuelle



En 1996, la PAC demeure la principale politique intégrée de l'Union européenne. Son principal mécanisme d'intervention est la fixation de prix garantis pour chaque type de production agricole (voir encadré 1). Les prix garantis font régulièrement l'objet d'une renégociation afin de les adapter aux évolutions socio-économiques des différentes filières de production. Ces négociations sont menées pour chaque type de produit dans le cadre des Organisations communes de marché (OCM). Outre la révision des prix, les OCM comprennent également un ensemble d'actes courts portant sur

l'organisation technique des filières¹⁰. La révision régulière des OCM pour chaque filière reste ainsi une importante source d'activité législative pour le secteur tout au long des années 1990.

Toutefois, l'ensemble des réformes de la PAC menées depuis 1992 conduisent à abandonner progressivement l'intervention sur les prix pour la remplacer par un système d'aides directes à la production. Ces réformes s'inscrivent toutes dans une volonté de rapprocher progressivement les prix agricoles européens des cours mondiaux, tout en maintenant des outils de soutien au revenu des agriculteurs. La baisse progressive des prix garantis et l'abandon de leur révision régulière pour chaque production conduisent ainsi à une diminution du nombre d'actes agricoles produits chaque année.

Comme nous l'avons souligné, ce recul n'est toutefois pas linéaire. La production législative connaît notamment deux sursauts, en 2003 et sur une période allant de 2006 à 2009. Le pic de 2003 correspond à l'adoption de la troisième réforme d'ampleur de la PAC, dite « réforme Fischler ». Cette réforme, arrêtée par les accords de Luxembourg de juin 2003, introduit un changement important dans l'instrumentation de la PAC en adoptant le découplage des aides directes accordées aux agriculteurs¹¹. La mise en place du découplage ne concerne initialement que les céréales, la viande bovine et ovine et les produits laitiers. L'accord prévoit cependant d'échelonner son extension à l'ensemble des productions agricoles jusqu'en 2007 (Cunha et Swinbank, 2009). Ainsi, le découplage est étendu aux produits dits « méditerranéens » en 2004 et 2005¹², au sucre en 2006, aux fruits et légumes ainsi qu'à la filière viticole en 2007.

La même année, dans un souci de simplifier l'administration des différentes filières agricoles, toutes les OCM sont fusionnées pour former une OCM unique. S'il ne s'agit pas d'une réforme de la PAC au sens strict, la création de l'OCM unique constitue un événement majeur qui vise explicitement

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- 10 Comme la classification des vins pétillants, les conditions de récolte du tabac ou les standards de commercialisation pour les fruits et légumes. Ces actes ont pour vocation d'organiser et d'harmoniser les marchés des produits agricoles. Ainsi, la réglementation sur la commercialisation des fruits et légumes permet aux producteurs d'échelonner les prix de vente de leurs produits en fonction de leur qualité et de leur maturité.
- 11 Le découplage signifie que les aides directes ne varient plus proportionnellement aux quantités produites chaque année, mais sont fixées en fonction des quantités produites lors d'une année de référence.
- 12 C'est-à-dire les olives brutes, l'huile d'olive, le tabac et le coton.

à « simplifier l'environnement réglementaire de la PAC »¹³ en regroupant dans un texte unique l'ensemble des règles d'intervention sur les différents produits agricoles. Enfin, toujours en 2007, la Commission décide d'établir un « bilan de santé » de la PAC pour évaluer les effets de ces changements. Le processus aboutit à une nouvelle réforme, dont les différents règlements sont adoptés fin 2008 et début 2009.

Des changements graduels transformateurs par *superposition*: un processus législatif marqué par un accroissement de la longueur des textes

L'échelonnement de la réforme de 2003, la fusion des OCM et le bilan de santé expliquent ainsi l'augmentation momentanée de la production législative entre 2006 et 2009. De ce fait, l'effondrement de la production législative à partir de 2010 apparaît comme moins surprenant. Il consacre l'aboutissement d'un processus de réforme quasi-continu entamé en 2003 dans le but de libéraliser les marchés agricoles.

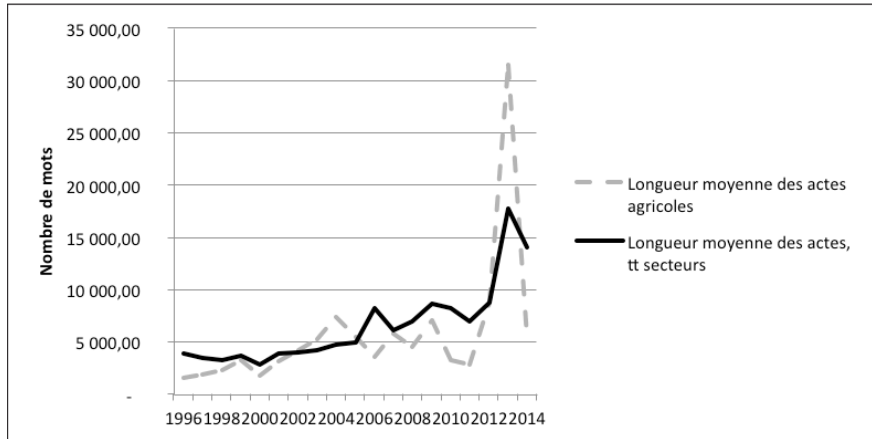
Cet effondrement apporte ainsi un éclairage sur les théories concurrentes qui tentent d'expliquer le changement de la PAC : pour certains, cette dernière évolue de façon graduelle sans entamer ses fondements (Kay, 2003) ; pour d'autres au contraire, elle a connu plusieurs inflexions majeures au cours de son histoire (Grant, 1997 ; Lynggaard et Nedergaard, 2009). Les données sur la production législative montrent plutôt un changement graduel transformateur par *superposition* (Streek et Thelen, 2005) : des programmes d'action publique parfois divergents se superposent sans remettre en cause les arrangements normatifs et institutionnels existants. Le soutien financier aux agriculteurs, qui constitue un élément fondateur du paradigme moderniste-protectionniste, reste une ambition essentielle de la PAC. Un second objectif est toutefois venu se superposer au premier à partir des années 1990 : libéraliser les marchés agricoles. Ainsi, les réformes des années 2000 prolongent et renforcent le choix effectué au début des années 1990 d'abandonner une régulation des prix agricole pour les remplacer par des aides directes aux agriculteurs. L'année 2010 voit l'aboutissement de ce processus par lequel ces aides directes ont été découplées pour que les incitations à la production soient uniquement déterminées par les dynamiques marchandes¹⁴.

13 Règlement CE 1234/2007 du Conseil, considérant 5.

14 Si la réforme de 2013 a introduit la possibilité pour les États membres de coupler certains paiements directs à la production, cette possibilité reste

On retrouve cet effet cumulatif des changements graduels en observant l'évolution de la longueur des actes (Graphique 2) :

Graphique 2. Évolution de la taille des actes



Entre 2003 et 2009, la longueur moyenne des actes augmente légèrement, passant de 2 500 avant 2003 à 5 500 mots. Cette tendance s'accélère après 2011, avec un pic important lors de l'adoption de la dernière réforme de la PAC. Là encore, cela marque l'aboutissement d'une accumulation de changements amorcés plusieurs années dans le passé : sous le régime des prix garantis, les autorités européennes produisent des actes nombreux, mais relativement simples, portant principalement sur la révision des différentes OCM. Les réformes successives de la PAC se sont ensuite orientées vers un désengagement des marchés, compensé par le soutien direct aux revenus agricoles. Une troisième « couche » est alors venue s'ajouter aux deux précédentes : pour être justifiés aux yeux des contribuables et des acteurs critiquant les externalités négatives de l'agriculture, les paiements directs ont été progressivement conditionnés par le respect de normes professionnelles intégrant les nouvelles demandes sociétales : suivi sanitaire des animaux, restriction de l'usage des produits phytosanitaires, adoption de nouvelles pratiques plus respectueuses de l'environnement, etc. Toutes ces transformations passent par l'adoption de textes moins nombreux et plus longs, visant

limitée à 13 % du budget global des aides directes et remet peu en cause la trajectoire de libéralisation. Voir Daugbjerg et Swinbank (2016), pour une analyse plus détaillée qui envisage également l'évolution de la PAC par une succession de superpositions.

à normaliser de façon transversale à la fois la gestion des filières agricoles et les comportements des acteurs de ces filières.

Ainsi, ces premières données fragilisent l'hypothèse d'un passage radical vers un nouveau paradigme dominant. Si les nouvelles attentes sociétales ainsi que les idées libérales ont été intégrées à la PAC, il a fallu un échelonnement quasi-continu de réformes sur plusieurs années pour les adapter à l'impératif d'assurer un revenu aux agriculteurs, lié aux valeurs de l'exceptionnalisme agricole. Toutefois, il semble nécessaire d'approfondir nos analyses de deux manières : en s'intéressant à l'importance relative donnée aux « nouveaux » enjeux, et en évaluant dans quelle mesure l'ouverture de la PAC à ces enjeux a favorisé une transformation du processus décisionnel.

Une décompartmentation en demi-teinte : l'émergence de nouveaux acteurs dans le processus législatif

Nous allons voir de façon plus détaillée comment les « nouveaux » enjeux sont incorporés aux objectifs historiques de la PAC. L'émergence d'une législation sanitaire autonome dans les années 2000 illustre la volonté des autorités européennes de se désengager du seul soutien à la production pour mieux encadrer la sécurité et la traçabilité de l'alimentation. À l'inverse, l'environnement est généralement incorporé dans la législation sur la production agricole. Cette partie permet d'aborder comment la remise en cause partielle de l'exceptionnalisme agricole entraîne une forme de décompartmentation institutionnelle avec l'émergence de nouveaux acteurs dans la production législative agricole. Cette décompartmentation semble toutefois devoir être nuancée par la persistance de schémas cognitifs et institutionnels anciens.

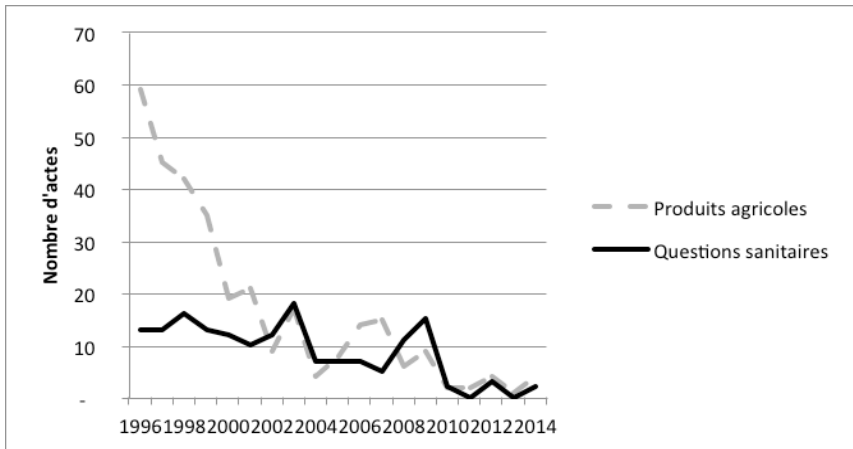
De « produire plus » à « produire mieux » : l'ascension des questions sanitaires et environnementales dans la production législative en matière agricole

Si l'on observe de manière plus détaillée les différents domaines d'intervention des actes relevant du secteur agricole¹⁵, on note une concentration de l'activité législative dans deux types d'activité. Entre 1996 et 2014, deux tiers (67 %) des actes produits relèvent soit de la régulation des produits agricoles

15 Nous avons ici repris les dix catégories de législation utilisées par les institutions européennes dans le secteur agricole, et citées précédemment.

(41 %), soit de la régulation des questions sanitaires (26 %). L'encadrement des structures agricoles constitue la troisième source d'activité législative avec 12 % des actes produits sur la période. Toutefois, les autorités européennes n'interviennent dans ce domaine que de façon épisodique. Nous voudrions nous arrêter ici sur les deux domaines qui concentrent de manière continue l'attention des décideurs européens.

Graphique 3. Production législative dans les deux principaux domaines d'intervention



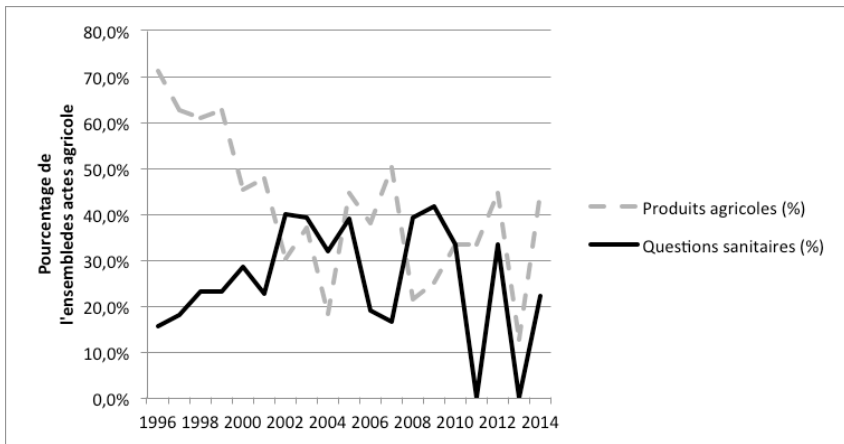
La diminution du nombre d'actes consacrés aux productions agricoles entre 1996 et 2002, observée dans le graphique 3, renvoie encore une fois au recul de l'intervention sur les marchés, qui impliquait une révision régulière des prix garantis pour chaque type de production, ainsi qu'à la révision de nombreuses règles sur l'organisation technique et économique des filières. L'introduction du paiement découplé en 2003 a toutefois créé un sursaut législatif qui se prolonge jusqu'en 2007, comme nous l'avons vu précédemment. Alors qu'il ne combine initialement que les aides directes octroyées aux cultures arables et aux élevages bovins et ovins, le régime de paiement unique est en effet étendu de manière progressive aux autres filières agricoles, obligeant les autorités européennes à modifier et à harmoniser les actes qui régulent les prix de chaque filière, jusqu'à l'adoption de l'OCM unique en 2007.

Entre 1996 et 2014, la production d'actes consacrés aux questions sanitaires diminue également, mais de manière moins marquée. On peut relever deux sursauts en 2003 et en 2008-2009. Dans le premier cas, la réforme de la PAC est accompagnée par l'adoption d'un ensemble de mesures visant à

encadrer la traçabilité des produits d'origine animale. Ces mesures font suite au scandale de la vache folle qui avait éclaté à la fin des années 1990. Les années 2008 et 2009 voient l'adoption d'un ensemble de mesures qui portent sur la réglementation des pesticides et la sécurité vétérinaire.

Malgré une diminution en valeur absolue, les actes relatifs aux questions sanitaires ont pris une place de plus en plus importante dans la régulation du secteur, allant jusqu'à égaler l'encadrement des produits agricoles (Graphique 4).

Graphique 4. Évolution de la part relative des deux principaux domaines d'intervention



Alors qu'en 1996 l'encadrement des produits agricoles occupe la majeure partie de l'activité législative du secteur (71 %), l'attention accordée à ce domaine est progressivement concurrencée par les questions sanitaires. Entre 2002 et 2009, les deux domaines connaissent une évolution plus irrégulière, mais occupent chacun en moyenne un tiers de l'activité législative. À partir de 2010, il semblerait que la gestion des produits agricoles soit redevenue prioritaire. Toutefois, le très faible nombre d'actes produits après 2010 (moins de dix chaque année) nous oblige à considérer cette tendance avec prudence.

Si les questions sanitaires ne sont pas devenues structurellement majoritaires, l'augmentation de leur part relative renvoie à une volonté des autorités européennes de se désengager du seul soutien à la production pour mieux encadrer la sécurité et la traçabilité de l'alimentation. Ce changement illustre la réorientation progressive de la politique agricole européenne, amorcée il y a plus de deux décennies. La PAC originelle, centrée sur l'augmentation de la production et la restructuration de la profession agricole, s'est vue accusée à

partir des années 1990 de promouvoir une agriculture intensive dangereuse aussi bien pour l'environnement que pour la santé humaine. Finalement, le scandale de la vache folle refonde la gestion des questions sanitaires et permet une véritable désectorisation de la sécurité alimentaire, qui passe d'une logique purement agro-alimentaire à une logique de protection des consommateurs (Alam, 2007, 382 et s.).

Toutefois, il est à noter que la question environnementale est difficilement visible dans les données relatives à la production législative. Cela s'explique par le fait que les instruments destinés à favoriser l'impact environnemental de l'agriculture se trouvent intégrés dans des actes qui portent en priorité sur d'autres domaines d'intervention. On retrouve ainsi des considérations environnementales dans les actes que la nomenclature européenne renvoie au domaine sanitaire (c'est le cas par exemple de la réglementation sur les pesticides), mais surtout dans ceux qui traitent de développement rural (c'est le cas des mesures agro-environnementales destinées à rémunérer certains services environnementaux rendus par les agriculteurs) ou qui traitent des productions agricoles et du revenu des agriculteurs. Ainsi, les aides directes versées aux agriculteurs sont conditionnées depuis 2003 au respect d'un ensemble de normes environnementales. Depuis 2013, les agriculteurs sont éligibles au « paiement vert », une aide directe versée pour rémunérer des pratiques agricoles jugées plus respectueuses de l'environnement (diversification des cultures, conservation de « surfaces d'intérêt écologique », maintien des prairies).

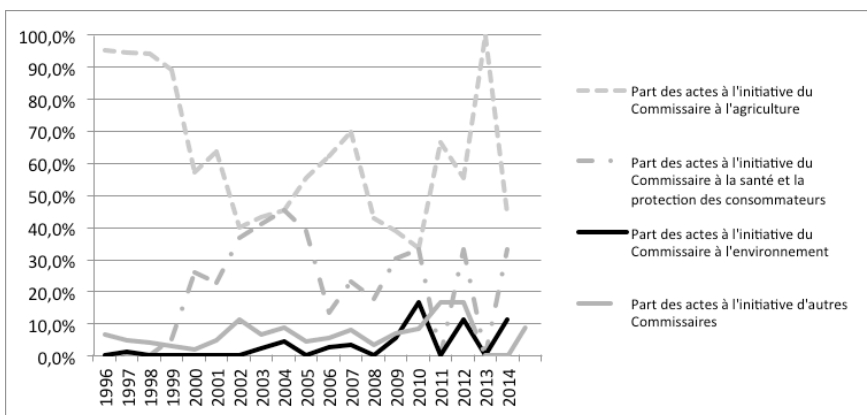
La conditionnalité et le paiement vert sont les instruments environnementaux de la PAC qui touchent le plus grand nombre d'agriculteurs ; pourtant, ils dépendent directement des mesures qui encadrent leur revenu et la production de biens alimentaires. Ils répondent aux anciennes logiques de l'exception agricole visant à soutenir l'autonomie agricole de l'Union. Ainsi, en 2013, d'importantes marges de manœuvre ont été laissées aux États membre pour mettre en place le paiement vert, qui est parfois utilisé pour soutenir la production de végétaux protéagineux, production pour laquelle l'Europe est largement déficitaire. Dans vingt pays, le paiement vert a même été associé à la réintroduction de paiements couplés aux niveaux de production, alors que la réforme de 2003 prévoyait la suppression définitive de ce type d'aides (Hart, 2015 ; Greer, 2017). Si l'ampleur du recouplage reste limitée et ne saurait remettre en cause la trajectoire plus libérale de la PAC, cela montre que l'environnement reste largement soumis aux priorités héritées de l'exception agricole d'assurer un revenu aux agriculteurs et d'inciter à l'augmentation de la production.

L'agriculture, un secteur toujours insulaire ? La remise en cause partielle du Commissaire à l'Agriculture dans l'initiative législative

Comme nous l'avons souligné en première partie, la remise en cause de l'exception agricole n'affecte pas que l'orientation de la politique agricole européenne. Elle renvoie également à une transformation de son environnement institutionnel. En insistant sur les multiples fonctions sociales de l'agriculture, les orientations récentes de la PAC accompagnent le décloisonnement institutionnel d'un secteur longtemps resté insulaire. La politique agricole, jusqu'aux années 1990, était en effet principalement élaborée au sein d'une configuration institutionnelle fermée, qui rassemblait la Direction générale agricole de la Commission européenne, les représentants de la profession agricole, et le Conseil des ministres de l'Agriculture (Daugbjerg, 1998 ; Fouilleux, 2003 ; Ansaloni, 2015 ; Greer, 2017). L'arrivée d'enjeux commerciaux, budgétaires, sanitaires et environnementaux sur l'agenda agricole dans les années 1990 a cependant fragilisé la cohésion de cette communauté politique. La remise en cause des objectifs premiers de la PAC, centrés sur l'augmentation de la production et du revenu des agriculteurs, a dès lors permis à des acteurs initialement étrangers aux enjeux agricoles de participer à l'élaboration de la législation sectorielle.

Cette dynamique a particulièrement affecté le rôle joué par la Commission dans le secteur agricole (Graphique 5) :

Graphique 5. Répartition de l'initiative législative entre les commissaires



Au début de la période étudiée, le Commissaire à l'agriculture conserve le quasi-monopole des propositions législatives. Jusqu'en 1999, c'est lui qui est

également à l'initiative de la plupart des mesures sanitaires. À l'inverse, dans les années 2000, l'initiative de la législation agricole est progressivement partagée entre plusieurs commissaires. Conformément aux résultats présentés dans les sections précédentes, le commissaire à la santé et à la protection des consommateurs s'est progressivement impliqué dans la législation agricole au début des années 2000, avant de perdre de nouveau en importance¹⁶. Le commissaire à l'environnement a connu une implication récente, mais reste globalement tenu à l'écart. De manière plus surprenante, on note à plusieurs reprises (2002, 2006, 2008) une proportion non négligeable d'actes législatifs qui ont été présentés par le président de la Commission. Si on ne peut pas relever une thématique commune à ces actes initiés par la présidence de la Commission, cette dynamique illustre malgré tout la dynamique de déssectorisation des enjeux agricoles. Jusqu'en 2010, on assiste donc à une division du travail de plus en plus grande au sein de la Commission.

On remarque toutefois que sur la période la plus récente, le commissaire à l'agriculture semble retrouver une place prépondérante dans l'initiative de la législation agricole. Là encore, le très faible nombre d'actes adoptés depuis 2010 permet difficilement de conclure à une re-compartimentation sur le long terme des questions agricoles. Il suffit qu'un ou deux textes portant sur des questions sanitaires soient adoptés pour que le rôle du commissaire à la santé soit réaffirmé, comme en 2012 ou en 2014. Néanmoins, la période récente semble réaffirmer l'importance de la Direction générale de l'Agriculture dans la régulation du secteur.

Même si ces résultats sont statistiquement peu significatifs, ils prennent du sens en les couplant à l'évolution qualitative de la politique agricole analysée par ailleurs. Alors que la production d'actes relativement nombreux permettait une division du travail au sein de la Commission, l'évolution vers une production d'actes longs et peu nombreux, couvrant divers domaines d'intervention, favorise le monopole d'un service chargé de coordonner le traitement des différents enjeux abordés dans les textes. Enfin, ces données vont dans le sens d'une résistance de l'exception agricole analysée par d'autres auteurs (Daugbjerg et Feindt, 2017 ; Greer, 2017).

16 Mobilisant la sociologie de Michel Dobry, la thèse de Thomas Alam analyse la crise de la vache folle comme la conjoncture critique qui permet un redécoupage des frontières sectorielles. Ainsi, la gestion de la sécurité sanitaire des aliments est transférée en 1997 de la direction générale à l'Agriculture (DG 6) vers la direction Générale de la Protection des consommateurs (DG 14), qui n'avait jusque-là qu'une compétence vague en matière de santé publique (Alam, 2007, 353 et s.).

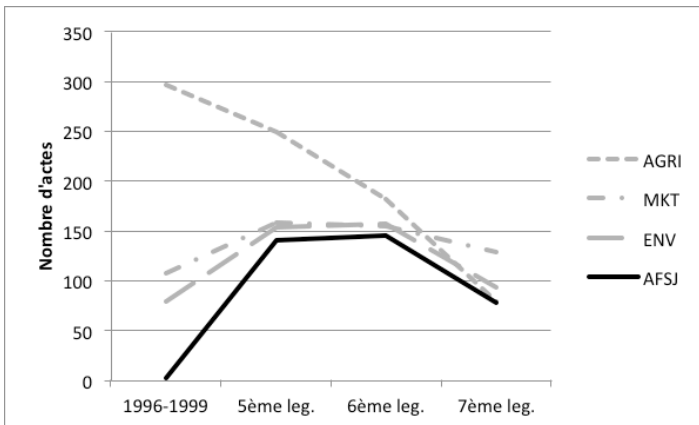
La normalisation du processus législatif de l'Union européenne en matière agricole

Dans cette dernière partie, nous montrons comment l'agriculture a également subi une remise en cause de son statut d'exception dans la manière dont sont produits les actes législatifs. Pour cela, nous replacerons ici la dynamique agricole dans le contexte plus large des évolutions institutionnelles de l'Union. L'extension de la procédure de codécision à l'agriculture témoigne d'une volonté générale des autorités européennes de « simplifier » et normaliser les règles et les procédures législatives dans tous les secteurs. La mise en œuvre de cette normalisation est corrélée à une augmentation des débats au sein du Conseil des ministres.

L'entrée du Parlement européen dans la fabrique de la PAC

Si l'on compare l'évolution de la production législative agricole avec les trois autres principaux domaines d'intervention de l'Union (l'union douanière, l'environnement et la santé, les affaires de sécurité et de justice), on observe une forme de convergence (76) : outre une réduction globale au cours de la dernière législature, le nombre d'actes produits dans ces quatre secteurs est devenu relativement pratiquement similaire.

Graphique 6. Production législative par législature dans six secteurs



Christilla Roederer-Rynning et Frank Schimmelfennig, dans une enquête sur l'extension de la procédure de codécision à la Politique agricole commune, avancent une hypothèse qui permet d'éclairer la production d'actes moins

nombreux et plus longs dans tous les secteurs, y compris l'agriculture. Cette dynamique répondrait à un souci général de rationalisation et de simplification de l'activité politique et législative européenne. Cette rhétorique de simplification est formellement élaborée lors de la Convention sur le Futur de l'Europe, réunie entre février 2002 et juillet 2003 pour préparer un projet de traité instituant une Constitution pour l'Union européenne. L'idée sous-jacente à cet esprit de « simplification » consiste à limiter les procédures exceptionnelles qui continuent d'être utilisées dans des secteurs jugés politiquement sensibles, comme l'agriculture (Roederer-Rynning et Schimmelfennig, 2012, 957). Pour atteindre cet objectif, différents moyens sont explicités lors de la Convention. Il s'agit notamment de généraliser la procédure de codécision, de formaliser la hiérarchie des normes européennes, ainsi que de réduire le nombre d'instruments légaux (*Ibid.*).

Pour C. Roederer-Rynning et F. Schimmelfennig, l'extension de la procédure de codécision à la PAC depuis 2010 ne répond pas à des exigences spécifiques d'action publique sectorielle, mais à ce processus général de simplification. D'ailleurs, les acteurs uniquement concernés par les enjeux sectoriels – les ministères nationaux et les organisations professionnelles – se seraient opposés, sans succès, à cette volonté générale de faire de l'agriculture un secteur comme un autre (*Ibid.*, p. 964).

Nous voudrions nuancer cette opposition entre logique sectorielle et logique globale. En effet, les principes généraux de simplification affirmés lors de la Convention sur le Futur de l'Europe sont entrés en résonance avec la volonté des groupes professionnels agricoles de compenser l'ouverture de la PAC à un nombre croissant d'enjeux trans-sectoriels par une simplification de l'environnement réglementaire. Cette volonté a été traduite depuis le début des années 2000 dans les principaux textes des réformes de la PAC, qui font tous référence au souci de « simplifier » la législation du secteur¹⁷. Quoi qu'il en soit, l'ouverture de l'agriculture à la codécision renvoie à la remise en cause du traitement spécial de l'agriculture, non seulement sur le plan des instruments, mais également sur celui des procédures de l'action publique. Toutefois, comme le relèvent Thomas Hind et Alan Greer (2012), difficile de conclure pour autant à la fin de l'exception agricole. En effet, le

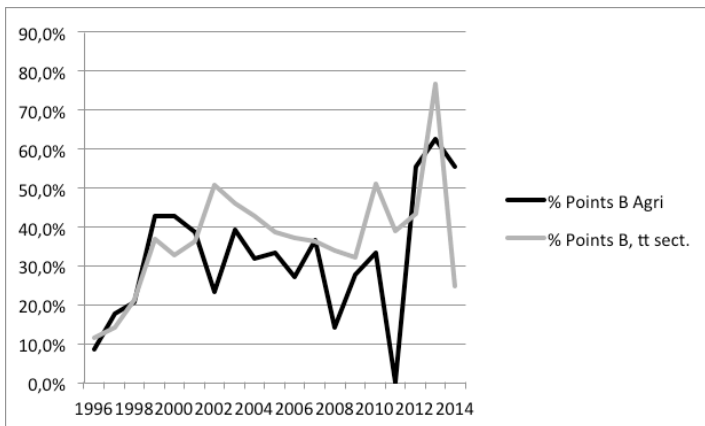
17 Ainsi, le découplage des aides en 2003 (règlement CE 1782/2003), la création de l'OCM unique en 2007 (règlement CE 1234/2007), ou encore les principaux textes des réformes de 2009 et 2013 (règlement CE 73/2009, règlement CE 1307/2013 et règlement CE 1308/2013) sont principalement justifiés dans leurs considérants par un souci de simplification.

Parlement européen est lui-même doté d'une Commission de l'agriculture et du développement rural (COMAGRI) dominée par des députés issus du milieu agricole et/ou rural, et ce quelle que soit leur orientation politique. Ces mêmes auteurs identifient plusieurs scénarios pour aborder la manière dont le processus décisionnel pourrait être affecté par cette reconfiguration inter-institutionnelle. À leur suite, plusieurs travaux analysent un rééquilibrage du pouvoir en faveur du Conseil (Matthews, 2013 ; Swinnen et Kops, 2014), tout en admettant le caractère contingent de leurs conclusions. Nous allons donc nous pencher sur l'évolution du conflit au sein du Conseil pour nourrir ces discussions.

Un déplacement du conflit au sein du Conseil

Avec l'augmentation du nombre d'acteurs institutionnels impliqués dans l'élaboration de la politique agricole et la multiplication des enjeux traités par les autorités européennes, on peut supposer une multiplication des conflits et des clivages au sein du Conseil des ministres de l'agriculture. Un moyen de vérifier cette hypothèse consiste à observer la part de « points B » discutés chaque année, c'est-à-dire la proportion d'actes qui n'ont pas pu faire l'objet d'un accord lors des travaux du Comité des représentants permanents (CORPER) et/ou du Conseil spécial sur l'agriculture (CSA) ; alors que les actes inscrits en « points A » sont adoptés sans débats par le Conseil, les « points B » sont formellement discutés par les ministres des États membres.

Graphique 7. Pourcentages d'actes adoptés avec au moins un point B



S'il y a en moyenne moins d'actes agricoles débattus en Conseil que dans les autres secteurs, on remarque que la part de points B suit une trajectoire similaire : une augmentation entre 1996 et 1999, une légère baisse jusqu'en 2008, puis une nouvelle augmentation à partir de 2009 (graphique 7). Ce résultat n'est guère surprenant dans la mesure où, que ce soit dans le secteur agricole ou dans les autres secteurs, les actes adoptés sont toujours moins nombreux et plus longs (graphiques 1 et 2). Aussi, la perspective de trouver un accord au sein des comités préparatoires sur l'ensemble des points contenus dans un même texte ne cesse de reculer. De plus, la renationalisation de certains instruments de la PAC, comme le recouplage d'une partie des aides directes ou le paiement vert, accentue la difficulté pour les représentants permanents d'endosser la responsabilité de la décision.

Les données ne semblent pas indiquer que l'arrivée de nouveaux États membres ait entraîné une augmentation immédiate des clivages au Conseil, que ce soit dans le secteur agricole ou à un niveau plus global. En revanche, on peut supposer que l'augmentation de nombre d'États membres rende plus difficile le travail des représentants permanents. Enfin, l'extension de la procédure de codécision à l'ensemble des enjeux agricoles coïncide avec une augmentation des débats au Conseil.

Qu'en est-il en revanche du reste de la période, lorsque le Conseil disposait seul du pouvoir de décision sur les questions agricoles¹⁸ ? L'analyse plus poussée du contenu des actes débattus montre qu'avant la réforme de 1999, ce sont surtout les textes qui redéfinissent les prix garantis qui sont à l'origine de conflits au sein du Conseil. Après la réforme de 1999, viennent s'ajouter à l'ordre du jour des débats sur des textes relatifs à la traçabilité des produits d'origine animale. Cette évolution fait suite à l'éclatement de plusieurs crises sanitaires, dont le scandale de la vache folle qui s'étale de 1996 à 2000 ou celui de la fièvre aphteuse de 2001. Ces crises sanitaires ont en effet mis en porte-à-faux la gestion administrative des questions de santé publique par les services de la Commission, replaçant ainsi la négociation politique en centre du processus décisionnel (Alam, 2007). En revanche, bien que les questions sanitaires continuent d'être une importante source de production législative jusqu'en 2009, à partir de 2006 elles n'apparaissent plus à l'ordre du jour des points débattus au Conseil. Elles sont remplacées par des enjeux

18 Même si la codécision était admise pour certains textes relevant du domaine sanitaire.

plus divers, comme le développement rural, le financement de la PAC ou la réforme de certaines filières encore très encadrées comme le sucre ou le lait.

Malgré l'augmentation des points débattus au Conseil, il serait hâtif de conclure que l'ouverture de la PAC aux enjeux trans-sectoriels augmente les sources de conflit. La littérature a souvent souligné comment la renégociation des prix garantis, avant la réforme de 1992, pouvait être source de tensions entre les États membres (Bureau et Thoyer, 2014, Cunha et Swinbank, 2011 ; Garzon, 2006). Rappelons que pendant les années de la première PAC, c'est la redéfinition de ces prix qui déterminait le revenu des agriculteurs. Parce qu'ils constituaient un enjeu politique majeur, leur renégociation pouvait entraîner d'importants blocages politiques (Philipps, 1990 ; Knudsen, 2009).

Dans ce contexte, le niveau très bas de conflictualité affiché entre 1996 et 1999 ne peut pas être compris comme le signe d'un processus politique structurellement consensuel. Il s'agit plutôt d'un épisode consensuel, qui s'explique par la conjonction de deux dynamiques. D'une part, à partir de 1988, les prix garantis ne sont plus renégociés tous les ans¹⁹, diminuant ainsi les occasions de conflit au Conseil (Nugent, 2010). D'autre part, la Commission produit un nombre important de textes courts sur l'organisation des filières, dont les détails hautement techniques entraînent une adoption sans débat au Conseil. Cette double dynamique diminue artificiellement la part d'actes adoptés avec un point B dans les années 1990.

Une analyse qualitative des actes débattus, ajoutée à une remise en perspective historique, montre ainsi qu'on peut difficilement conclure à une augmentation de la conflictualité de la gouvernance agricole européenne. On assiste d'ailleurs à un déplacement du conflit vers de nouveaux enjeux. La poursuite de la réduction des prix garantis dans les différentes filières, la fusion des OCM et le découplage des aides directes renouvellent la problématique du revenu des agriculteurs. Aux négociations sur les prix succède une opposition sur la répartition de l'enveloppe budgétaire de la PAC. À cette question financière s'ajoute l'élaboration des normes sanitaires et environnementales qui, si elle fait consensus sur le principe, est une source importante de conflits dans la définition des instruments mettant en œuvre ces principes. Comme le montre Mathieu Ansaloni (2015) et comme nous l'avons évoqué avec la réforme de 2013, la prise en compte des enjeux environnementaux semble même accentuer les divergences entre les États membres dans la conduite des politiques agricoles.

19 En raison de l'introduction du cadre financier multi-annuel.

Conclusion : la persistance de l'exception agricole

Dans cet article, nous avons rappelé que la création de la Politique agricole commune était basée sur un consensus normatif et institutionnel qui s'appuyait, notamment, sur l'idée d'exception agricole. Nous avons tâché de comprendre si la remise en cause de ce consensus à partir de la fin des années 1980 débouchait sur un nouveau paradigme consensuel basé sur la multifonctionnalité agricole, ou si au contraire les nouveaux enjeux entraînent en confrontation avec une résistance des anciennes valeurs et des acteurs historiques de la PAC. Au terme d'une analyse mobilisant des séries de données qualitatives sur la production législative de l'UE, nous concluons en faveur de la seconde hypothèse.

Dans la seconde partie, les données nous ont permis de rappeler à quel point la PAC est une politique difficile à réformer. Elle évolue de façon graduelle, renvoyant aux difficultés à trouver un nouveau consensus global depuis le début des années 1990. Les résultats présentés sur la baisse du nombre d'actes produits chaque année et leur allongement progressif, s'ils ne sont pas sans limites, sont néanmoins cohérents avec les travaux qui analysent l'évolution de la PAC comme le fruit de changements graduels transformateurs par superposition. Ainsi, la libéralisation des marchés et le « verdissement » sont traduits en programmes d'action qui ne se substituent pas aux objectifs historiques de la PAC, mais s'y ajoutent. Ce processus conduit à adopter des textes législatifs moins nombreux et plus longs, dont l'objectif n'est plus de calibrer des instruments techniques, mais de réunir des objectifs politiques divergents. C'est désormais aux États membres de calibrer les instruments, comme on l'a vue avec la renationalisation partielle de la PAC en 2013.

Dans la troisième partie, nous avons analysé plus en détail la capacité des anciens schémas de pensée et des acteurs historiques de la PAC à résister à la normalisation de l'agriculture. Si les crises sanitaires des années 1990 ont entraîné une déssectorisation momentanée de l'agriculture, l'exception agricole semble avoir retrouvé une nouvelle légitimité à la fin des années 2000, notamment en raison des crises qui ont touché plusieurs secteurs dans les années 2009-2010. Malgré le faible nombre d'actes produits depuis 2010, les résultats sont cohérents avec le contenu de la réforme de 2013, qui réhabilite certains instruments qu'on pensait oubliés, comme le recouplage des aides directes.

Toutefois, cet article a surtout voulu montrer que l'évolution de la PAC n'est pas un processus linéaire, et les discussions entamées en prévision de la réforme de 2020 présagent une nouvelle normalisation de l'agriculture.

Enfin, nous avons montré qu'il existe une volonté au niveau européen de « simplifier » le processus décisionnel en supprimant les exceptions procédurales de chaque secteur. Toutefois, l'extension de la codécision à l'agriculture n'a pas remis fondamentalement en cause l'insularité de la politique agricole. Au contraire, elle semble plutôt renforcer le pouvoir d'institutions « exceptionnalistes », comme l'illustre le rôle joué par la COMAGRI. De plus, la renationalisation partielle de la PAC est liée à une augmentation des points débattus au Conseil, augmentant le temps nécessaire à l'adoption des objectifs généraux.

De manière plus générale, le cas de la PAC, appréhendé sous l'angle original de ses évolutions quantitatives en matière de production législative, permet de mieux comprendre la libéralisation et la désectorisation de l'action publique, que la science politique assimile aux dynamiques de l'État régulateur (Hassenteufel, 2011).

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Economic integration, democracy and the welfare state

Fritz W. Scharpf

ABSTRACT The article examines the difficulties of European welfare states in the face of European economic integration. Taking a clue from the experience of territorial sub-units in economically integrated federal nation states, the implication seems to be that economic competition impedes welfare state regulations that impose unequal burdens on capital incomes and mobile business, and that effective welfare state policies depend on the powers of central governments. By analogy, that would suggest a need for the Europeanization of social policy. At the European level, however, welfare state policies are impeded not only by the European democratic deficit, but also by deep-rooted conflicts of economic interest among member states, and by the widely divergent structural characteristics of national welfare states. The article examines the implications of this constellation for democratic legitimacy. In the concluding section, discussion focuses on social policy options that may still be viable at the national level, and on European-level strategies that might be able to reduce economic competition among national welfare states.

KEY WORDS Democratic theory; European Union; federalism; social policy; welfare state.

The current difficulties of democratic welfare states in Europe are often ascribed to economic ‘globalization’, that is to the world-wide integration of markets for capital, goods and services which has eliminated national control over boundary-crossing economic transactions, and which therefore exposes national producers to world-wide competition. In fact, however, globalization in the strict sense of the word is completely realized only for speculative capital transactions. It is true that in all other areas of economic activity the intensity of international competition has increased as well, and that firms have much greater opportunities to relocate production world wide. Nevertheless, even under the liberal regimes of the General Agreement on Tariffs and Trade (GATT) and World Trade Organization (WTO), governments have not abdicated their capacity for boundary control, and the freedom of world trade is still constrained by a wide variety of tariffs, quotas, ‘voluntary’ restrictions and non-tariff barriers.

All this is different within the European Union, where national governments

have delegated control over external trade relationships to the Union, and where they have in fact abdicated boundary control over economic transactions within the internal European market. Thus firms are completely assured that they will not reduce their access to the home market by relocating production within Europe. For that reason, the competitive pressure on European welfare states that cannot be avoided originates from the 'regulatory competition' within the Union, and the frustrations of democratic governance in Europe result primarily from the fact that the range of feasible policy choices has been reduced at the national level while policy-making at the European level still lacks democratic legitimacy. I will begin with an examination of the last point.

1. THE EUROPEAN DEMOCRATIC DEFICIT

The public concern about the European 'democratic deficit' is of recent origin. It gained attention in the controversies leading up to the Maastricht referenda in Denmark and France, and it was then elevated to the status of a fundamental constitutional objection in the Maastricht judgment of the federal constitutional court in Germany. From the perspective of democratic theory, however, this debate is deficient in so far as its focus is on the democratic deficit of *the European Union*, rather than on the democratic deficit *in Europe*. It is assumed, in other words, that democracy continues to flourish at the national level, and that the deficit would disappear if only national sovereignty could be defended against the further expansion of European competencies. In my opinion, this view suffers from an incomplete conceptualization of democracy.

Democracy aims at collective self-determination. It must thus be understood as a two-dimensional concept, relating to the *inputs* and to the *outputs* of the political system at the same time. On the input side, self-determination requires that political choices should be derived, directly or indirectly, from the *authentic preferences* of citizens and that, for that reason, governments must be held accountable to the governed. On the output side, however, self-determination implies *effective fate control*. Democracy would be an empty ritual if the political choices of governments were not able to achieve a high degree of effectiveness in achieving the goals, and avoiding the dangers, that citizens collectively care about. Thus, input-oriented authenticity and output-oriented effectiveness are equally essential elements of democratic self-determination.

The current debate is deficient since it focuses exclusively on the weakness of the *input* structures at the level of the European Union. These are obvious enough. The European Parliament is directly elected, but its influence on European legislation is very limited. More importantly, even if the legal competencies of the European Parliament were enlarged, this would not help much, since the structural preconditions on which authentic democratic processes depend are also lacking: there are as yet no European political parties, no European political leaders and no European-wide media of political communication. As a consequence, we also have no European-wide public controversies and debates on political issues and policy choices, and we have no European-wide competition for government offices that could assure democratic accountability.

All this is true enough and would, by itself, be sufficient to deny that majority decisions at the European level could claim democratic legitimacy in the same sense in which majority decisions in a national parliament can do so.¹ But the current debate is also conducted at a deeper level where ‘communitarian’ arguments sometimes shade over into ethnic nationalism. It can indeed be shown, on analytical grounds, that majority rule is generally not welfare-efficient if individual voters are assumed to be rational self-interest maximizers (Scharpf 1997: chs 7 and 8). Thus, to be normatively acceptable in welfare-theoretic terms, the majority principle must presuppose that voters are, at least in part, oriented towards a notion of the ‘common good’ – which logically depends on a demarcation defining who is, and who is not, to be included in the respective ‘community’.

But that demarcation cannot be defined arbitrarily or in purely technocratic terms. To take an example that Joseph Weiler (1995, 1996) has used: if Denmark were somehow joined with Germany, that would hardly persuade the Danes that they should accept majority decisions in the larger state as being democratically legitimate.² In other words, the capacity of the majority rule to create legitimacy depends itself on a pre-existing sense of community – of common history or common destiny, and of common identity – which cannot be created by mere fiat. At this point, however, arguments denying the existence of a ‘European *demos*’ often come dangerously close to asserting that ethnic and linguistic homogeneity should be considered a necessary precondition of democratic legitimacy – and implying fatalistically that the European democratic deficit could never be overcome.

That is not my position. Above the level of primary groups, collective identities are socially constructed from often quite heterogeneous constituents. Thus, patriotism in the United States or in Switzerland is no weaker as a factor of political integration than it is in ethnically more homogeneous nation states. Another example is the popular opposition, in Germany, to all attempts to change the territorial boundaries of *Länder* that, only fifty years ago, had been artificially created by allied military governments without any concern for the historical identities of the territories that were thrown together. Thus, just as playing together can create teams, living under a common government, and participating in common political processes, can create political identities. For that reason, the institutional structure of the Union is by no means irrelevant for the future evolution of a common identity.

Nevertheless, not all artificially created teams achieve efficiency in co-operation, and as the separation of Czechoslovakia and the difficulties of Canada and Belgium remind us, not all institutionally induced political identities hang together. At any rate, nobody claims that the European Union in its present composition should, in the eyes of the citizens of its member states, have already attained a degree of political identity that is at all comparable to that of long-established nation states. Thus it remains indeed correct to point out that the majority principle by itself cannot convey democratic legitimacy, and that even if the European Parliament had all the usual powers of national parliaments, its vote could not legitimate policy choices that run counter to the interests or the deeply held preferences of citizens in some of the member states. And the same would, of

course, be even more true of majority votes in the Council of Ministers.

This limitation is recognized by recent theories emphasizing the *non-majoritarian sources of legitimacy* of European policy choices (Majone 1994a, 1994b). Instead of democratic accountability, what is supposed to matter is the authority of law and, more generally, the authority of technical expertise. The European Union, according to this view, should thus be understood not as an imperfectly democratic form of government, but as a 'regulatory state' exercising powers similar to those exercised by the independent regulatory agencies in the United States, by constitutional courts or by independent central banks. However, as Giandomenico Majone, the author who has contributed most to its explication, has pointed out, the potential reach of non-democratic legitimacy is definitely limited. It presupposes a normative consensus on the validity of certain norms, or the desirability of certain outcomes, and it also presupposes the existence of professional standards – and professional systems of discourse (Majone 1989) – by which it is possible to judge the interpretation and application of such norms, and the technical means employed for the attainment of consensual goals. This, Majone assumes to be true for European regulations on product safety, environmental standards and competition rules,³ and for the role of the European central bank in a future monetary union.

As a normative argument, this is persuasive, even if there may be disputes over the empirical classification of some policy areas. For present purposes, however, Majone's contributions have an even more important implication in that they point out not only that there are non-democratic *sources* of legitimacy but also policy areas that differ in their *need* for legitimation – a point which is not much in need of discussion in the national context of democratic constitutionalism, but which is of great importance for the European Union and all other institutions of transnational governance.

In light of the Roman maxim *volenti non fit iniuria*, voluntary agreements among the parties affected have intrinsic legitimacy. What needs *extrinsic* legitimation is the imposition of involuntary losses and the compulsion to act, or to abstain from action, contrary to one's interests or normative preferences. Thus the European Community was not in great need of political legitimation as long as its actions and regulations were perceived as serving everybody's interests – and the fact that it was constructed as a negotiation system, in which decisions could not be imposed over the veto of national governments, made sure that those decisions that were taken in the fields of trade liberalization and agriculture did not violate any of the interests that were politically influential at the national level (Weiler 1981).

That changed as the Community tried to push integration beyond the level of a customs union, and thus needed to confront the problem of non-tariff barriers to trade – that is, of national health, safety and environmental regulations that differed from one country to another. Since the goal of a common European market could not be achieved as long as each country was preventing imports that did not conform to its own regulations, the Community tried to harmonize these regulations. But even though all countries were interested in the larger market, they disagreed over whose national regulations should become the European standard. In game-theoretic parlance, these constellations could be classified as 'battle of the

sexes' problems which are indeed difficult to resolve under the unanimity rule (Héritier *et al.* 1996).

Thus, when the single market programme was launched in 1986, it was clear that these deadlocks over the harmonization of national product standards needed to be broken. They were in fact broken by a two-pronged strategy: on the one hand, directives could now be adopted by qualified majority voting in the Council of Ministers, and, on the other hand, these Council directives would only specify basic principles while the details of the technical standards were to be defined by expert bodies. Products that did conform to these standards could then be freely marketed throughout the Community. In combination, these procedural innovations did in fact allow the single market programme to succeed beyond the expectations of most observers by the end of 1992.

But with the move to qualified majority voting, discussion about the European democratic deficit also assumed greater salience. This was perhaps not justified for the single market programme itself which could, as I suggested, be justified on the basis of generally convergent national interests in battle of the sexes-type constellations, or which alternatively could be legitimated on the grounds developed by Giandomenico Majone.

However, as Majone also emphasizes, this justification could not carry over into areas where interests do not converge, and where policy choices are crucially affected by distributive conflict or by ideological or normative conflict. Here, near-unanimous agreement is unlikely to be achieved and the authority of technical expertise will not suffice to settle conflicts authoritatively. If they are to be taken at all, therefore, such decisions must ultimately depend on democratic legitimation – which is not, or at least not yet, available at the European level.

In other words, it is incorrect to discuss the democratic deficit as if it were a general problem. It does not affect European decision-making across the board, but only certain types of policy area in which conflicts of interest and of ideology are endemic. Under the present institutional ground rules, requiring nearly unanimous decisions, such policies could not be adopted by the European Union, and if the ground rules were changed to allow majority voting, such decisions would not be accepted as legitimate. They should be, and are, in fact, left to the member states.

But does that mean that all is well as it is, since the policies that the Union can and does adopt can generally be legitimated, while policies that could not be so legitimated are practically ruled out by the existing institutional structure? That is the conclusion one might reach if only the *authenticity* dimension of democratic self-determination is being considered – and it is approximately the conclusion that was, in fact, reached by the German Constitutional Court. The conclusion changes, however, when the *effectiveness* dimension is considered as well. Here, all depends on how effectively the nation state is still able to deal with those policy problems that should not, or could not, be dealt with at the European level.

In Majone's analysis, the policy areas that definitely depend on democratic legitimation, and that therefore should be left to the member states of the Union, include all redistributive policies affecting capital and labour and, more generally, all policies relating to the welfare state. What Majone does not take into account, however, is the fact that the future viability of *national* welfare states is directly

challenged by European *economic* integration which drastically reduces the *effectiveness* of democratic self-determination at the national level. This, I suggest, is at present the core problem confronting democratic governance *in Europe*.

2. THE POWER OF ECONOMIC INTEGRATION

The European Community has from its beginning been committed to economic and political integration, but it has been much more successful in the former than in the latter. This success is owed, first, to the European Court of Justice which has given constitutional force to the Treaty provisions prohibiting member states from interfering with the freedom of interstate economic transactions and mobility (Weiler 1981); and, second, to the success of Jacques Delors' single market programme which promised, and did, in fact, achieve, the completion of the European internal market by the end of 1992.

As a consequence, and to cut a long story short (Scharpf 1996), we now have, within the European Union, an integrated economic area within which legal and administrative restrictions against the free movement of goods and of capital have been removed, where restrictions on the free competition among service providers are rapidly being eliminated, and where legal restrictions against the mobility of workers and students are in some ways even lower than they are in mature federal states like the United States of America.⁴ Moreover, these rules of 'negative integration' are vigorously enforced against any remaining national restraints on trade and any national distortions of free competition not only by the European Commission and the European Court of Justice, but also by the national courts in ordinary administrative and civil proceedings.

For practical purposes, therefore, capital is free to move to locations offering the highest rate of return, and firms are free to move their production and their research and development activities to any place within the Union without jeopardizing in any way their access to the home market (which is not assured for locations outside the EU). As a consequence, the capacity of national governments to protect domestic firms against competitors producing under different regulatory regimes abroad has been completely eliminated in the industrial sector, and is rapidly eroding even in services that, in the past, had been publicly provided, and their capacity to tax and to regulate domestic capital and business firms is now limited by the fear of capital flight and the relocation of production. Hence all national governments in the European Union are now forced to compete against each other in order to attract, or retain, mobile capital and firms. In that sense, their situation is now comparable to that of subnational governments in the unified national markets of federal states like the United States, Canada, the Federal Republic of Germany or Switzerland.

In these federal states, regional units of government – states, provinces, *Länder* or *Kantone* – have long been confronted with the fact that their own territorial jurisdiction is more narrowly circumscribed than the (effectively national) boundaries of the market, and that they are constitutionally required to respect the freedom of border-crossing movements and economic transactions. It is to be expected, therefore, that the traditional allocation of governing functions in federal

states, between the centre and the regions, will reflect the fact that capital and business have always been mobile within the boundaries of the national market. From this, important lessons might be drawn for the assignment of governing functions in the European Union (CEPR 1993).

The most clear-cut solution is found in the Federal Republic of Germany, where regulatory competition among the *Länder* in areas that might affect the location choices of capital and firms is almost totally eliminated. All taxes, including those accruing to the *Länder*, are fixed by uniform federal legislation; the same is true of all social welfare levies and benefits, including those that are paid out of local government budgets. Similarly, all health and safety regulations, and all environmental regulations that might affect business enterprises, are uniform across the nation, and so are corporation law, labour law, collective bargaining law and, by and large, the collective bargaining agreements negotiated between nation-wide unions and employers' associations. Thus, the main economic function of *Länder* governments is the *promotion* of business by providing public infrastructure including education and training, industry-oriented research facilities and the services of technology-transfer institutions, while financial subsidies to business firms are again regulated by national legislation.

In international comparison, the German degree of regulatory centralization is unusual. Nevertheless, all federal systems have been confronted with the same choice of either moving responsibility for policies affecting capital incomes and the production costs of mobile firms 'upward' to the national level, or avoiding such policies altogether. An instructive example is provided by the history of child labour legislation in the United States in the early decades of this century. During that period, the states of the union were prohibited from interfering with interstate commerce, while regulation of the conditions of production was considered to be beyond the reach of the federal power. Under these conditions, those states that attempted to limit the employment of children in industrial production found that their industries were out-competed by imports from states that still allowed child labour. As a consequence, child labour continued unabated even in the most 'progressive' states until the New Deal 'constitutional revolution' finally permitted regulation at the federal level after 1937 (Graebner 1977).

In fact, therefore, social policy and the welfare state have remained weak when they were left to subnational governments;⁵ and where they are well developed in federal states, they have either become 'nationalized' or, where they remain formally at the subnational level (as is true in Canada), they have come to depend so heavily on national subsidies that effective political responsibility rests with the central government as well.

Thus, the lesson to be learned from the experience of federal states seems to point in exactly the opposite direction from the one suggested by Professor Majone: at the level of member states, welfare state policies that clearly would have majoritarian legitimacy are increasingly frustrated by economic competition in the integrated European market; as a consequence, national governments are losing democratic legitimacy in the output-oriented or effectiveness dimension. It seems to follow that, if *effective* self-determination is to be maintained, the responsibility for redistributive policies must be shifted from the national to the European level.

Europe, in other words, should follow the path taken by federal nation states by developing the 'Social Charter' into a comprehensive European welfare state – or at least by harmonizing national social policies in order to eliminate the ruinous competition between national welfare regimes (Leibfried 1992; see also Leibfried and Pierson 1995).

3. THE WEAKNESS OF POLITICAL INTEGRATION

If this course were taken, however, political responsibility would have to be moved to a level where democratic legitimacy is not (yet) available, and where decisions could not be taken by majority vote in the European Parliament and by a democratically legitimated European government, but would continue to depend on the agreement of national governments in the Council of Ministers and in the European Council. Many of these decisions would still have to be taken unanimously, and even where voting is by qualified majority, the opposition of a few countries can block European action.

It is true, of course, that the European Commission has an important role as agenda-setter, and it is also true that the involvement of the European Parliament has been significantly increased during the last decade. But that does not change the character of the European Union as a negotiation system – it only increases the number of 'veto players' and the range of interests that must be taken into account, and it thus makes European policy negotiations even more complex.

In the Council, interests that have influence on the national ministries involved cannot be overruled; the Commission uses a wide network of committees of experts and interest organizations to draft its own initiatives; and the European Parliament prides itself on representing those broad-based concerns that have difficulty in organizing effective pressure groups. In short, in the European negotiation system it is unlikely that major interests will be ignored. This should increase the legitimacy of the outcomes that can be agreed upon – but it also reduces the possibility of reaching agreement.

In fact, therefore, the European Union is capable of effective action only in areas in which the major interests affected are either convergent or complementary. Such areas do exist, and they mainly coincide with those fields of regulatory policy that have been discussed by Professor Majone. But social policy and the welfare state are not among them.

One reason lies in the differences in the level of economic development among the member states of the Union. In its present composition, the Union includes some of the most highly developed national economies in the world, and some that have only recently been at the level of threshold economies. If we take gross domestic product (GDP) per capita as a measure of the productivity of an economy, Denmark reached over US \$28,000 in 1994, while in Portugal it was below US \$8,800 – a difference larger than existing disparities among the subnational regions in most federal states. Thus, in order to compete in the European internal market, Portuguese firms must be able to pay not only much lower wages than are paid in Denmark, but non-wage labour costs, taxes and the costs of environmental and other regulations must be much lower as well. Given the much lower levels of

disposable income, such costs could not be shifted from firms to households. In short, the economically less developed member states simply could not afford to burden their firms, their workers or their consumers with the same level of welfare costs or, for that matter, environmental costs that citizens in the highly developed member states have come to demand and to accept.

As a consequence, the share of GDP committed to the total welfare budget varies between 17.6 per cent in Portugal, 33 per cent in the Netherlands and 40 per cent in Sweden. It is clear that if these differences were to be harmonized at the lower level, the welfare systems of the more advanced welfare states would be destroyed – and if they were to be harmonized at the higher level, the economies of the less developed member states would be wiped out, just as the East German economy was wiped out when West German standards were imposed.

But even if the north–south conflict within the Union could somehow be neutralized, the harmonization of European welfare states would be extremely difficult and probably impossible. In fact, the more important difficulties are not economic but structural and institutional. To begin with *structural* differences on the *spending* side, Italy uses 50 per cent of its welfare budget for old age pensions, while pensions amount to less than 30 per cent of total expenditures in Germany and to less than 25 per cent in Ireland. By contrast, health care takes 30 per cent of the welfare budget in Germany, but only 20 per cent in Britain and 18.5 per cent in Denmark. Denmark, on the other hand, spends 10.3 per cent on family allowances, which amount to only 5.5 per cent in the Netherlands and 3.6 per cent in Italy (BMA 1995: 14).

Similarly, on the *financing* side, general tax revenues pay for 87 per cent of the welfare budget in Denmark, but only for 18 per cent in France. Employers' contributions amount to 53 per cent of total expenditures in France and to only 24 per cent in the Netherlands (and less than 8 per cent in Denmark). Conversely, workers contribute 48 per cent of the welfare budget in the Netherlands, 29 per cent in France, 16 per cent in Italy and merely 5 per cent in Denmark (BMA 1995: 13).

In the *institutional* dimension, finally, European welfare states have evolved in highly heterogeneous forms (Esping-Andersen 1990). Take the difference between the universalist welfare systems of the Scandinavian countries, on the one hand, and the corporatist systems in Continental Europe. The former have emphasized social services, the latter social transfer payments. The former have tax-based basic pensions combined with contribution-based and 'funded' supplemental pensions, while the latter have pay-as-you-go systems financed through non-wage labour costs. The Scandinavian countries and Britain have national health services, while most Continental countries have insurance-based health care systems in which private physicians are paid on a fee-for-service basis. The list could be extended, and the differences would appear even greater if industrial relations systems (Crouch 1993) were included in our definition of welfare state institutions.

Under these conditions, any attempt at European harmonization would require fundamental structural and institutional changes in most of the existing national systems, and we should expect fierce conflicts over which of the institutional models should be adopted at the European level. In the countries that lose out in this battle, it would be necessary to destroy, or to fundamentally reorganize, large and

powerful organizations from which hundreds of thousands of employees derive their livelihood and on whose services and transfer payments large parts of the electorate have come to depend. In other words, the political difficulties of harmonizing the institutional structures of mature welfare states would be so overwhelming that it is perfectly obvious why nobody, neither governments nor opposition parties, nor employers' associations nor trade unions, is at present demanding that the harmonization of social policy should be put on the European agenda.

Instead, we see that in all member states, governments and unions are struggling with the consequences of economic competition in the internal market. Everywhere, unions accept wage cuts, and governments deregulate and cut taxes on business and on capital incomes, while public services, welfare benefits and pension payments are being reduced. In this, Britain has taken the lead; France faced the challenge in autumn 1995; the German government formulated the most severe austerity programme of the post-war period in April 1996; and Sweden followed suit a few weeks later. There may still be ideological differences between governments that welcome the external pressure to reduce the level of redistribution and welfare regulation, and governments that reluctantly give in to economic compulsion. The effect, nevertheless, is the same.

With the completion of the European internal market, all member states are now competing against each other to attract or retain internationally mobile factors of production – primarily investment capital, producing firms, research and development, and other highly productive services. As a consequence, all see themselves as compelled to reduce the regulatory and tax burdens on capital and firms (S. Sinn 1993; H.-W. Sinn 1994).⁶ By the same token, they must increase the tax burdens on workers and consumers, and they must resist and reduce the claims of those groups – the young, the sick, the unemployed and the old – who depend on public services and welfare transfers.

4. THE END OF DEMOCRACY?

Nevertheless, for all we know from public opinion polls, mass demonstrations, protest strikes and election results, the welfare state continues to have broad political support in Europe (Borre and Scarbrough 1995). Thus, present welfare cutbacks are not generally interpreted as the outcome of democratically legitimated political choices. Instead, each government is adopting and defending them under the external compulsion of economic necessity.

This necessity, however, has not just occurred by accident; it was brought about by political decisions to liberalize world trade and capital markets, to deregulate financial and other services and, above all, to complete the internal European market through the Single European Act of 1986 that was ratified, practically without opposition, in all national parliaments. The ensuing difficulties for existing regulatory systems at the national level were easy enough to foresee, and they were, in fact, correctly predicted by many. We must assume, therefore, that these difficulties were thought to be overbalanced by the economic benefits of the internal market (or, conversely, by the alleged 'costs of non-Europe'). At any rate,

the European market is now integrated, its economic consequences are unlikely to be reversible, and there seems to be no one who is seriously advocating that Europe should return to a regime of protected national markets.

If that is so, the dilemma brought about by the political choices of democratically accountable national governments and parliaments must be squarely confronted. With the completion of the internal market, national governments are no longer able to continue the social and welfare state policies that their citizens have come to take for granted and continue to demand. At the national level, therefore, democratic self-determination has lost its effectiveness. At the same time, the attempt to harmonize social policy at the European level would lack authentic democratic legitimacy and, within the existing institutional structures of the Union, would not be politically feasible.

At this point, we might well join Jean-Marie Guéhenno (1993) in declaring the 'end of democracy' in Europe. If we are not willing to do so just yet, we also need to re-examine once more our concept of democracy. We have defined self-determination as authenticity plus effectiveness, meaning that democratic governments should be effective in realizing the undistorted preferences of citizens. But if we were to apply this definition to individual self-determination, it would describe the expectations of a fairly immature person. What is missing is what Sigmund Freud called the 'reality principle' through which infantile fantasies of omnipotence are tempered with a realistic assessment of one's own possibilities and limitations.

In the political world, it is true, the ideas of popular sovereignty and of parliamentary sovereignty are easily associated with the notion of omnipotence, especially in unitary nation states like Britain where policy choices are constrained neither by a constitutional court, nor by federal structures, nor by an independent central bank. Even there, of course, there have been external constraints in foreign and military relations – but these areas have always been either ignored or considered anomalies in democratic theory. On the other hand, while constraints on the exercise of political power are well known in countries with a bill of rights, constitutional separation of powers and federal structures, these institutional 'checks and balances' could be understood as being self-imposed by the democratic sovereign in order to better structure and control the actions of its agents. Thus, there is again no theoretical conflict with the dual postulates of democratic self-determination.

The economic constraints under which national governments are operating in the internal market are of a different nature. They are not generally accepted as being normatively legitimated – even though there is a body of neo-liberal and Hayekian theory arguing the case for an 'economic constitutionalism' that presupposes regulatory competition among territorially limited jurisdictions (Mestmäcker 1994; Streit 1996). Nor are these constraints quasi-natural givens. They did not exist twenty, or even ten, years ago; they were brought about by the cumulative effects of political choices; and they could still be changed, even though at a very high cost, by concerted political action.

In other words, these are constraints that limit the freedom of political choices in ways which are neither normatively beyond challenge nor empirically inevitable,

and which moreover operate not at the fringes of the political domain, but at the very core of the modern welfare state. This condition is also different from the one which has always characterized democracy at the level of local and regional governments, which was often construed as existing by delegation of the democratic sovereign defined at the national level, and where in any case it was possible to assume that problems that could not effectively be dealt with at local and regional levels could be left to national political processes of superior democratic legitimacy.

Instead, we have here a situation in which the freedom of choice of democratic processes at the national level is being massively constrained in an area of central political concern, while at the higher, European, level where action might be effective, democratic legitimacy is weaker or non-existent. In short, we have reached the point where it is imperative, for the survival of democratic governance, that normative political theory as well as political practice should come to grips with the conditions of 'democracy without omnipotence'.

These are difficult conditions which force us to acknowledge how much even 'realist' theories of democracy have depended on the assumption of omnipotence to support the comfortable belief that the political practice of Western democracies could be taken as a pragmatically sufficient approximation of democratic ideals. Democratic authenticity presupposes that, in principle, every citizen should have the ability to participate in, or least attend to, public discourses over policy choices. That does not seem altogether impossible as long as such discourses will primarily focus on values, or policy goals or the desirability of policy outcomes – rather than on issues of feasibility. Even more important, only if governments are thought to be omnipotent does it make sense to base political accountability on the judgement of voters who, on the basis of their own experience, are only able to judge the desirability of (actual or promised) policy *outcomes*, rather than the technical quality of policy *choices* in the light of feasible alternatives. In other words, the more choices are constrained, and the more issues of feasibility increase in salience, the more difficult it is to argue that the empowerment of ordinary citizens, and be it only in the attenuated role of voters in general elections, will be automatically conducive to good government and, hence, to effective self-determination.

But neither would it be plausible to argue (and Majone certainly does not so argue) that technical expertise, by itself, could provide a sufficient basis of legitimacy for the full range of policy choices for which governments must assume responsibility. Even if issues of feasibility increase in importance, conflicts over desirability retain their salience. Ideally, therefore, democratic publics as well as governments and opposition parties would have to debate over operative preferences in the light of what are feasible aspirations under the prevailing external constraints, and voters would have to respond to government performance in the light of the same criteria. The implication is that if democratic authenticity is to be maintained in the absence of assumed omnipotence, the informational demands on democratic processes must increase substantially. Alternatively, 'realist' theories of democracy would, in fact, have to conclude that effective policy can only be made behind a public smokescreen of symbolic politics focusing on personalities, scandals and trivialities – in which case the prevention of 'predatory rule' (Levi

1988) by self-serving governors would indeed be as unlikely as some public choice theorists have claimed (Riker 1982).

Yet none of this would make much of a difference one way or another if the completion of the European internal market would, in fact, imply the frustration of all goals and aspirations that had in the past been associated with the welfare state in European democracies. Even if democratic self-determination cannot be equated with omnipotence or wish fulfilment, it does imply that in areas of high political salience meaningful political choices must remain available at those levels of a multi-level political system where authentic democratic participation is possible.

At the national level, therefore, it is important to explore whether and how it is still possible to pursue the aspirations of the welfare state under the economic conditions of the European internal market. Similarly, it is necessary to explore what contribution might be expected from European policy processes under conditions where the European Union cannot be a majoritarian democratic polity but will remain, for the time being, a complex negotiation system.

In either case, it will be necessary to re-specify the original goals and strategies in the light of what the nation state is still able to do, and in terms of what the European Union in its present institutional form is able, or unable, to achieve. But if that is done, I am fully convinced that the range of significant choices that are still available is much wider than is suggested by the political hysteria about cost-cutting and welfare cutbacks at present sweeping all European countries.

Lack of space prevents me from spelling out the concrete implications of this invocation of the reality principle. Nevertheless, a few examples are necessary to illustrate its potential. I begin with some strategic options that are still available at the national level:

- First, if the terms of trade between capital and labour have irreversibly shifted in favour of capital, political parties and unions still committed to egalitarian goals would finally need to shift their attention from wage and tax policy to the distribution of capital assets. It would be useful, therefore, to go back to earlier versions of Rudolf Meidner's plans for the Swedish 'wage earner funds' – that is, before they were overburdened with all the anti-capitalistic ambitions of the social-democratic Left of the 1970s. Acceptance by firms could be secured if, in collective bargaining agreements, a part of the 'normal' wage settlement were used to 'buy' equity in the firm, title to which would then be transferred to investment funds. In order to avoid disincentives to mobility, and to spread the risks of bankruptcy, individual workers could then become shareholders in these investment funds, rather than in their own firms. Over the medium term, then, income from work would be supplemented by income from capital.
- Second, if wage and tax cutbacks seem unacceptable as a competitive strategy, unions and governments must concentrate their efforts on helping to raise business profitability in other ways. That implies industrial policy and industrial relations efforts that will increase productivity and the capacity to innovate, rather than protect existing jobs and firms against the market. It is important to note, however, that such efforts are only likely to succeed if each country builds on the comparative advantages of its existing institutional

structures, rather than trying to import the latest fads from abroad. Thus, if Britain should find its competitive advantage in deregulated and highly flexible labour markets, that is no reason for Germany to dismantle its own institutional advantages that depend on trusted co-operation between management, banks and organized labour.

- Third, if financing welfare expenditures through taxes on business and non-wage labour costs leads to capital flight, dis-investment and job losses, a larger part of the welfare burden must be shifted to taxes on consumption. As I have said before, this is largely true in Denmark, where 87 per cent of the welfare budget is financed from general tax revenues – including high levels of value added tax. Significantly, therefore, Denmark also seems to be one of the few countries in which the welfare state is hardly affected by the current agitation over international competitiveness. One implication is, of course, that the European Union should not impose upper limits on VAT rates, and that the attempt to switch from the country-of-destination principle to the country-of-origin principle should finally be abandoned.

An even more radical solution would generalize the Swiss model of health care finance. Here the role of the state would be reduced to requiring everybody to take out private insurance against typical social risks, and to subsidizing the premium payments of low-income groups. Since this would shift the major burden to private consumption, the overall size and cost of the welfare state would cease to be a major public or economic issue.

In both instances, it is clear that the problems of transition from one system to another could be enormous, and they would vary greatly from one country to another, depending on the particular starting situation. This is another reminder that European harmonization could not succeed in the social policy field, and that individual countries must be allowed to work out their own, path-dependent solutions.

- Finally, if the welfare state is bankrupted by high and rising rates of unemployment, governments could attempt to increase the ‘employment content’ of welfare expenditures – for instance, by subsidizing low-wage employment instead of financing full-time unemployment.

In a very limited form, this is achieved by the ‘earned income tax credit’ in the United States. The most general, and in many ways the most attractive, solution would be the ‘negative income tax’ which would provide a basic income for everybody while maintaining incentives to seek paid employment. Given the financial constraints under which all governments are at present operating, however, it is unlikely that a generous scheme of this kind would be adopted in the near future. More attractive from a fiscal and labour market point of view would be a targeted scheme in which a degressive income subsidy would be paid to all workers in jobs paying wages at or below the poverty level.

Such a programme would encourage the evolution of a low-wage labour market – which currently does not exist in European welfare states except Britain, and in which a considerable part of the American ‘employment miracle’ has taken place. If employment is to increase significantly, these low-pay job opportunities for people with low levels of skill cannot be ignored

any longer. Income subsidies would permit their utilization without allowing the emergence of a large population of the 'working poor' who are compelled to work full time to achieve incomes that remain below the poverty level. If successful, such income subsidies could pay for themselves in terms of reduced outlays for full-time unemployment. The major opposition, therefore, comes from unions which are still committed to the principle that only 'good jobs' should be allowed in European welfare states – even if that implies accepting high levels of unemployment.

The list could be extended. That is not my purpose here. I merely hope to suggest that even in the field of social policy, which is said to be most directly exposed to competitive pressures in the internal market, there are still economically feasible choices at the national level that would make a significant difference to the solidaristic and egalitarian goals that have always been associated with the welfare state.

Similarly, it is true that European decision-making in the social policy field is impeded by high consensus requirements in the face of widely divergent interests. Nevertheless, it seems possible to re-specify some of the goals of social regulation at the European level in such a way that agreement is facilitated, and that European regulation could be employed to reduce or limit the damage done by the ruinous competition among national regulatory and welfare systems in the internal market. Again, I will limit myself to a few suggestions that should merely illustrate the basic approach.

- First, if conflicts over environmental and other regulations arise primarily from differences in the level of economic development among member states, agreement on harmonization might nevertheless be reached for regulations stipulating dual standards – one defined at the aspiration level of the most highly industrialized and most polluted countries, and one defined at the level which the economically less developed member states can afford.
- Second, if conflicts of interest arise primarily from structural and institutional differences among member states, agreement might nevertheless be reached on the harmonization of quantitative levels of effort. Thus, I have argued that in the social policy field not only institutional differences but also the different structures of financing the welfare state and the different emphases on certain types of welfare spending must rule out harmonization at the European level. At the same time, however, differences in *total welfare spending* are less great and much more regular. By and large, the richer European countries commit larger shares of their GDP to welfare expenditures than poorer countries.

While welfare spending is not quite proportional to wealth measured in per capita GDP, it is nevertheless highly correlated. Thus, if we plot welfare spending as a share of GDP (Eurostat 1995: table 3.3, 1992 data) against per capita GDP (1994 data), the twelve member states of the European Union were all fairly close to the regression line. Among the countries that did spend more than their 'normal' share on welfare were the Netherlands and, remarkably after seventeen years of Conservative welfare retrenchment, the United

Kingdom. Equally remarkable is the fact that among the lower outliers we find not only Portugal and Ireland, but also (West) Germany with its allegedly excessive welfare burden.

Figure 1 suggests the existence of a latent consensus among the member states of the Union, according to which, regardless of structural and institutional differences, the welfare state should increase in relative importance as countries become more affluent. It also suggests the possibility that this latent consensus could be transformed into an explicit consensus supporting a European convention against ruinous competition in the welfare sector. What would be needed is a binding agreement, according to which all countries would avoid welfare cutbacks that would push their total welfare expenditure below a lower threshold which might be defined at, or slightly below, the present location of countries that are lower outliers in Figure 1. If such a rule were in force now, Germany could not cut welfare spending to reduce its public sector deficit, while the Netherlands and Britain would still be able to do so. In other words, the rule would merely limit the extent to which welfare cutbacks could be used to increase international competitiveness, but it would leave countries free to pursue any structural or institutional reforms within these overall quantitative constraints.

- Finally, agreement on the lower boundary of welfare spending would also not prevent the competitive reduction of employers' contributions. In a sense, this is inevitable: countries that have traditionally financed large shares of the welfare budget in the form of payroll taxes are not only at a competitive disadvantage internationally, but are also depressing overall employment as a consequence of high total labour costs. It would be counterproductive if they were prevented from shifting some of the welfare burden to other sources of finance.

What would be desirable instead would be the European-wide

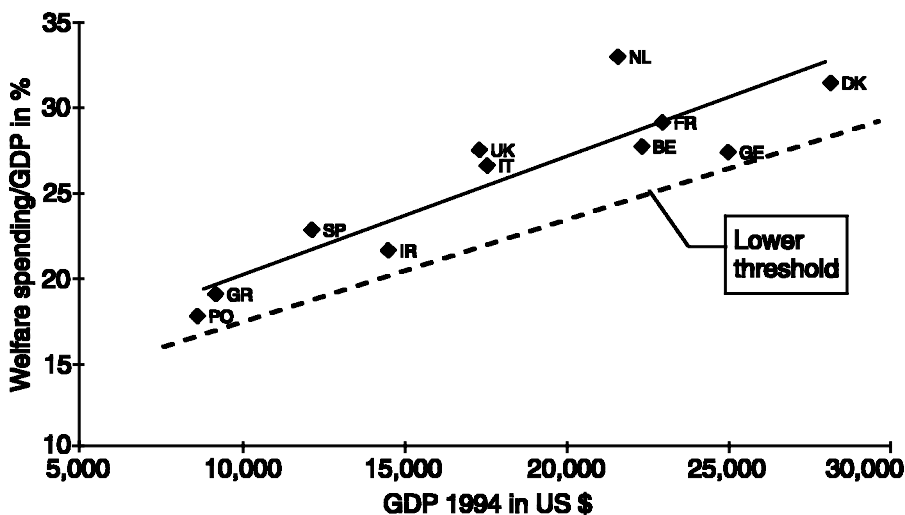


Figure 1 GDP and welfare spending/GDP

harmonization, perhaps again graduated relative to per capita GDP, of taxes on business and capital incomes. However, since national tax systems and systems of tax collection also differ widely, it would probably be extremely difficult to achieve harmonization at the level of specific taxes. What might nevertheless be feasible is, again, agreement on a quantitative rule defining the minimum share of total revenue that a country should obtain from all types of tax on business and capital incomes.

Once more, this would leave countries free to reform their tax systems according to their own preferences, but it would reduce the pressure, created by capital mobility in the European market, to use tax cuts for competitive advantage and to shift all financial burdens from capital on to labour and consumers.

These lists are certainly neither exhaustive nor definitive. But they suggest that, even under conditions of a fully integrated internal market in Europe, opportunities for significant and effective political choices are still available at the national level. It is true that they do not allow the continuation of solutions that were successful and have found democratic support in the post-war decades. They require major changes of strategy that are particularly painful for labour unions and the parties of the left. But they do not imply the capitulation of democratic politics before the overwhelming force of capitalist markets.

At the same time, the European Union cannot be transformed into a democratic polity within the near future, and it also cannot assume the functions of the national welfare state. But the institutions of the European Union can be used to enable and to assist national political solutions that will defend the rights of citizenship and the values of the welfare state against the forces of the integrated market. When these opportunities are grasped, the future of democracy in Europe seems not nearly as bleak as the present debate often suggests.

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NOTES

- 1 It is true, of course, that most decisions of national parliaments have been shaped by prior negotiations among government departments and the affected interests. Nevertheless, the parliamentary majority remains a 'fleet in being' which, on politically highly salient issues, is able to override interest politics.
- 2 The same argument would stand in the way of European-wide referenda which have been suggested as a potential remedy against the democratic deficit (Zürn 1996; Grande 1996).
- 3 It is also interesting to note that the first serious conflict in which the legitimacy of European decisions is directly being challenged in Germany has arisen over the application of the competition rules of the Treaty, in particular of Art. 92 para. 2, to subsidies paid by the East German *Land* of Saxony to Volkswagen.
- 4 For instance, state universities in the United States charge much higher fees for students from other states, while the European Court of Justice has ruled that no fees may be

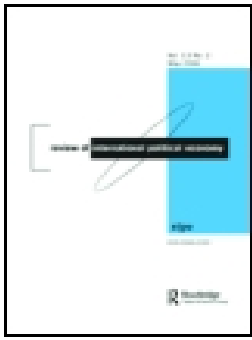
collected from students from another EU member state, even if fees have to be paid by domestic students.

- 5 Critics of policy centralization or harmonization point to the fact that Switzerland has been able to maintain a highly decentralized tax and welfare system despite complete market integration (Feld and Kirchgässner 1995). But the share of GDP committed to total welfare spending is lower in Switzerland than in any other European country at a comparable level of economic development (Eurostat 1995: table 3.31).
- 6 I do not wish to argue that regulatory competition in Europeanized or globalized markets must always lead to deregulation. Like firms, countries may not only be engaged in price (or cost) competition but also in quality competition. That is true where high levels of regulation are advantageous to consumers or investors. Thus international competition has, in fact, contributed to the upgrading of national regulations in the fields of banking and stock exchanges. But that is no comfort when social policy regulations and taxes that impose costs on consumers and investors are in question.

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Revisiting 50 years of market-making: The neoliberal transformation of European competition policy

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ABSTRACT

The article analyses the evolution of European competition policy. It is argued that the content, form, and scope of competition regulation has undergone a major transformation over the past fifty years, which is related to broader socio-economic developments. Until the mid-1980s, competition policy formed part of the institutional nexus of the postwar order of 'embedded liberalism', underpinned by a Fordist accumulation regime and Keynesian welfare institutions. It exemplified strong neo-mercantilist and protectionist traits, allowing for significant distortions of competition, whenever justified for general reasons of industrial and social policy. Since the mid-1980s, gradually, a neoliberal 'competition only' vision came to dominate, giving rise to a more market-based competition regime, in which private rather than public actors prevail, and which seeks to create an ever-bigger 'level playing field' of free markets. This transformation is linked to the broader context of the disruption of the postwar social order and the rise of neoliberalism. A public-private alliance of transnational actors, consisting of the European Commission's DG Competition and transnational business elite networks, were the driving forces behind the 'neoliberalisation' of competition policy.

KEYWORDS

Capitalism; competition; competition policy; regulatory discourses; embedded liberalism; neoliberalism.

An open, competitive Single Market is Europe's biggest asset, unique in the world. Competition policy and effective enforcement will

secure a level playing field – so all operators in the Single Market compete and win on merit alone. This is what generates investment, efficiency, and innovation. (Neelie Kroes, EU Competition Commissioner, 2006)

INTRODUCTION

According to prevailing wisdom, which draws on the premises of contemporary neoclassical economic theories, fierce competition is a blessing. It is considered self-evident that the dynamic of the competitive process leads to higher levels of productive efficiency and technological innovation, which in turn result in the maximization of social welfare. As one scholar observes, ‘in the realms of European discourses and institutions alike, competition has been elevated to an exalted status, a “highest good” that brings all other virtues, including international economic competitiveness’ (Smith, 2005: 316). It is also widely accepted that competition cannot be taken for granted. For this reason, competition policies evolved in industrialized states. In Europe, competition is regulated by both national competition authorities (NCAs) and EU institutions. Competition policy constitutes one of the EU’s core policy areas, in which the Commission’s Directorate General IV (today called DG Competition) has enjoyed far-reaching enforcement powers since the 1960s. EC competition policy, however, only achieved heightened prominence with the relaunch of the Single Market Program in the 1980s. Its importance was further reinforced in the wake of the 2000 Lisbon agenda, aiming at making the EU ‘the most competitive and knowledge-based economy of the world by 2010’.

Focusing particularly on EC level developments, this article analyzes the broader evolution of European competition regulation over the past 50 years. It demonstrates that a profound transformation of the *content*, *form*, and *scope* of competition regulation in Europe has taken place: in terms of content, enforcement practices have been restricted to a ‘competition only’ focus; in terms of form, they have become increasingly privatized and undemocratic; and in terms of scope, they have been Europeanized and globalized. The article argues that this transformation needs to be understood in the context of the transnationalization of capitalism, and the broader shift from embedded liberalism towards neoliberalism.

The article is divided into five sections. The first section offers a theoretical perspective for analyzing broader developments in the field of competition policy. The second and fourth sections outline the broader historical context in which European competition policy developed, dealing with the era of embedded liberalism and the era of neoliberalism. The third and fifth sections explore the content, form and scope of competition policy in Europe in these two eras. A conclusion summarizes the

findings, and reflects upon the wider impacts of the transformation of EC competition policy.

THEORIZING COMPETITION REGULATION

The theoretical perspective outlined here seeks to break with two tendencies in the existing literature on competition policy, which are engrained not only in the contributions from the economic and legal sciences dominating the field, but also in the relatively few political science analyses that surfaced since the mid-1990s. First, competition policy is often analyzed as if it did not form part of a broader whole of which it is affected by, and on which it has an impact. The bulk of the contributions from the economic and legal sciences focuses on detailed economic and legal themes, providing a narrow and self-contained perspective on competition regulation (e.g. Faull and Nikpay, 2007). Contributions from the field of political science, in turn, largely tend to focus on institutional and regulatory questions. Although it is important to generate knowledge on the institutional, economic, and judicial dimensions of this policy area, such knowledge does not help to understand broader developments in competition policy, as it fails to embed the latter in the context of the broader transformation of capitalism and regulation in Europe.

Second, most of the existing literature adopts what Cox (1981) coined 'a problem-solving attitude', neither questioning 'the existing order of things', nor challenging prevailing discourses against the background of which competition policy is formulated. Accepting competition as a blessing implies that the negative consequences of competition remain unmentioned. Furthermore, the use of seemingly apolitical and static conceptualizations of anticompetitive conduct, and the preoccupation with complex legal technicalities, often conceals the profoundly political nature of competition policy. Exemplary of this tendency is Motta (2004: 30), who defines competition policy as 'a set of policies and laws ensuring that competition in the marketplace is not restricted in such a way as to reduce economic welfare', or, Damro (2006: 867), who notes that competition policy is 'designed to ensure and manage competition, which helps to determine opportunities and incentives for consumers and producers'. Similarly, those enforcing EC competition law often downplay the inherent political nature of competition policy. Former Competition Commissioner Monti repeatedly stated that competition policy was 'a matter of law and economics, not politics' (European Union, 2001).

In marked contrast, the perspective advocated here insists that competition policy is deeply political and needs to be understood in a broader context, most notably that of capitalism and its various manifestations. Capitalism can be defined as an economic system in which a large number of companies, using privately owned capital goods and wage-labor, produce

and sell goods and services with the intention of making profit (Jessop, 2002a: 12). The prevalent logic is that of capital accumulation, with 'capital' denoting accumulated wealth that can be used to accumulate more wealth. The process of capital accumulation is not unproblematic, but pervaded by a range of contradictions (ibid: 20–1). One of these contradictions arises from the dynamics of competition, comprising the process of economic rivalry between companies in their struggle for profits. Competition, as one of the central driving forces of capitalism, is widely considered to have a number of desirable effects, such as providing firms with an incentive to innovate and cut prices, and hereby benefit consumers (Eekhoff and Mock, 2004). Competition, however, can only 'deliver' this, because it confronts companies as an objective threat, which, in its strongest form, 'strikes not at the margins of the profits and the outputs of the existing firms but at their foundations and their very lives' (Schumpeter, 1947: 84). Individual firms generally prefer to avoid the 'feverish agitation' of price and product rivalry by engaging in various forms of collusive arrangements and/or economic concentrations (Marx, 1906: Part III, Chapter 10, Section 5). In its most extreme form, the latter results in the oligopolization or monopolization of product markets, which undermines the competitive process. Wanniski (1992: 18) captured this contradiction well by noting that 'Marx was extremely close to the truth' when he discovered that '[c]apitalism could not succeed because capitalists would sow the seeds of their own destruction. That is, if capitalism *requires* relentless competition, yet capitalists are doing everything they can to *destroy* competition, we have a system that is inherently unsustainable'. This, and other contradictions, explains why capitalism's expanded reproduction cannot be secured by markets and market actors alone. Indeed, markets are not natural facts that represent some sort of God-given order that existed prior to, and despite of, various extra-economic interferences, but rather are social constructs that depend on various forms of regulation for their reproduction (Van Apeldoorn and Horn, 2007: 211–5). The very existence of such regulation entails a disclaimer with respect to the workings of unrestricted free-market logics. Thus, the role of the state in regulating competition is central.

Following regulation theorists, specific forms of capitalism can be interpreted in terms of an *accumulation regime*, that is, 'a complementary pattern of production and consumption which is reproducible over a long period', and a *mode of regulation*, understood as 'an emergent ensemble of rules, norms, patterns of conduct, social networks, organisational forms and institutions which can stabilize an accumulation regime' (Jessop and Sum, 2006: 42; see also Boyer, 1990: 43). Competition regulation constitutes a contingent element in a wider mode of regulation that *inter alia* seeks to remedy the abovementioned contradiction, hereby contributing to make markets work. To put it in metaphorical terms: if the process of competition is the

engine of capitalism, competition regulation is the lubricating oil that assures the functioning of the engine. Competition regulation is contingent, as its *content*, *form*, and *scope* can vary greatly. Regarding *content*, it can have various 'objects of regulation', such as cartels, market dominance, mergers, or, state aid, and, in regulating these objects, serve different social purposes, thereby benefiting certain societal groups more than others. Regarding *form*, competition policies can be enforced by politically independent competition authorities, involve political decision-makers, or, be left to private market actors litigating before the courts, generally referred to as private enforcement. Finally, the question of *scope* concerns the demarcation of the spatial jurisdictional reach of competition policies: it can be national, regional, or global.

The content, form, and scope of a competition policy are, first, related to the way in which capital accumulation is facilitated in the broader mode of regulation at a particular historical juncture and location, and, second, affected by socioeconomic power balances. Even though any mode of regulation contains a number of 'irrelevant, residual, marginal, secondary, and even potentially contradictory elements' (Jessop, 2002b: 106), the developments in the wider regulation of capitalism are likely to be reflected in the regulation of competition. Due to the contradictory and dynamic nature of capitalism, a mode of regulation can only achieve temporary success: over time, capital accumulation and its facilitation require a gradual transformation, or, replacement of the various elements making up the existing mode of regulation. Rather than automatic responses to the 'needs of capitalism', modes of regulation are shaped within 'determinate limits through indeterminate political and social struggles' (Hudson, 2005: 100; see also Lipietz, 1992: 7–8). Such struggles are informed by ideas that may, or, may not, become institutionalized. Competition policy, like other forms of regulation, is based on particular ideas on how to organize a market place – and these ideas, albeit imperfectly, are related to broader discourses that prevail as a result of an underlying balance of power between various socioeconomic forces at a given juncture.

Two levels of 'ideas of regulation' can thus be distinguished, namely, *general discourses* and *policy-area-specific discourses*. General discourses entail more encompassing perspectives on how the economy in a given social space ought to be regulated, and relate to the overall nature of regulation by prescribing particular 'models' of capitalism. Policy-area-specific discourses emerge from general discourses, and translate them into perspectives on regulation in various policy areas. Regarding competition policy, they entail perspectives on its purpose (content), how it should be enforced (form), and what its jurisdictional reach should be (scope). The significance of such discourses changes over time, corresponding to the shifting constellations of socioeconomic forces formulating their preferences and positions based on competing discourses. Such a transition

never entails a total rupture of previous structures at once, but is shaped by 'the paradoxical simultaneity of continuity/discontinuity in the flow of historical time' (Jessop and Sum, 2006: 324). In a situation of relative continuity, regulatory changes are in line with the structural coherence of a given period. Once regulatory changes disrupt this coherence, a phase of transition begins, in which relative continuity alternates with relative discontinuity (ibid). Such transitions are 'moments of disjunction and relative openness' in which different socioeconomic forces search for new patterns of structural coherence in an experimental way (ibid: 326). This struggle for hegemony proceeds through moments of deconstruction, construction, and consolidation (Overbeek, 1999: 248–9). In the deconstructive moment, articulators of a new discourse problematize prevalent ideas and promote new ones. Once a vast majority of a constituency subscribes to these ideas, a constructive moment follows, in which the discourse gets implemented in social practices and structural adjustments. The moment of consolidation is marked again by relative continuity: the discourse becomes common-sensical and deeply engrained in institutions and regulatory ensembles. The hegemony of a policy-area-specific discourse with a particular content, form, and scope is likely to be related to the broader hegemony of the general discourse of regulation from which it emanated.

Various socioeconomic forces and their underlying power relationship can be of importance in the context of competition policy: consumers, unions, competition authorities, and political decision-makers. Particular weight can be given to those directly subject to regulation, most notably 'capital actors' representing corporate viewpoints and seeking political alignment with regulators (Chari and Kritzing, 2006: 54–6). Capital actors are not a unified group with a common interest in one particular type of competition policy. Representatives of import- or export-orientated companies, small and medium-sized enterprises (SMEs), or, transnational corporations (TNCs) often have contradicting preferences. To use another metaphor: competition forces market players to swim or to sink, and competition takes place between swimmers. Those on the winning side share an interest in the right to compete freely, undisturbed by state interferences and privately erected market barriers. The power relationship between different types of capital actors changes over time in dialectical interplays with the transformation of capitalism, and this, in turn, has an impact on their relative ability to influence what type of competition regulation they are subjected to.

The tendency of downplaying the political nature of competition policy, as it is the case in the overwhelming majority of the literature, should thus be rejected. Political authorities do not automatically crystallize the 'best' and most effective institutional and regulatory solutions. Behind seemingly detailed judicial and technocratic issues of competition laws and their enforcement lurk important political questions regarding the

distribution and concentration of economic power and wealth, not only in domestic market situations, but also in an ever-more globalized world. Conceptions of competition policy denying or neglecting this are political themselves as they disguise the underlying conflicting interests regarding the content, form, and scope of public intervention in competition matters.

THE ERA OF EMBEDDED LIBERALISM

The era of embedded liberalism embraces the post-war economic order lasting from the 1950s to the 1970s in the advanced industrialized states of the West, including the EC member states (cf. Ruggie, 1982). This order was characterized by Fordism at the level of the organization of economic production, Keynesian-inspired macroeconomic and social policies at the level of society and state, and the *Pax Americana* at the level of the overall organization of the capitalist world system (Overbeek, 1990: 87). The Fordist accumulation regime coupled the rising productivity levels of nationally oriented companies with mass consumption (Van Apeldoorn, 2002: 52). Keynesian-inspired welfare states with domestic regimes of government-steered market intervention constituted a crucial element in the mode(s) of regulation that sought to stabilize Fordist growth. These welfare states did not emerge *in order* to make Fordism function, but were the contingent outcome of political struggles, in which organized labor demanded higher wages and social security rights, and, in which political and corporate elites sought to minimize working class support for communism (Lipietz, 1992: 5–8). At international level, the elimination of trade barriers of the General Agreement of Trade and Tariffs (GATT) in the late 1950s and early 1960s, supported by the Bretton Woods system of stable exchange rates, sustained the enhanced openness of national markets to foreign trade. As a common denominator, embedded liberalism exhibited a broad-based commitment to an open world economy combined with domestic mixed economies. To borrow the expression by Gilpin (1987: 355), it allowed for ‘Keynes at home and Smith abroad’.

The EC as a supranational organization was intended to stabilize the processes of predominantly nationally oriented capital accumulation on a pan-European scale, and formed a political response to the challenges posed by the much stronger US market. By gradually opening national markets, EC member governments sought to overcome the fragmentation of the European marketplace along national borders and establish analogous market conditions to that of the US. European regulators hoped that companies from the different member states would engage in cross-border mergers and acquisitions (M&As), reap the benefits of economies of scale, and, hence, become large enough to be competitive *vis-à-vis* US companies. As Hallstein, the Commission’s first President, noted, the goal of ‘the transformation of the market relations in the European Community as a

whole was to build a new giant big enough in a world of giant powers' (in Freyer, 2006: 282).

This vision was reinforced in the course of the 1960s, when the competitive strength of US companies became a major concern to economic and political elites in Europe. The establishment of the customs union through the 'Common External Tariff', and the joint foreign trade policy on 1 July 1968, raised the awareness of expansion-orientated, capital intensive US business, who had a strong interest in the creation of free-market access for their technologically more advanced US companies in the market for high-value goods. In the course of the 1960s, US companies sought to gain a foothold in the common market through M&As with European companies, and the conclusion of different forms of cooperative intercompany arrangements, such as alliances, joint ventures, distribution and supplier agreements, cross licensing of intellectual property, and franchizing. As a result, in the 1960s, 27 of the 30 largest industrial companies worldwide originated from the US, and generated most of their profits in Europe (Adams and Brock, 1990: 175).

The enhanced US corporate presence evoked the picture of a growing submergence of corporate Europe to US economic hegemony. In France, the corporate and political elite particularly feared that 'US transnationals would be a Trojan horse undermining French economic sovereignty' (Gill and Law, 1989: 485). These fears were echoed in Servan-Schreiber's best-selling book *Le défi américain* (*The American Challenge*), where he argued that Europe was the target of an offensive industrial invasion and risked becoming 'an annex of the United States' (1968: 139). One of the problems he identified was that many European companies were too small compared to their larger US counterparts. Even though the common market was created with the intention to allow sufficiently large (nationally based) corporations to profit from the opportunities for economies of scale and scope, the institutional landscape of different regulatory regimes and cultural-linguistic barriers imposed structural constraints to expand across borders. Concentrations of a truly European dimension were relatively seldom (Commission, 1970: 92).

The structural features of embedded liberalism generated a period of exceptional expansion of the world economy, which was later referred as the 'Golden Age' (Hobsbawm, 1994: 258–61). From the 1960s to the early 1970s, the world's manufacturing output doubled and trade trebled (Overbeek and Van der Pijl, 1993: 5). For various economic, political, and social reasons, however, the Golden Age ended in 1973 (Lipietz, 1992: 14–9). A deep economic crisis began, lasting well into the next decade, and manifesting in sharp decreases in output, productivity, export growth, and increasing unemployment, and inflation in industrial states (Frieden, 2006: 363–91). EC member states initially responded to the crisis by intensifying the features of the Keynesian welfare state (Jessop, 2002a: 90). The aspiration to

seriously tackle the 'American challenge' at EC level was put in cold storage, and primarily taken up along national lines by far-reaching national industrial policies meant to cushion national industries against the presumed competitive pressures of US companies (Van der Pijl, 1984: 246–7). Member governments gave primacy to the creation of national champions, and boosting industries considered 'strategic', both in the private and public sector. This 'new protectionism' involved direct state aids, guaranteed preferential public procurement contracts, tax rebates for some industries, and the stimulation of national mergers (Commission, 1972: 16).

COMPETITION POLICY IN THE ERA OF EMBEDDED LIBERALISM

Competition laws at both national and EC level were adopted in the era of embedded liberalism. The competition provisions in the 1951 European Coal and Steel Community (ECSC) Treaty took shape against the backdrop of strong US presence in the aftermath of the War. Concerned about market access, US government representatives and capital actors feared that without the inclusion of antitrust articles, the ECSC would be 'a clever cover for a gigantic European cartel for coal and steel producers' (Acheson, 1969: 383–4). In the subsequent Treaty of Rome, 'competition' also came to occupy a central position, acquiring a strong constitutional status. In the preamble, member states committed themselves 'to concerted action in order to guarantee a steady expansion, a balanced trade and fair competition'. Moreover, as outlined in Article 2 and 3f, the goal of the EC was to promote 'a high degree of competitiveness', and establish 'a system ensuring that competition in the common market is not distorted'. The actual 'Rules of Competition' addressed cartels and restrictive business practices, abuses of dominant positions, public undertakings, and state aid, stipulated in Article 85 and 86, and 90 to 94, which after the renumbering through the Amsterdam Treaty became Articles 81, 82 and 86 to 89.

The *content*, *form*, and *scope* of competition laws and their enforcement at national and EC level in the period stretching from the late 1950s to the early 1980s appeared as a manifestation of the prevalent social compromise of embedded liberalism. As regards *content*, the laws were framed in general terms, and enforced consistent with the way capital accumulation was facilitated in the Keynesian welfare states. A cursory reading of the competition provisions might give the impression of 'a firm desire to create a neo-classical liberal economic structure based on an approximation as close as possible to the "ideal type" of perfect competition' (Allen, 1983: 212). In fact, the EC competition provisions were due to pressures from the German government, most notably from leading members inspired by ordoliberal ideas (cf. Gerber, 1998). Ordoliberals considered the

proviso of complete competition the centerpiece of an 'ordered' economy, which ideally should be composed to the extent possible of SMEs, and thus, a minimum of 'big business' (ibid: 240–1). However, a closer inspection of the provisions reveals that this view never materialized. Despite the intention to preserve competition, there was no wholehearted commitment to do so at all costs. A range of substantive legal features account for this. First, the absence of merger control is remarkable, particularly as the ECSC Treaty included such provisions. Second, Article 82 did not prohibit significant degrees of market concentration, but allowed dominant positions (including monopolies) as long as there was no 'abuse'. Finally, Article 81(3) provided an opportunity to exempt certain forms of anticompetitive agreements that potentially could fall into the category of a cartel. As McLachlan and Swann (1967: 49) bluntly commented, the Treaty was virtually a *carte-blanche* permitting the creation of market power.

The main reason for this was that the vast majority of capital actors and their governments were not favoring strict EC level competition regulation along ordoliberal lines, as this would have prevented economic concentration and the emergence of 'big business'. As Cini (2002: 247) explains: '[c]oncentration was deemed to be a good thing as it assisted in the process of post-World War II economic reconstruction and helped to make West European industry competitive *vis-à-vis* U.S. big business'. Moreover, in the absence of US government representatives in the preparatory stages, the main driving force behind the relatively strict merger rules of the ECSC Treaty had vanished. Similarly, national competition provisions were designed to ensure the emergence of big (Fordist) companies, even if this undermined competition. Economic concentration was generally considered a catalyst for technological advancement. Consequently, in the 1960s, neither the British nor the German authorities felt a strong need to challenge dominant companies. This tolerant stance was exhibited in many ways: Prime Minister Wilson announced in 1968 to restructure British industries 'on a scale and at a speed not seen in this century' (Adams and Brock, 1990: 177). In France, massive capital infusions and government sponsored mergers in key sectors of global competition (i.e. pharmaceuticals, defense, engineering, and utilities) were meant to reinforce the competitive position of the French industry, a goal that was formally spelled out in the Fifth Plan of the French 'planification' economy of 1966–1970 (Hayward, 1995: 4). Moreover, in the spirit of the Keynesian full employment commitment, in the UK and France, but also to some extent in Germany, competition was regulated on the basis of various 'public interest' criteria, allowing also for employment considerations to be taken into account (cf. Dumez and Jeunemaître, 1996).

Even though the Commission never lost focus on the market integration project in the 1960s and 1970s, it was overtly responsive to the industry

interests seeking to catch up with the US economy. In line with member state and corporate interests, it gave preferential treatment to certain sectors facing fierce competitive pressures from the US, and later also from Japan. Entrenched with a proactive macroeconomic industrial policy, and fine-tuned to a broad set of socioeconomic objectives, EC competition policy was also primarily shaped by public interest and employment considerations (e.g. Commission, 1972: 12, 17–8). The Commission synthesized the removal of barriers to trade and competition by adopting a pro-concentration stance, and particularly stimulated cross-border alliances to boost commercial interdependencies. The institutional particularities of the EC competition regime facilitated this stance. The *ex ante* notification regime, requiring companies to notify envisaged intercompany agreements to the Commission, reserved a strong role for public market supervision. Based on Article 81(3), the Commission could balance its decision-making between ‘good’ or ‘bad’ cartels, and exempt certain conducts from the general cartel prohibition. As stipulated in Regulation 19/65, it could do so either on a case-by-case basis, or categorically exempt entire industries and types of agreements by the issuance of block exemption regulations. This provided companies with a safe-haven procedure, as notified transactions were legally immune from prosecution by third parties. Exemptions, for the sake of making European corporations fit for competition in the world market, offered a welcome avenue to lobby for business-friendly treatments. Moreover, as part of a broader neomercantilist strategy, the Commission sought to thwart the practice in which governments picked their national winners and promoted *Eurochampions* instead. Exemplary is the adoption of Regulation 67 in 1967, which exempted exclusive selling and purchasing agreements, provided that the participating companies belonged to at least two member states. In December 1972, the regulation was prolonged for another ten years by the adoption of Regulation 2591 (Commission, 1973: 19). In addition, spurring technological innovation in the form of intercompany cooperation in the field of R&D as a source of economic growth and competitive strength received central attention (Commission, 1981: 13).

In the crisis years of the 1970s, the liberal ‘embeddedness’ of competition control engendered the toleration of structural crisis cartels. The Commission exempted intercompany agreements on freezing production of industries suffering from surplus capacity, i.e. the coal and steel, sugar, motor vehicle, shipbuilding, and textile industries (cf. Tsoukalis and Da Silva Ferreira, 1980). Similarly, it tolerated government subsidies meant to rescue industrial sectors in despair, and temporarily increased tariff barriers. As the maintenance of social peace, ‘fairness’, and equal opportunities had priority, it adopted a supportive strategy towards SMEs, which, based on the *De Minimis* Notice of 1970, were largely excluded from complying with EC laws. In the 1960s and 1970s, more than 90 percent of the

companies operating in the common market fell under this rule (Bright, 1996: 440–1). In line with the wider neomercantilist strategy to fortify European players in the opening world market, the Commission's enforcement strategy was flexible and lenient, responding to the particular needs of European capital actors.

As regards *scope*, member state and EC competition policies were not integrated or streamlined in the 1960s and 1970s. In the 1960s, EC level enforcement was still in its infancy: Commission officials were inexperienced and the institutional positioning of the Council in the Community structure left the Commission with little scope for a prominent proactive role, despite its far-reaching enforcement powers conveyed by Regulation 17 in 1962, which made it investigator, prosecutor, judge, jury, and executioner in one. As capital accumulation, and its facilitation by various forms of regulation, was primarily a national phenomenon in the embedded liberalism era, neither political nor corporate elites considered the strengthening of supranational competition regulation a viable avenue for curing the economic crisis. This became particularly evident by the Commission's unsuccessful attempts to obtain genuine powers in the merger control area in the early 1970s, which failed due to staunch opposition of capital actors that were oriented towards national markets (Allen, 1983: 106–7). Nonetheless, a long string of Court rulings clarified and expanded the Commission's powers on a case-by-case basis in the 1960s and 1970s (Cini and McGowan, 1998: 29).

As regards *form*, at national level, political decision-makers were often involved in regulatory processes and allowed to overrule NCAs. Cases in point are the merger control regimes of Germany, France, and the UK in the 1970s, which entrusted government ministers with the final say in the regulation of mergers. At EC level, member states did not have formal powers to determine EC competition law enforcement. Nonetheless, particularly during the economic crisis, the Commission was well aware of the fact that it had to proceed cautiously in order not to jeopardize its continued existence. Despite the large-scale tide of restrictive agreements, concentrations, and protectionist national subsidies, the Commission repeatedly ignored significant breaches of EC competition law that risked being politically controversial, and focussed on relatively minor matters instead (Allen, 1983: 232). For instance, horizontal producer cartels, the 'sharp end of competition policy', remained largely untouched until far into the 1970s (Berghahn, 1986: 471).

To recapitulate, the overall content, form, and scope of the competition policies that developed in Europe from the early 1950s to the late 1970s need to be seen in the context of embedded liberalism and its underlying class comprise between industrial capital and organized labor (see Table 1). Significant degrees of economic concentration were allowed, and in some cases even actively promoted through interventionist industrial

Table 1 Competition policy in the era of embedded liberalism

| | Embedded liberalism |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Content | <ul style="list-style-type: none"> • Prevalence of broad 'public interest' criteria (industrial/social policy considerations) • Lenient stance towards cartels and state aids • Neomercantilist active pro-concentration stance • Focus on eliminating intra EC market barriers |
| Form | <ul style="list-style-type: none"> • Intervention/participation of political decision-makers in the regulatory practices of competition authorities • Decision-making based on macroeconomics • Strong public market supervision • Primacy of public enforcement |
| Scope | <ul style="list-style-type: none"> • Limited integration of national and supranational competition • Regulation • Primacy of the national level |

policies, making the emergence of big Fordist-type firms possible. Moreover, competition policy was designed to take the interests of workers into consideration. Particularly, once the economic crisis set in, competition policies allowed declining companies and industries to engage in 'crisis cartels' and/or receive state aid.

THE NEOLIBERAL TURN

In the late 1970s and early 1980s, the economic crisis was increasingly perceived as a crisis of the embedded liberalism compromise. The combination of the Fordist accumulation regime of mass production methods and the Keynesian welfare states seemed no longer a viable option to increase productivity levels and facilitate capital accumulation. Against this background, many companies expanded into foreign markets to realize further economies of scale, resulting in the transnationalization of production and markets (Lipietz, 1992: 12). When European governments looked for alternative solutions, this provided a window of opportunity for the advocates of neoliberalism. Although neoliberal ideas had been around for quite some time, high level European politicians and corporate elites only started to endorse them in the course of the 1980s, echoing the Reagan Revolution and Thatcherism.

In the 'deconstructive moment' of the ascendancy of neoliberalism as a hegemonic discourse, the market-correcting institutions of the post-war era of European capitalism were fiercely criticized (Van Apeldoorn, 2002: 68). The embedded liberalism era was coined as 'European Disease' and 'Eurosclerosis' (cf. Giersch, 1985), which in addition to referring to the lethargic stupor of European integration in the 1970s, also entailed a

fundamental critique on Keynesian welfare states, selective market intervention, and pro-industrial policies. In its 'constructive moment', neoliberalism translated into various policy-area-specific discourses that gave rise to a series of strategies aiming at transforming different aspects of the existing mode(s) of regulation. In terms of *content*, these strategies sought to disembed capital from a great part of the web of social, political, and regulatory constraints; and in terms of *form*, they targeted at separating key market institutions from democratic accountability (Harvey, 2005: 11, 66). As regards *scope*, the aim was to transnationalize regulation. Together, these strategies sought to stabilize and promote the transition towards a new accumulation regime, sometimes also referred to as 'post-Fordism' (Jessop and Sum, 2006), entailing more flexible production techniques and the transnationalization of production. Importantly, the 'neoliberalization' of the mode(s) of regulation was not a straightforward process, but rather took the shape of an open-ended trial-and-error search for initiatives that could facilitate economic growth, differing from country to country. In its third moment, stretching from the early 1990s to the present, neoliberalism consolidated as the hegemonic general discourse in most parts of the capitalist world.

The disruption of the embedded liberalism compromise and the subsequent neoliberal turn had several causes. Importantly, the underlying power balance between capital and labor shifted decisively in favor of capital, most notably transnational capital. As Van Apeldoorn (2002: 55) puts it, 'the hegemonic project of neo-liberalism can be argued to be about re-establishing the hegemony of capital over labour after, under the previous regime, the growing power of the latter had threatened to undermine capitalist accumulation'. Indeed, the transnationalization of production and detachment of national ownership structures fundamentally changed the regulatory preferences of capital actors involved in cross-border transactions. The increased presence of large European TNCs in global markets enhanced global competition. In response, US-based competitors further diversified their production and expanded around the world, which again triggered similar corporate strategies in Europe. Vested corporate interests, mostly originating from the US, sought to enhance their global competitiveness through the promotion of the deregulation of capital markets, and further trade liberalization. What started in the US, increasingly captured European business elites, who opened a vigorous political campaign at the Commission, requesting the endorsement of neoliberal regulations to open up markets and to free capital investment (Cox and Skidmore-Hess, 1999). During the 1980s, these forces were crucial in ending the European integration paralysis of most of the 1970s and the early 1980s. Most notably, the European Roundtable of Industrialists (ERT), formed in 1983, and consisting of top executives of Europe's largest industrial companies, pushed for a European initiative to halt the economic crisis

(cf. Cowles, 1998; Van Apeldoorn, 2002). The ERT sought salvation in the completion of the common market, which was considered not half as open as that of the US, and hence, a severe handicap for the development of a prospering economic situation. These corporate requests were successful. From the mid-1980s onwards, the EC's project of creating an 'ever-closer Union', consecrated by the Single European Act (SEA) and the '1992 Program', took shape in an ever-more self-confident and more proactive manner.

EU competition policy has gradually been transformed into a tool to serve the interests of all those economic, financial, social and political forces which depend on free competition, market liberalisation and state deregulation. (Petrella, 1998: 293)

THE 'NEOLIBERALIZATION' OF EUROPEAN COMPETITION POLICY

Neither the SEA nor the 1991 Maastricht Treaty introduced substantive changes in the competition policy area. Nonetheless, the broader neoliberal discursive shift had important repercussions on the Commission's enforcement strategies. In its 'deconstructive moment', neoliberalism entailed a critique of the crisis management of the 1970s, most notably the protectionist and interventionist industrial policies of the member states, which were compared by Competition Commissioner Andriessen (1982: 6) to 'woodworms eating away the carcass of the ship of integration'. In the presence of political counter forces, the lenient course in favor of restructuring 'sick' industries, which engendered the preservation of both companies and jobs, did not abruptly end. Rather, state aid and the toleration of structural crisis cartels were increasingly phrased as 'anomalies' leading to a 'frozen economy' (ibid). After a period of transition, and as part of the broader 'constructive moment', the general neoliberal discourse gradually translated into a more specific discourse, revitalizing the enforcement of EC competition regulations.

The ERT emerged as a strong supporter of a competition policy modeled after neoliberal ideas. Next to a broad-based deregulation and rolling back of the public sector by privatization, as well as a flexibilization of labor markets, in a number of publications, it systematically linked free competition to the imperative of generating higher economic growth, prosperity, and competitiveness (*The Financial Times*, 1996: 16). Illustrative is its 1993 *Beating the Crisis* report, which advocated that competition in the Single Market was the best way to develop world players, rather than active government interferences attempting to create 'European Champions' (ERT, 1993: 25). This course was endorsed by the Commission, culminating in a sequence of Competition Commissioners who were staunch proponents

of the neoliberal free-market ideology. What started with the energetic Commissioners Peter Sutherland (1985–1989) and ‘Thatcherite’ Sir Leon Brittan (1989–1995), continued with Karel van Miert (1995–1999), Mario Monti (1999–2004), and Neelie Kroes (2004–2009). These Commissioners received support from, and held close ties with, European capital actors, most notably from the ERT. Sutherland (who himself became an ERT member in 1997 as Chairman of BP) and Brittan held several meetings with ERT members, who considered the Commission and its DG Competition to be ‘extremely open to the business community’ (Janssen, 2000).

As part of the broader neoliberal turn and its consolidation, the content, form, and scope of European competition policy was significantly transformed. Regarding *content*, a ‘competition only’ vision became dominant, giving primacy to efficiency criteria in judging economic transactions in the enforcement of EC competition policy. This breaks with the broader understanding of competition as a phenomenon with both positive and negative effects, and the underpinning macroeconomic, industrial, and social policy goals. The Commission imposed rationalization programs on crisis-ridden sectors, meant to heal the economy and induce radical industrial restructuring by 1985 (cf. Commission, 1982). Under the leadership of Sutherland as the new Competition Commissioner in 1985, it aggressively challenged national governments for acts of state aid before the European Courts (Commission, 1988: 15). By fighting state aid, the leeway of national industrial policies, one the core features of embedded liberalism, significantly narrowed. Sutherland fully realized that this was ‘as close as you can get to touch the nerve of national sovereignty’ (*The Financial Times*, 1987: 18).

From the 1990s onwards, the Commission, in alliance with transnational capital actors, pushed for the privatization of public utility and infrastructure sectors that previously, for reasons of public interests, were exempted from competition regulations, such as telecommunications, energy, postal services, and transport. Capital actors represented in the ERT disparaged the allegedly high-cost, inefficient, bureaucratic, and highly overstaffed public monopolies (*The Financial Times*, 1996: 16). Next to offering prospects of corporate expansion in new lucrative sectors, privatization was believed to create more efficient and cheaper goods and services. In response, the DG Competition endorsed so-called privatization directives under Article 90(3), a hitherto virtually unused provision, allowing it to issue directives in the field of public enterprises and monopolies without the approval of the Council. Privatization received every emphasis when the Commission took over the role of guiding the Central and Eastern European Countries through the transition to free-market capitalism in the 1990s. Alongside the institution of market freedom and ownership rights, it promoted competition policy as a key instrument for introducing the logic of open competition to previously government-controlled economies, where monopolies and centralized price-fixing constituted the norm (Commission, 1995).

As part of the broader neoliberal market restructuring at EC level, also cartels were prosecuted with an unprecedented stringency since the mid-1980, marking a sharp contrast with the previous lenient stance. The fight against privately erected market barriers was meant to establish the notion of free competition. As a general deterrent, the magnitude of cartel fines reached ever new heights (McGowan, 2007: 6). To disclose more cartels, the Commission issued a Leniency Notice in 1996 (revised in 2002 and 2006) similar to US practices, which, based on game theoretical assumptions and the logics of the prisoners' dilemma, granted immunity from prosecution to those 'carteleers' confessing first to have participated in a collusive agreement.

The gradual 'neoliberalization' of EC competition policy was not uncontested, which was due to incompatible policy-area-specific discourses of regulation. This revealed particularly in the difficulties of member states to reach an agreement on delegating new powers to the Commission for M&As meeting a certain turnover threshold in the 1980s. A bone of contention was the desired form and content of an EC Merger Control Regulation (MCR), most notably, whether (democratically accountable) member state governments could overrule the (not democratically accountable) Commission's decisions in certain merger cases. In the MCR that was eventually adopted in 1989, member states were granted merely a non-binding advisory role in the Advisory Committee. Similarly, suggestions to include employment and industrial policy criteria were blocked. Commissioner Brittan (2000: 3) later commented that '(i)n the end, the supporters of an industrial policy were effectively beaten back' and that the MCR gave 'clear primacy to the competition criterion, with only the smallest nod in the direction of anything else'. In other words, the neoliberal policy-area-specific discourse prevailed.

The reason why an agreement on the neoliberal content of the new regulation could be reached was because capital actors from the ERT, UNICE, and other business groups urged the member states to do so (Commission, 1988: 25). The issue of a pan-European merger regulation stood high on the corporate agenda. In response to the 1992 Program, and the ongoing deregulation and liberalization more generally, the number of cross-border M&As significantly increased after the mid-1980s. Numerous ERT companies, including Nestlé, BAT Industries, Unilever, Phillips, Daimler-Benz, and Fiat were actively involved in M&As in this period (Gray and McDermott, 1989: 10–6). The Commission could convince capital actors that the MCR was designed to facilitate acts of concentration, rather than prohibit them. The inclusion of strict timetables, and a one-stop-shop rule for the decision-making, implying that once the Commission opened up a case, NCAs could not intervene anymore, was very much welcomed by transnational capital. It eliminated the transaction costs resulting from

multiple national regulatory overlaps, and created the much desired legal certainty for mergers.

In the wake of the Lisbon Strategy, capital actors called for reforming the EC competition regime, arguing that the Lisbon strategy ‘cannot be pursued, let alone realized, unless competition has space to flourish’ (ERT, 2000: 1). These calls were successful. As part of a ‘moment of consolidation’, the EC competition regime underwent a far-reaching reform in 2004. What officially was titled the ‘modernization’, further institutionalized neoliberal practices, and consolidated a more market-based competition regime. Efficiency gains were established as the hallmark for decision-making, supported by a growing number of economists in the DG Competition trained in microeconomic reasoning when assessing anticompetitive conduct (Wigger and Nölke, 2007: 499). As part of the project of basing competition regulation on ‘sound’ microeconomics, the test for vetting mergers was rephrased along the lines of the US test. As such, the reform entailed what Commissioner Monti (2001) called ‘a silent process of convergence towards US competition law and practices’.

It remains to be seen what the long-term effects of this will be. So far, it seems that the Commission will be banning an even smaller number of mergers. From 2004 to June 2008, only two out of the 1466 notified mergers were prohibited (Commission, 2008). At the heart of this neoliberal type of competition policy lays an important contradiction: on the one hand, competition is celebrated as a ‘highest good’, requiring the rigorous prosecution of cartels and state aid, as well as privatization. On the other hand, the Commission is extremely reluctant to prevent massive concentrations of capital, hereby potentially allowing for competition to be undermined. In contrast to the embedded liberalism era, where the facilitation of economic concentration was characterized by an active interventionist stance, and informed by social and industrial policy goals, under neoliberalism, the regulation of M&As somewhat paradoxically is passive, yet, still permissive, justified by a ‘competition only’ approach and expected efficiency gains and consumer welfare maximalization as the central decisional criteria. The main beneficiaries of the neoliberal type of competition policy are TNCs, seeking to further strengthen their market position and gain market access through M&As. Less competitive and/or smaller companies, in contrast, are prevented from engaging in cartels and/or from receiving state subsidies.

Regarding *form*, European competition regulation became less democratic and more privatized. At national level, the replacement of the French *Commission de la Concurrence* by the *Conseil de la Concurrence* in 1986 was significant as the *Conseil* substituted ‘judicial oversight over interpretation and enforcement for political discretion’ (Souam, 1998: 209). From the 1980s onwards, the German Minister of Economics increasingly refrained from overruling the decisions of the politically independent *Bundeskartellamt*,

and the British 2002 *Enterprise Act* limited political involvement in the regulation of mergers (Scott *et al.*, 2006: 8). At EC level, the 2004 reform abolished the administrative *ex ante* notification regime in the area of cartels and restrictive business practices by replacing Regulation 17 with Regulation 1/2003. With the Commission's retrenchment from its longstanding public market supervisory role, the more market-driven practice of private enforcement made its inroads, which increasingly relies on the proactivity of market actors to litigate anticompetitive conduct (cf. Wigger and Nölke, 2007).

Private enforcement constitutes an artifact of the various forms of corporate self-regulation promoted within neoliberalism. The modernization reinforces private litigation not only at EC level, but renders competition regimes all over Europe more litigation-based and market-driven, because it subordinates NCAs to the DG Competition. Formally speaking, EC competition regulations were 'decentralized' by involving NCAs into the enforcement of EC competition rules. Yet, the establishment of the European Competition Network (ECN) in 2002, as a key-supporting forum for NCAs and courts, enacted a further *centralization* of powers in which the Commission reserved far-reaching supervisory powers for itself regarding the coordination of the investigations and the warranty of legal consistency in the application of competition rules (*ibid*). Rather than being a network of equals, the Commission can intervene and withdraw proceedings in the case of conflicting decisions, which are decisions running counter to its own. By obliging NCAs to report the opening of every new case, the Commission can not only comment on national procedures, but also trespass, and, thus bypass them. As Wilks (2005: 438) rightly explained, the Commission 'engineered an audacious coup' in further extending its powers by marginalizing national competition laws, and corraling NCAs.

Regarding *scope*, the neoliberal discourse proclaimed to supplement, or, preferably, to replace national competition policies with regional and global forms of regulation. The establishment of the ECN aimed at enhancing Europeanization in the form of an EU-wide convergence of competition laws with one common reference point, namely that of the Commission and the jurisprudence of the courts. Attempts to achieve enhanced convergence can also be observed on a global scale. Corresponding with the interests of transnational capital to further remove market barriers, the Commission emerged as a vanguard in orchestrating a multilateral competition agreement in the regulatory realm of the World Trade Organization (WTO). The impetus directly stemmed from transnational elite networks, such as the ERT and TABD, who actively encouraged the EU and US competition authorities to establish global competition rules (TABD, 1995; Commission, 1996; ERT, 1996). The worldwide proliferation of competition regimes in the 1990s fuelled corporate concerns that competition rules would be interpreted in a protectionist manner, and be biased against

Table 2 Competition policy in the era of neoliberalism

| Neoliberalism | |
|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Content | <ul style="list-style-type: none"> • Prevalence of a narrow 'competition only' focus (efficiency and consumer welfare considerations) • Stringent prosecution of cartels and state aids • Privatization of public enterprises • Passive facilitation of cross-border M&As (through the centralization/coordination of regulatory powers) • Focus on eliminating global market barriers |
| Form | <ul style="list-style-type: none"> • Reduced influence of political decision-makers on the regulatory practices of competition authorities • Decision-making based on 'sound' microeconomics • Retrenchment of public market supervision • Increased levels of private enforcement |
| Scope | <ul style="list-style-type: none"> • Independent role of NCAs significantly reduced • Transnationalization of competition regulation |

foreign competitors. A WTO competition agreement would have committed member governments to ensure free access to foreign capital actors to new product, public procurement, and labor markets, as well as markets for natural resources, services, and investment. Moreover, common competition standards would have significantly reduced transaction costs for TNCs confronted with the problematic of multi-jurisdictional overlap, i.e. the necessity to comply with multiple NCAs. Yet, due to the opposition of the US and a range of developing countries, binding WTO competition rules did not achieve political momentum. Instead, the US and EU competition authorities, with the strong support of transnational business interests, established in 2001 the International Competition Network (ICN) as the prime mechanism to proclaim global convergence in competition matters (ICN, 2005). The ICN's informal and non-binding 'best practices' machinery allows capital actors to play an important role side-by-side with the dominant competition authorities in removing obstacles to the free flow of market forces in the accumulation of capital.

As argued above the content, scope and form of contemporary European competition regulation is in essence neoliberal (see Table 2). It remains to be seen whether the current financial crisis signals the end of the neoliberal era in the field of competition regulation. Our prediction is that a paradigm shift is not at hand. So far, political responses to the financial crisis reflect a 'relative continuity' of the neoliberal path, rather than discontinuity. The governmental bail outs/'semi-nationalization' and rescue strategies of banks and financial institutions are not accompanied by substantial conditions and/or subjected to democratic control (yet), and the (temporary) toleration of state aid is justified along neoliberal lines: saving

an independent financial system as a key component of a capitalist system, and hence, the current pattern of capital accumulation. It seems that neoliberal ideas are deeply institutionalized and continue to enjoy support from a wide range of powerful socioeconomic forces, and, hence, that the hegemony of neoliberalism both as a general and as a policy-area-specific discourse is not about to crumble.

CONCLUSIONS

This article demonstrated that since the mid-1980s, a major transformation of the content, form and scope of European competition policy has taken place, which is related to the transnationalization of capitalism, and the broader shift from embedded liberalism towards neoliberalism. Regarding *content*, in the era of embedded liberalism, competition was generally regulated on the basis of various 'public interest' criteria (including employment considerations), and displayed clear traces of a protectionist and neomercantilist ideology, aiming at sheltering certain industries and companies from fierce outside competition. Although competition policy was genuinely market opening, and thus, market-making in character, it also entailed a rather tolerant stance towards M&As and various (cross-border) intercompany agreements. The neoliberal type of competition regulation, in contrast, based on a 'competition only' vision, gives primacy to the efficiency criteria in judging economic transactions. The Commission aggressively targeted state aid and cartels, and pushed for further privatization, while vetting economic concentrations without considering their social effects.

Regarding *form*, the influence of democratically accountable national decision-makers was significantly reduced. The use of sophisticated microeconomic modeling in the assessment of anticompetitive conduct, and the increased privatization of its enforcement have become the standard. This shift, which was consolidated with the 2004 overhaul, entails a major step of convergence to the more market-based competition regime of the US, a development European citizens cannot influence through democratic channels. Regarding *scope*, an increased Europeanization and globalization of competition regulation can be witnessed. Whereas NCAs previously enjoyed a certain degree of autonomy under embedded liberalism, the structural integration of national jurisdictions into the ECN, as a larger EU level framework, significantly minimized their independent role. The attempts to conclude a multilateral WTO competition agreement, and the subsequent establishment of the ICN, demonstrate that the amalgamation of neoliberalism and the promotion of competition policy in European integration is constituent to the worldwide spread of neoliberal ideas.

These changes have wide-ranging consequences. The current type of EC competition regulation serves to strengthen the power of TNCs also

on a global scale. The dynamics of unbridled competition constitute the very mechanism perpetuating material inequality, thwarting the existence of comparatively weaker (and usually smaller) competitors. By seeking to stabilize the competitive process, competition laws inherently secure the continuous reproduction of capitalist socioeconomic power relations, also between the developed and the developing world. Competition erects a hierarchy marked by inequalities in social wealth that extend from the individual, to groups or classes, to geographical regions in the world. Scholars in the field of competition policy should not take the desirability of the neoliberal type of competition regulation for granted, but pay more attention to the crucial ramifications of the competitive dynamics on the overall structure of the global political economy, particularly regarding the prospects for economic development of structurally disadvantaged parts of the world.

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EU trade policy: persistent liberalisation, contentious protectionism

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EU trade policy: persistent liberalisation, contentious protectionism

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ABSTRACT

How has EU trade policy responded to the protracted economic crisis starting in 2008? Unlike during the Great Depression of the 1930s, politicians have not resorted to protectionist measures to try to contain the downturn. The response has been just the opposite, with the dominant discourse arguing that in times of austerity and private deleveraging, trade liberalisation is indispensable for restoring growth. Adopting a historical-institutionalist perspective, we argue that the crisis has had an asymmetric effect on the two most important subsystems of EU trade policy. On the one hand, the EU took a leap forward on the path of bilateral free trade liberalisation by starting negotiations with the US, Canada and Japan. On the other hand, proposals to continue with permissive reforms for the adoption of trade defence measures and to give the EU more leverage vis-à-vis emerging economies have been blocked. We thus conclude that EU trade policy after the crisis has shown asymmetric continuity, where the liberalisation trend has been resumed more radically while accompanying defensive reforms to ease the potential pain of liberalisation have run into a stalemate.

KEYWORDS

EU trade policy; crisis; international procurement; trade defence measures; TTIP

1. Introduction

'The crisis' shoved trade policy into the limelight, as the financial crash and the subsequent recession led to an extraordinary decline in global transactions. Between fall 2008 and the end of 2009, world trade in goods and services declined by some 15 per cent—the biggest nosedive in over 40 years (Baldwin 2009; Crowley and Luo 2011). More importantly, there was widespread fear that the 'Great Recession' would herald a return to policies from the 1930s. It is well known that the Great Depression of that era led to a severe outbreak of protectionist 'beggar-thy-neighbour' policies, not least among European countries (see Eichengreen and Irwin 2010). Against this backdrop, this article investigates crisis-era developments in European Union (EU) trade policy. How has Europe responded to economic calamity this time?

In line with the conceptual framework outlined in the introduction to this special issue, we see various possible crisis effects. The crisis could have constituted an opportunity for

Member States to challenge the exclusive competence of the EU level for trade policy (discussed in more detail below) and to re-introduce trade barriers autonomously (4th order change leading to renationalisation). This option was not wholly theoretical, as illustrated by the row over 'Buy French' provisions attached to France's support for the car sector in 2009. *Alternatively*, the crisis might have provided fertile ground for drastic changes to dominant ideas in EU trade policy, leading to a displacement of the (neo)liberal paradigm with a more protectionist perspective (4th order change at the supranational level).

Building on historical-institutionalist theorising, we believe that *continuity* is the most likely outcome. Policy-makers in post-war Europe 'removed certain options available from their future menu' (Pierson 2000, 262) by delegating commercial policies to the supranational level. This 'collusive delegation' (Meunier 2000) made it impossible for Member States to pursue national protectionist policies, while supranational action required supermajorities and a proposal by the European Commission (cfr. Hanson 1998). This is all the more unlikely because officials at the supranational level are farther removed from voters and national lobby groups and hence less prone to be captured by vested interests. Furthermore, the establishment of the Single Market and the subsequent increased importance of transnational firms (cfr. Milner 1988) led to increasing returns for liberal trade policies at the societal level. Finally, institutionalised trade policies also lead to positive ideational feedback by socialising decision-makers within a certain policy paradigm. Hence, unless the crisis led to a radical overhaul of the beliefs of policy-makers, similar to the replacement of the Keynesian by the neoliberal paradigm in the 1980s (Blyth 2002; Peters *et al.* 2005), no profound institutional change in EU trade policy was to be expected.

We therefore expect that the status quo was preserved despite economic calamity. To be clear, 'status quo' does not equal 'policy paralysis' but rather the continuation of pre-crisis trends. As we will summarise in the next section, before 2008 EU trade policy was characterised by a clear liberal orientation in its multi- and bilateral dimensions that was to some extent compensated by the ability to take unilateral defensive measures, which had repeatedly been made easier to adopt.

Previous research has already shown that the crisis did not lead to the more 'radical' potential outcomes: no renationalisation or sharp protectionist reversal of EU trade policy has taken place (De Ville and Orbie 2011, 2014; Holden 2015; Siles-Brügge 2011). However, these tests of the 'standstill' hypothesis have been incomplete—and merit further scrutiny. First of all: crisis-induced change may have been more *incremental*, because of subtle changes to dominant convictions and dominant coalitions in the policy domain leading to (small) modifications of policy settings (1st order), instruments (2nd order) or goals (3rd order). *Secondly*, lack of change at the EU-level may actually be due to an *intensification of differences between Member States*, leading to a standstill even though underlying positions have shifted. The appearance of stability might then be masking changes boiling below the surface. In both cases, such developments may foster more fundamental shifts at some later stage. Finally, current research has looked at rather specific parts of EU trade policy without considering the whole.

In this article, we will look at developments across the various dimensions of trade policy in order to paint a more complete picture. This means we will not only be looking at free trade negotiations, but also at developments in the oft-ignored trade-defensive sphere. Our hypothesis, based on our historical institutionalist approach, is that institutional hurdles will have prevented the crisis from provoking any significant changes in EU trade policy.

Methodologically, we have analysed the major policy initiatives within EU trade policy since the crisis. We build these conclusions on an analysis of primary policy documents (including reports of intra-EU deliberations and negotiations), secondary literature and nine interviews with policy-makers that have been involved in EU trade policy-making during the crisis and/or in some of the specific policy dossiers discussed in detail. Our interviewees include representatives from both 'northern' and 'southern' Member States, as well as members of the European Parliament (EP) and the Commission.

This article proceeds as follows. The next section outlines the main characteristics of the set-up of EU trade policy before the crisis. We argue that it is better to speak of EU trade policy *subsystems* since different dimensions of EU trade policy exist that represent(ed) a compromise between the interests of export-oriented and import-competing industries as well as Member States (see Young and Peterson 2014). In the subsequent section, we discuss the main decisions and non-decisions that have been taken in EU trade policy since the outbreak of the crisis. The third section seeks for the causal mechanisms between the crisis and changes to EU trade policy. We find that the crisis has entailed a reinforcement of the dominant (neo)liberal discourse within the European Commission and a liberal reformulation of interests by some Member States.

2. EU trade policy before the crisis

Trade policy has been an exclusive supranational competence of the EU since the Treaties of Rome. The institutional set-up of EU trade policy is composed of different subsystems that have, *inter alia*, different goals, decision-making systems and actor constellations (Young and Peterson 2014). On the one hand, liberal trade policy has been facilitated by delegating the authority to propose and negotiate trade agreements (bi- and multilaterally) to the European Commission and the adoption to the Council of the EU (and since the Lisbon Treaty also the EP), two institutions that are farther removed from protectionist lobbying than national parliaments. On the other hand, institutional reforms to the 'unilateral' subsystem have made the imposition of trade-defence measures easier. These can alleviate the harm trade liberalisation afflicts upon import-competing sectors and uncompetitive Member States by temporarily restricting imports.

While trade policy was delegated to the supranational level from the early days, its scope was not precisely circumscribed in the Treaties of Rome, leading to multiple rounds of conflict between the Member States and the European Commission. Through various rulings of the European Court of Justice and Treaty revisions, the legal scope of the policy domain has been brought in line with the evolving reality of the international trade agenda. Since the Lisbon Treaty, the EU is now also formally competent for all issues discussed during trade negotiations. This implies that trade agreements should in principle be qualified as exclusive EU agreements and should be adopted by a qualified majority of Member States in the Council.¹ The new Treaty also demands that a simple majority in the EP consents to the agreement (see *infra*), strengthening the formal role of the Assembly. Notwithstanding long-lasting competence discussions between the Member States and the Commission that have only recently been resolved, the EU is playing a leading and increasingly offensive role in the trade system.

For the first post-war decades, the EU's trade policy was focused on the multilateral trading system, first the General Agreement on Tariffs and Trade and later the World Trade

Organization (WTO). The broadening of EU trade policy's scope and the smoothening of its (formal) decision-making powers was thus primarily reflected in it assuming a more assertive stance in the WTO. The EU's bilateral trade policy has also evolved over the years. Whereas in the decades before the turn of the millennium, the EU's bilateral trade agreements were focused either on former colonies, candidate countries or the near abroad (and were hence rather foreign policy than commercial instruments), since the 2006 Global Europe communication the EU has put bilateral trade deals explicitly at the service of its commercial and wider economic interests. This led to the opening of negotiations with the Association of Southeast Asian Nations, India and South Korea in 2007. The latter was signed in 2010 and became the first ever free trade agreement (FTA) between the EU and an industrialised country. However, until the moment when the global crisis erupted in 2008, the EU shied away from trade negotiations with other major industrialised countries such as Canada, Japan and the United States.

Apart from the mainly 'liberalising' multilateral and bilateral trade policy dimensions, the EU can take more 'protectionist' trade defence measures through the unilateral dimension. Here, the Commission can propose to take certain protective measures, of which anti-dumping measures are the most important, that have to be adopted by the Member States in the Council. This procedure is led by the Trade Defense Directorate of the Directorate General (DG) Trade, which is considered more 'protectionist' than DG Trade's ideological average and has a tendency to side with the producers requesting protection (Young and Peterson 2014). The rules under which anti-dumping policies can be adopted have gradually become more 'permissive'. The first reform was enacted in 1994,² when the threshold for adopting anti-dumping measures was reduced from a qualified to a simple majority. This change was demanded by a group³ of Member States led by France (Garcia Molyneux 2001) as compensation for the conclusion of the Uruguay Round and in the face of EU enlargement with liberal new Member States (Austria, Finland and Sweden). Adopting anti-dumping measures was facilitated again in 2004, when the majority count was reversed: a simple majority was now needed to block (instead of adopt) a proposal, meaning abstentions were counted in favour of duties. Finally, the 2011 Omnibus Regulation that implemented the new comitology rules of the Lisbon Treaty further facilitated the adoption of duties. Since then, a Commission proposal for imposing anti-dumping duties can only be overturned by a qualified majority. Whether this effectively led to a rising use of trade defence instruments prior to the crisis is hard to determine. Whereas the count of anti-dumping measures in force declined to historic lows before the crisis, the amount of industries, products and import value covered had been growing since 2004, and the EU remained one of the top three users of these instruments (Vandenbussche and Viegelaahn 2011).

In sum, the EU had even before the crisis become a proactive, offensive player in (multi-lateral and bilateral) free trade negotiations. However, this general liberalisation trend had been muted in two ways. First, the EU did not engage in free trade negotiations with the largest industrialised countries (Canada, Japan and the United States), which are more prosperous markets for competitive European sectors but also more threatening to import-sensitive industries (such as agriculture or automotives). With the US, attempts at opening trade negotiations had been made repeatedly but could not find unanimous support. Second, the 'permissive' institutional reforms outlined above made it (at least theoretically) easier to apply trade defence measures.

In the following section, we study how the crisis has affected this pattern. We will show that the liberalisation tendency has been reinforced, *inter alia* by opening up the hitherto untried option of negotiating bilateral trade agreements with the US, Japan and Canada, an evolution that has this time not been accompanied by further permissive reforms of the unilateral dimension but has instead been paralleled with deadlock in two reforms that would have strengthened the EU's protectionist armoury: trade defence and international procurement instruments.

3. EUTP after the crisis

To study the effects of the crisis on EU trade policy, we do not make a random selection of cases from the population of (non-)decisions, but rather focus on the most important initiatives since 2008: (1) the EU's choice to open bilateral trade negotiations with the US (and also with Canada and Japan); (2) the EU's use of trade defence instruments and a new attempt to make their application easier/more protective and (3) a proposal that would increase the EU's leverage to ask for more reciprocity in its own liberal position on government procurement. Whereas the first issue constitutes the post-crisis initiative par excellence from the liberalising subsystem, the second issue is central to the work of the trade defence subsystem. The third issue constitutes an important part of the European Commission's more reciprocity-inspired reappraisal of the Global Europe trade strategy in the context of the crisis. We do not look at the multilateral level because apart from a shallow agreement on trade facilitation, little has happened at the WTO since summer 2008.

3.1. New free trade negotiations

The EU and the US announced the launch of negotiations of an FTA in February 2013. Such an agreement could potentially have an enormous impact on bilateral and world trade as it would cover about one third of world trade and half of global GDP. Apart from the US, free trade negotiations with similarly advanced economies Japan and Canada were started in the context of the crisis. The negotiations with Canada have already been concluded but the deal still has to be domestically approved. The negotiations with Japan are going on at a rhythm comparable to the Transatlantic Trade and Investment Partnership (TTIP) with the US, but much in the shadow of the latter.

What has been striking is the lack of (initial) opposition to these proposals. Attempts to negotiate a FTA with the US had been made repeatedly in the past. For example, in 1998, the then Trade Commissioner Leon Brittan proposed to open free trade negotiations. However, this move was swiftly put to rest after strong opposition by the Council. Apart from France, which resisted Brittan's proposal most intensely, a wide variety of countries including the Netherlands, Germany, Belgium, Spain and Italy all voiced reservations about the Commission's initiative. Denmark, Finland, Luxemburg, Sweden, Portugal and (although this was less clear) Greece were supportive of the plans. In 2006 Angela Merkel launched another attempt to put transatlantic negotiations on the agenda, but these plans were quietly shelved after the US made it clear that their overloaded trade and foreign affairs schedule did not allow for such talks (Agence Europe 1998, 2007; Der Spiegel 2007, Inside US Trade 1998).

This time, however, the proposal to launch trade negotiations with the United States passed without any notable objections from the Member States (interviews 5, 6, 9). France

did not protest against transatlantic trade negotiations; while it had the opportunity to veto the talks it only asked, successfully, to exclude audiovisual services, something that is common practice in EU trade negotiations anyhow. The mandate for the Commission to start negotiations with the US was unanimously approved by the Member States. Thereafter, the European Council repeatedly called for the swift conclusion of an ambitious agreement without any notable dissidence.

Of course the opposition to TTIP has grown at the societal level, putting pressure on those Member States' politicians where TTIP mobilisation is most intense. But current debates have little in common with the factors that prevented earlier attempts from succeeding. In the states where TTIP has become most politicised, notably Germany, Austria and the United Kingdom, the openness-protectionism dichotomy is of minor importance. Instead, the debate is dominated by arguments about sovereignty, regulatory paradigms and food safety. Moreover, the constellation of countries in which TTIP is being contested is also defying the stereotypical 'North-South' distinction. In a Commission consultation on the inclusion of the controversial investor-to-state-dispute-settlement mechanism in TTIP, 89 per cent of the (overwhelmingly critical) responses came from the UK, Austria, Germany, France, Belgium and the Netherlands. Responses from 'southern' Member States were much less frequent. In fact a leaked letter from 14 ministers of trade to the Commission asking to include the controversial Investor-to-State Dispute Settlement mechanism, that would allow foreign investors to sue governments before private international tribunals in a comprehensive TTIP, was signed by Ministers from Spain, Portugal and Cyprus.

Discussions have traversed a similar path in the EP. Following the Treaty of Lisbon, the EP has become a full co-legislator in EU trade policy (see *supra*). Since it has to give its consent before a trade agreement can be concluded, it potentially constitutes an additional veto player. The EP expressed its support for starting the TTIP negotiations in its resolution of 14 May 2013 and stated that these negotiations were 'particularly timely in the light of the on-going economic crisis' (European Parliament 2013). In the meantime, TTIP has become a contentious issue also in the EP, leading to a strengthening of its position in a new resolution (European Parliament 2015). The Social Democrats, which have played a predominant role in the EP's trade debates, largely take the position of supporting TTIP as an instrument for growth and jobs while stressing that it should not undermine European levels of protection and democratic policy-making. Again, this shows that the desirability of lower trade barriers *as such* is not being contested. The opposition is of a different nature.

In sum, shifts in Member State positions meant long-standing opposition to bilateral deals with the largest economies and the US was overcome. Although the outcome of these negotiations is currently uncertain (as the debate has shifted towards new issues, unrelated to previous quarrels), this at least suggests that the crisis has sped up the EU's liberal trajectory. The 'free trade vs. protectionism' dimension has proven far less controversial than before—especially within the Council.

3.2. Trade defence instruments

In line with the historical evolution sketched above, the radicalisation of EU FTAs since the crisis has again coincided with an attempt to facilitate the adoption of defensive measures. The most controversial part of this package (launched by the Commission in 2012) would be its proposed limitation of the lesser duty rule, the EU's policy of imposing duties solely

to remove the injury caused by dumping.⁴ The Commission justified this new attempt to shake up the EU's trade defences with three related arguments: the growth of 'unfair trade practices' worldwide since the crisis, 'changing trade patterns and difficult economic conditions [that] mean the impact of trade defence measures on importers and users need[s] to be better taken into account', and the lack of 'scope for adapting the EU's trade defence instruments within the multilateral framework' because of the failing Doha round (European Commission 2013). The text clearly leaned towards the 'demand'/protection side of trade defences. 'Concessions' to importers included a two-week notice before duties were imposed (the so-called 'shipping clause') and a reimbursement of duties collected during an expiry review if the duty was subsequently removed. Defensive groups welcomed potential deviations from the EU's long-standing policy of limiting its duties to the injury margin by applying the lesser duty rule. In the proposal, if the EU finds a country is creating 'structural distortions in its raw material markets' (European Commission 2013, 7), it may stray from its lesser duty rule and thus impose higher duties. Moreover, to protect European businesses from retaliation by targeted countries, the Commission wanted to strengthen its power to launch 'ex officio' cases, the discretion to initiate anti-dumping investigations without any formal request by industry.⁵ This rather defensive reform proposal by the Commission was motivated at least in part by the contentious solar panel case (infra) and other simmering disputes with China.⁶

At the time of writing, however, it seems unlikely that this latest attempt to refashion these instruments will ever take off, as deliberations in the Council have ground to a halt. During the second half of 2014, the Italian presidency announced it would no longer work for agreement on the issue after its compromise was gunned down. The trade ministers' meeting (21 November 2014) revealed deep divisions among the Member States, especially concerning the issue of limiting the lesser duty rule. Ten⁷ supported conditional deviations from the rule, at times framing this issue in broader terms like preserving Europe's industrial foundations. The opposition was just as firm: tampering with this policy was out of the question for 15 Member States,⁸ 16 if we include Spain (based on comments made in the interviews). According to an official from DG Trade (interview 4), this opposition illustrates the hardened disagreement over defensive policies since the crisis. He claims the 'northern states' have become allergic to anything that resembles protectionism and less empathic to the concerns of the 'Club Med'. Meanwhile, the 'South' has taken a more aggressive stance towards emerging countries, calling for full and hard reciprocity, as they believe they have been harmed by the EU's willingness to open up without receiving equivalent access to these developing markets in the past. There has been one notable exception, Spain, which increasingly has sided with the liberal bloc on trade issues (Interview 4, 9).

These same divides defined the most prominent post-crisis anti-dumping case, the solar panel dispute. Although we do not know whether it was representative for crisis-era anti-dumping,⁹ the solar dispute shaped (responses to) the Commission's other proposals in the unilateral sphere. After complaints by producer groups in 2012, the Commission announced it would be imposing provisional duties on Chinese solar firms in 2013. It was supported by a small group of Member States led by France, Italy and Spain,¹⁰ while Germany, the UK and the Scandinavian nations were very vocal in their opposition. In addition, China retaliated by starting its own investigations of European exports, especially targeting goods (like wine) from the supportive states. This combination of internal and external pressures eventually forced the duties-bloc to back down (Financial Times 2014). In July 2013, the

Commission announced it had come to a deal with the Chinese government. The compromise was widely regarded as a victory for China (Agence Europe 2012b, 2013a, 2013b, 2013c, 2014). Although De Gucht seemed very determined to 'take on' China, he eventually caved in even though the formal rules would have allowed him to continue without striking any deals. As discussed in Section 4, the opposition to solar duties was fuelled by fear of souring trade relations with Beijing, while Southern countries were far more defensive.

3.3. A new 'international procurement instrument'

In the wake of the crisis, DG Trade has increasingly emphasised the need for 'reciprocity' in trade relations. This does not reflect outright protectionist motivations but serves a dual purpose. First, new trade policy 'sticks' are to strengthen the EU's leverage in opening up foreign markets. Second, the discourse of reciprocity and enforcement is meant to convey the message that the EU is not 'naïve' in its support for free trade—reflecting the need felt by policy-makers within DG Trade to demonstrate that 'trade (liberalisation) "works"' (Siles-Brügge 2014, 50; see also Holden, 2015).

As part of this strategy, the Commission started looking for new means to open foreign procurement markets in 2010. Since the crisis it had become increasingly concerned about 'buy domestic' provisions in stimulus measures and new procurement regulations in countries such as Turkey, Brazil, Indonesia, Korea and China (Euractiv 2012; European Commission 2011, 2012c). Frustrations were especially high over the procurement market in China. As most of these emerging economies remained unwilling to join the revised agreement on public procurement negotiated within the WTO, the Commission searched for new ways to prod these countries into opening up to European business either bilaterally or through joining the multilateral treaty.

With the support of business, the Commission eventually put forward proposals for a new 'International Procurement Instrument', which would allow the EU to shut off its own procurement markets if countries do not provide reciprocal openness (European Commission 2012a). The regulation gave strong, discretionary powers to the Commission and was framed as a tool to increase the EU's access to foreign procurement markets, 'bringing growth and jobs in times of crisis' (European Commission 2012a, 2012b, 2012d). Even within the Commission the proposal proved controversial. Commissioners from the UK, Sweden, the Netherlands and Czech Republic attacked the regulation for being protectionist, while others (led by France) welcomed it as a lever to secure foreign market access (Agence Europe 2012a; Financial Times 2012).¹¹ Although similar debates popped up in the EP, the Assembly was very receptive of the Commission's plans and approved them with a large majority.

Eventually, however, the proposal was stranded in the Council. After voting got postponed under the Greek presidency in April 2014, the Italian presidency came up with a compromise that (according to reporting by EU Trade Insights) further strengthened the *punch* of the instrument.¹² During the foreign affairs Council in the fall of 2014, it became clear that discussions had entered a deadlock. As with trade defence modernisation, the procurement instrument faced a deeply divided Council and the Presidency proposed abandoning further negotiations.¹³ Discussions in the Council showed that although the Member States and the Commission agreed on the goals of the regulation (opening access to foreign procurement), there was an unbridgeable gap over the tools needed to attain them. Any instrument that

might potentially hinder entrance to the EU's markets faced determined obstruction by the liberal bloc, composed of the 'North', various Eastern-European states and Spain.

4. 'The crisis'—facilitating or obstructing new initiatives?

In the previous section, we discussed the most significant (non-)decisions in EU trade policy after the crisis. We noted the decision to open FTA negotiations with the US, as well as with Canada and Japan, as a significant intensification of the (neo)liberal pattern in the bilateral dimension. On the other hand, more restrictive reforms in trade defence measures and international government procurement ran into opposition from a significant minority or even (more than) half of Member States. This has resulted in a stalemate whereby, contrary to the pre-crisis pattern, increasing trade liberalisation is no longer accompanied by permissive reforms of defensive instruments. What has precisely changed?

4.1. *Asymmetric continuity at the EU-level: shifting positions*

In line with the analytical framework guiding this special issue, historical institutionalism tells us that institutions, and the policies they facilitate, tend to be *sticky*. Formal decision-making hurdles and ingrained interests make change the less likely scenario, even if the context in which choices have to be made is rapidly changing. This is especially true in areas where preferences diverge.

Such a decision trap is clearly visible in the 'defensive' sub-system. While in the past, decision-making on trade defence instruments had repeatedly been facilitated as part of a package deal accompanying major liberalising breakthroughs, a new attempt has recently failed. This coincided with fierce discussion about the actual application of trade defence measures against Chinese solar panels. A proposal to give the EU more leverage in trying to open third countries' procurement markets by allowing for 'reciprocal protectionism' failed as well. In these instances we saw a polarisation between a group of Member States opposing any (potential) closure of the European market, and Member States calling for new tools to enforce reciprocity. Although these camps seemed to run largely along North–South lines, Spain emerged as a supporter of the liberal bloc.

On the other hand, we also see a reinforcement of the liberalising subsystem. This includes opening more comprehensive bilateral trade agreements with more important trading partners. Whereas before 2008, the EU had refrained from opening free trade negotiations with Canada, Japan and, especially, the United States, in the meantime it has finalised negotiations with the former and is negotiating with the latter two. In contrast to the defensive sub-system, here Member State positions seem to have converged and the Commission's proposal to start up transatlantic negotiations was met with unanimous approval. Previous veto-players acquiesced.

Hence, at the most basic explanatory level the 'decision trap' was overcome in the bilateral domain because positions converged—allowing the formation of a majority that overcame institutional hurdles - while in trade defences they became polarised—leading to lock-in. Taking a step back from these issue-specific developments, it seems clear that the EU remains firmly on the liberal path it has been carving out for over two decades.

This then raises the question why these positions have (not) changed, and what role the crisis played. Our answer to these questions, which we will tie in with the analytical

framework from this issue's introduction and our own historical institutionalist approach, will remain tentative as more in-depth research is still required. However, using the special issue's analytical framework as a guide, it is possible to outline some good avenues for further explanatory work.

4.2. Explaining member state positions

A first factor of importance, emphasised in existing research (De Ville and Orbie 2014; Siles-Brügge 2011), is the (discursive) intervention by the Commission (see Falkner 2016, Table 5 for the conditions for crisis-induced change discussed in this paragraph). The Commission has consistently presented liberalisation as a desirable and even necessary solution to the *crisis* and protectionism as a mistake from the past that has to be avoided. This liberalisation-as-recovery-instrument discourse has been very powerful and difficult to contest by traditionally more protectionist Member States, uncompetitive industries or trade unions (see *infra*). From a historical-institutionalist perspective this is no surprise, as both these ideas themselves as well as the political and societal actors benefitting from them had been reinforced through positive feedback mechanisms. Meanwhile, as of yet no actors have (successfully) risen against this paradigm using the crisis as a window of opportunity to put forward alternative ideas and policy solutions. While other motivations and aspects of the EU's external relations crisis have also played a role,¹⁴ this reinforcement of the dominant liberal paradigm undoubtedly facilitated the start of the negotiations with the US (De Ville and Siles-Brügge 2016): TTIP represents the zenith of the narrative that further trade liberalisation is the desirable and necessary response to the crisis. As then Commission President Barroso said at his press conference at the announcement of the TTIP negotiations: 'it is a boost to our economies that doesn't cost a cent of tax payers' money' (2013). This credo has been repeated numerous times since then. The strength of this discourse was strengthened by the increased (perceived) costs of 'policy failure' at the global level—illustrated by the way in which widespread anxiety over 'beggar-thy-neighbour' trade wars led to a series of high-profile discussions, declarations and monitoring efforts (most notably by the G20).

Still, there have been limits to the entrepreneurial role of the Commission, not in the least because its own behaviour seemed inconsistent across sub-systems. Although it claimed that the new defence initiatives were strategic moves designed to pry open foreign markets, the way it handled the solar panel dispute with China led to mistrust of the way the Commission would exercise any new discretionary powers. This played an important part in the deadlock of trade defence reform. It also meant that any strategy of escaping the stalemate by delegating new powers to the supranational level (i.e. altering the *decision-making mode*) became unfeasible.

Secondly, in interaction with the above, the 'average' revealed preference of Member States seems to have shifted in the direction of pro free trade—meaning coalitions would perhaps have altered even without the Commission's discursive corset. The general tendency, confirmed in different interviews (4, 6), is that the crisis has led to a reinforcement of the 'northern' states' (The UK, Germany, the Netherlands, the Scandinavian countries) free trade perspective. Meanwhile, traditionally more protectionist Member States (Spain in particular) have become more supportive of liberal solutions in the bilateral subsystem while emphasising reciprocity at the unilateral level. However, this could less be observed

in concrete trade defence cases such as the solar panel dispute, where Member States are rather guided by the narrow interests of their industries concerned.

In part, this can be explained as a result of the vagaries of democracy, as the crisis has affected the domestic politics within several Member States in a way that left governments more favourable towards such agreements. The crisis 'spelled disaster for parties of the left' (LeDuc and Pammett 2013, 100) and resulted in a number of right-wing, economically liberal governments coming into power.¹⁵

While this could lead to the conclusion that support for more radical trade liberalisation is determined by electoral conjunctures, other changes have potentially been more fundamental. First of all, the Eurozone crisis has led to a new dynamic between 'creditors' vs. the 'debtor' nations that were forced to impose austerity measures. According to our interviewees, this has tilted the ideological balance in the Council as 'northern' liberal policies are nowadays considered more credible and effective. As a Spanish expert put it (interview 9), where Spain used to align with France with regard to EU (socioeconomic) policies, it now emulates Germany, and this also affects its trade policy stance. Furthermore, although interviews offer only indirect support for this claim, there are indications that the loss of credibility by the classic protectionist bloc played a role in the sharpened disregard of the 'North' for their concerns (i.e. in the defensive sub-system). There is another, more prosaic dimension to this development: although we did not find any evidence of time constraints ('decision rule') playing a decisive role, it seems reasonable to assume that the countries struck more acutely by the Eurocrisis have had more pressing things on their mind than trade. For example, there was relatively little discussion about TTIP at the level of politics and society in Southern Europe, as political attention was focused on internal socioeconomic reforms and intra-EU supranational macroeconomic policy (interviews 2, 6, 9).

The 'ideational' explanation offered by our interviewees seems incomplete, however. Why did countries like Greece, Italy or Portugal support new defensive instruments—even though their policy inclinations had supposedly shifted? To understand these seemingly inconsistent policy preferences, we need to complement our analysis with more 'functional' variables. First: as the EU and the euro area in particular are applying public and private deleveraging at home, the only remaining source for growth is the external sector. If internal devaluation through austerity, lower wages and labour market reforms succeeds in making the programme-countries more competitive, this will render liberalisation both less painful and more rewarding.¹⁶ On the other hand, several of these countries have put more emphasis on the need for full reciprocity in trade relations with emerging economies (especially China), lambasting the EU's 'naïve' trade-for-the-sake-of-trade stance. In many ways, the coalitions in this issue are similar to those in the various disputes over defensive measures targeting Asian imports from the past 10 years (see Heron 2007). The pressures that produced these tensions have not vanished: emerging economies' trade profiles remain very similar to those of the southern (and various eastern European) Member States, while their borders remain rather closed to products in which these Member States have a comparative advantage (De Ville and Vermeiren *forthcoming*). Hence, although they are in agreement with the general need for liberalisation, they now simultaneously plea for more reciprocity towards emerging economies on the one hand and opening industrialised markets where they also have export opportunities (for example in luxury fashion and high-end agro-food products) on the other (Interview 6, 9). Similarly, the group that opposed new trade defences most vocally largely overlaps with the countries that did not support measures targeting East-Asian goods

before the crisis. As China in particular had become both a prominent export destination and an important source of inputs their strengthened 'liberal resolve' seems at least partially linked to their desire to foster good trading relations with Beijing. Fears of retaliation and protectionist spirals played an important role in the solar panel case and the debates on procurement and trade defence reform. This reduced the scope for the usual log-rolling in trade defences while diminishing the overall willingness to endorse anything resembling a-liberal tendencies. Meanwhile, the argument that European austerity makes growth dependent on extra-EU exports is true for these countries as well.

In sum, altered coalitions within the Council offer a basic explanation of recent policy-making patterns: the majorities required to overcome institutional barriers were either lost or found. A more satisfactory narrative would explain in more detail positional shifts by the states involved. As we have shown, such an explanation would need to combine ideational, political and economic variables.

5. Conclusion

This chapter has analysed the response in EU trade policy(-making) to the crisis. We have shown that, while far from leading to a radical overhaul, the crisis has had quite significant effects on dynamics in EU trade policy.

Our analysis is in line with historical institutionalist expectations in concluding that the crisis has not led to a reversal of the EU's trade policy orientation. Such '4th order change' (see Falkner, 2016) would have required a destabilisation of the liberal paradigm both among supranational and Member State officials and politicians—something that has obviously not occurred. However, the post-2008 (non-)decisions in this policy domain do not represent a complete continuation of the trends before the crisis. On the one hand, the EU has opened unprecedented trade negotiations in terms of scope and partners' economic importance, which can be regarded as a '2nd', or even '3rd order change', taking into account that these agreements epitomise the prioritisation of liberalisation over protection. On the other hand, decisions that would have further eased the adoption of trade defence measures have been blocked (hindering '2nd order change').

What this points at theoretically is the interaction between decision-making rules and Member States' positions in enabling/disabling EU policy decisions, in casu in EU trade policy. While the crisis has not institutionally changed EU trade policy-making and has not dramatically disrupted Member States' positions, modest changes to such positions have destabilised the balance between liberalisation and protection present before the crisis. Bilateral trade negotiations with the US (and other advanced economies) that require unanimity in the Council had in the past been obstructed by a limited number of Member States and, hence, (limited) changes in the position of those states enabled the opening of negotiations. In the trade defence subsystem, the Council has since long been divided in groups of more or less equal size, with (depending on the issue) a number of swing states. This had been one of the reasons for facilitating reforms (to avoid that a small number of opponents could block trade defence measures) of the past that were often made as a 'package deal' simultaneously with grand liberalisation moves such as the conclusion of the Uruguay Round. However, a small change (in this case a hardening of the views of liberal Member States, now joined by Spain) was able to disrupt this fragile pre-crisis equilibrium, disabling further reforms by polarising the Council.

It follows that, to truly understand recent developments in EU trade policy, we need to go beyond developments at the supranational level. We have to unpack the Council and look at the forces that shape countries' positions. In this article, we have therefore formulated some preliminary explanations, discursive and economic, of Member State behaviour. Our analysis (interviews and document analysis conducted late 2014–early 2015) is, however, far from definitive. More research is needed, including new studies of pre-crisis trends at the domestic level. This is the only way to truly grasp the path-breaking potential (whether realised or not) of the Great Recession and its ongoing aftermath.

List of interviews

- (1) Interview Belgian Ministry of Foreign Affairs official, EU Coordination Unit, Trade, 8 October 2014.
- (2) Interview Dutch representative in Trade Policy Committee, 6 November 2014.
- (3) Interview Spanish Ministry of Economy and Competitiveness official, 11 November 2014.
- (4) Interview European Commission DG Trade official, 18 November 2014.
- (5) Interview European Parliament International Trade Committee assistant, 20 November 2014.
- (6) Interview Italian representative in Trade Policy Committee, 2 December 2014.
- (7) Interview DG Trade official, 10 December 2014.
- (8) Interview DG Trade official, 16 December 2014.
- (9) Interview Spanish trade policy expert at Royal Institute Elcano, 12 January 2015.

Notes

1. Unless Member States argue that their ability to provide public services or to protect cultural diversity is threatened.
2. The rules governing Community trade defences were first laid down in the 1968 'Basic Regulation'.
3. Belgium, Spain, France, Greece, Ireland, Italy and Portugal were in favour of strengthening trade defences, Germany, Denmark, the UK, Luxembourg and the Netherlands were opposed (Garcia Molyneux 2001).
4. All other users of the instruments set their level at the dumping margin or at even higher 'punitive' levels.
5. Although DG Trade already had this capability in principle, it rarely used it in practice as companies were reluctant to provide much of the needed information. The regulation would have allowed the Commission to force EU businesses to cooperate in the investigation.
6. The strengthening of the Commission's 'ex officio' powers was linked to European businesses expressing fears of retaliation if they filed complaints against Chinese companies, while the limitation of the lesser duty rule was connected to conflicts over the way Beijing had been hindering foreign business's access to China's rare earth supplies and the subsidies to its raw-materials sectors (Financial Times 2013).
7. Greece, Poland, Hungary, Slovakia, Lithuania, France, Portugal, Croatia, Romania, Italy.
8. Czech Republic, Finland, Sweden, Austria, Cyprus, Malta, Ireland, Estonia, Latvia, the Netherlands, the UK, Germany, Bulgaria and Denmark. Belgium did not take any clear position.

9. The EU's anti-dumping output did not change substantially during the crisis. Although policies grew slightly more restrictive by some measures, this reflected the continuation of pre-crisis trends (Bown and Crowley 2013; Vandebussche and Viegelaan 2011).
10. Spain's support for the duties also shows how narrow interests might trump general trade preferences in the unilateral subsystem. Although on most subjects Spain's position has aligned with that of the North, it will still defend particular defensive interests if necessary (Interview 4).
11. More research is needed to uncover which Commissioners, besides the French Michel Barnier and Karel de Gucht, a Belgian, were supportive of this new instrument. Current reporting is unclear.
12. The time given to the Commission to investigate cases of alleged procurement restrictions in third countries was to be shortened, the instrument's scope was extended to also include concession markets (public private partnerships), and there was no more the €5 million threshold under which it did not apply.
13. Leaked documents reveal that the Commission would not withdraw its initiative entirely, but tweaked and re-launched the existing regulation (EU Trade Insights 2014).
14. Other plausible factors that have driven the EU to start negotiations with these countries include: the failure of the Doha Round (generally acknowledged since summer 2008); competitive liberalisation, including the Transpacific Partnership negotiations; and geopolitical considerations, such as the aim to contain the economic and political rise of China and decrease the (energy-) dependency on Russia.
15. In November 2011, the Peoples Party came to power in Spain. The conservative and economically liberal 'Social Democratic Party' won the elections in Portugal in June 2011. In Greece, New Democracy won the elections in June 2012 and consequently led the coalition government. In Italy, the most recent leaders since 2011 (Monti, Letta and Renzi) have at least rhetorically dedicated themselves to a reformist, liberal agenda. France was seen as the exception to the rule when the socialist Hollande won the Presidential elections in 2012, but he is also now perceived as having rapidly committed to a reformist, liberal agenda.
16. Indeed: trade balances have improved markedly in Greece, Portugal and Spain, although in Greece this has been driven solely by a drop in imports (Arkolakis and Galenianos 2015). There is anecdotal evidence of the political effects of this shift: (former) Spanish prime minister Rajoy, for example, was very fond of citing Spain's recent export success and declaring that 'therefore, we are staunch defenders of free trade agreements' (Rajoy in Council on Foreign Relations 2013).

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I

Introduction: Politics in the Age of Austerity

Armin Schäfer and Wolfgang Streeck



Democracy depends on choice. Citizens must be able to influence the course of government through elections. If a change in government cannot translate into different policies, democracy is incapacitated. Many mature democracies may well be approaching such a situation as they confront fiscal crisis. For almost three decades, OECD countries have – in fits and starts – run deficits and accumulated debt. Rising interest payments and welfare-state maturation have meant that an ever smaller part of government revenue is available today for discretionary spending and social investment. Whichever party comes into office will find its hands tied by past decisions. The current financial and fiscal crisis has only exacerbated the long-term shrinking of the room governments have to manoeuvre. As a consequence, projects for policy change have lost credibility – at least if they imply the redistribution of resources from old purposes to new ones. This is clearly the situation in those countries that were hit hardest by the ‘Second Great Contraction’ (Reinhart and Rogoff 2009). In Ireland, Italy, Portugal, Spain and of course Greece, governments of any colour will for decades be forced to cut and hold down spending.

In a number of farsighted articles, Pierson has outlined what he calls a ‘fiscal regime of austerity’ (Pierson 2001a, 2001b). Permanent austerity, according to Pierson, results when the ability to generate revenues is limited while at the same time spending needs to increase. In the 1990s, three causes came together that were not present in the decades immediately following the Second World War: diminished growth rates, the maturation of welfare states and an aging population. The diminished growth rates had their start in the mid-1970s, and since then rates have been lower on average than during the *trente glorieuses*. After the ‘easy financing era’ (Steuerle 1996: 416) had come to an end, revenues increased more slowly and, with few exceptions, public expenditure since

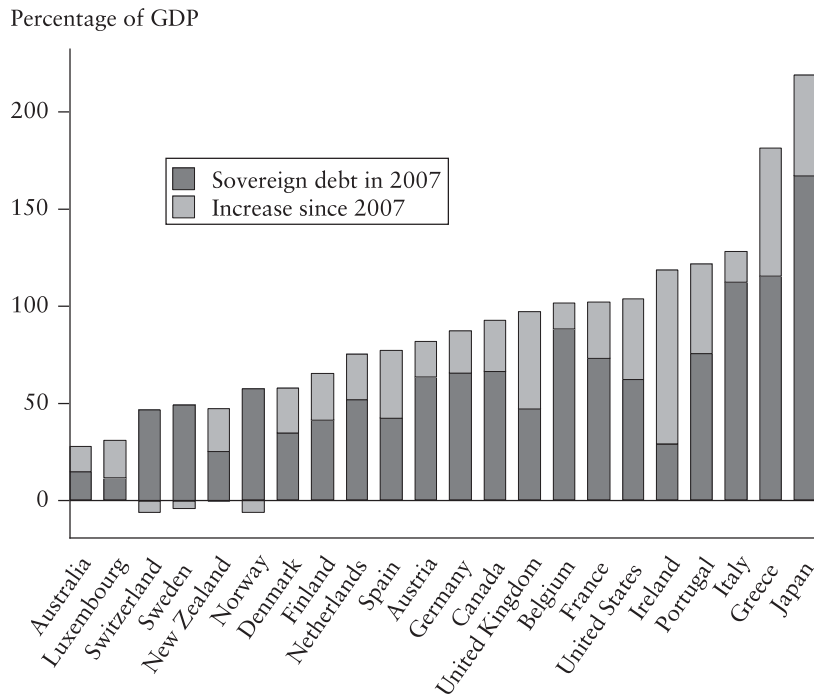
then has exceeded government receipts (Streeck and Mertens, chapter 2 in this volume). In principle, governments could have counteracted this tendency through higher taxes. However, growing international tax competition has rendered it more difficult to raise taxes on companies and top income earners (see Genschel and Schwarz, chapter 3 in this volume). At the same time, taxing ordinary citizens more heavily through higher indirect taxes and social security contributions has become politically more costly, since real wages have also grown more slowly, if at all, than in the past (Pierson 2001b: 62).

On the expenditure side, Pierson emphasizes the ‘maturation’ of the welfare state and demographic change, both of which he suggests are bound to keep expenditure at high levels. Welfare-state maturation means that today a much larger share of the population is entitled to receive pensions than when public pension programmes were created. In the beginning, a very limited number of people qualified for benefits, while the working population financed the welfare state through (payroll) taxes. This favourable demographic profile changes, however, once the first generation of contributors retires (Pierson 2001b: 59). What is more, in an aging society people will receive benefits for a longer period of time, whereas the number of contributors will stagnate or even shrink. In combination, these long-term trends lead to a mismatch of spending obligations and public revenue.

The financial and subsequent economic crisis of recent years has resulted in a vast deterioration in public finances. In all OECD countries except Norway, Sweden and Switzerland, the need to save banks and jobs has meant a sharp rise in public debt (figure 1.1). In some countries, it has more than doubled since the onset of the crisis, surpassing 100 per cent of GDP in eight countries in 2012 (Obinger 2012).¹ High levels of public debt make it even more difficult to allocate resources from old to new purposes, since mandatory expenditures will tend to consume almost the entire budget. This puts pressure on governments to make unpopular choices. ‘Responsible’ or, for that matter, fiscally prudent choices may be at odds with citizens’ needs and demands, in effect rendering governments less responsive to their constituencies (Mair, chapter 6 in this volume).

In parallel with the faltering capacity for discretionary spending, public fatigue with democratic practice and core institutions has grown. Turnout in parliamentary elections has been declining almost everywhere (Franklin 2004); electoral volatility is rising (Mair 2006); trust in politicians, parties and parliaments is on the decline (Putnam et al. 2000); party membership is collapsing (Van Biezen et al. 2012); and there is a noticeable gap between democratic aspirations and satisfaction with the way democracy actually works (Norris 2011). As opposition parties in heavily indebted countries can no longer promise not to cut expenditure

Figure 1.1: Increase in sovereign debt during the financial crisis, 2008–2012



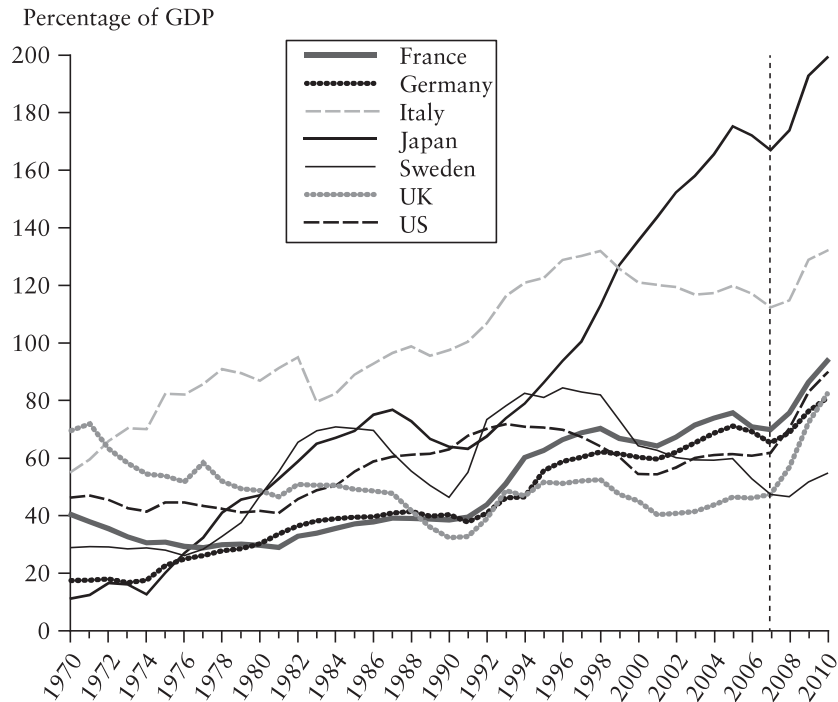
Source: OECD Economic Outlook No. 90.

in order to consolidate public finances, electoral choice becomes limited. At the same time, new anti-establishment parties have emerged or have gained new impetus in many countries (Norris 2005; Berezin, chapter 10 in this volume), and incumbent parties are finding it more difficult than in the past to stay in office. This book investigates what mechanisms may be at work to link rising debt and democratic disaffection. In this introduction, we focus more narrowly on the link between debt and falling turnout. After discussing each trend separately in the next two sections, we will discuss a number of direct and indirect pathways that seem to connect the two trends.

1 Rising debt

While the fiscal crisis of today's rich democracies became apparent only after 2008, it has long been in the making. Since the 1970s, almost all

Figure 1.2: Government debt as a percentage of GDP, seven countries, 1970–2010

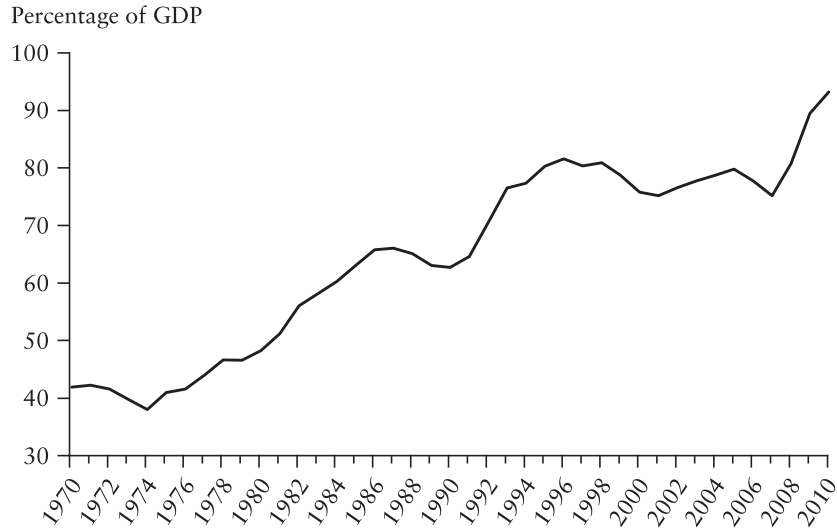


Source: OECD Economic Outlook No. 87.

OECD countries have had to borrow money to cover a chronic gap between public expenditure and public revenue, resulting in a steady increase in public debt. Like declining electoral participation, rising indebtedness was also observed throughout the OECD: in Social Democratic Sweden as well as in the Republican United States; in 'liberal market economies' such as the UK and in 'coordinated' ones such as Germany, Japan and Italy; in presidential as well as parliamentary democracies; under first-past-the-post systems and under proportional representation; and in competitive as much as in one-party democracies such as Japan.

Figure 1.2 shows the more or less steady rise of public debt as a percentage of GDP for seven selected countries over four decades, with the United States and the United Kingdom as the prototypical Anglo-American democracies, Japan as the leading capitalist democracy in Asia, France and Germany standing for the 'Rhineland capitalism' of continental Europe, Italy representing the Mediterranean pattern, and Sweden exemplifying the Scandinavian one. While there are differences between the seven curves,

Figure 1.3: Government debt as a percentage of GDP, OECD average, 1970–2010



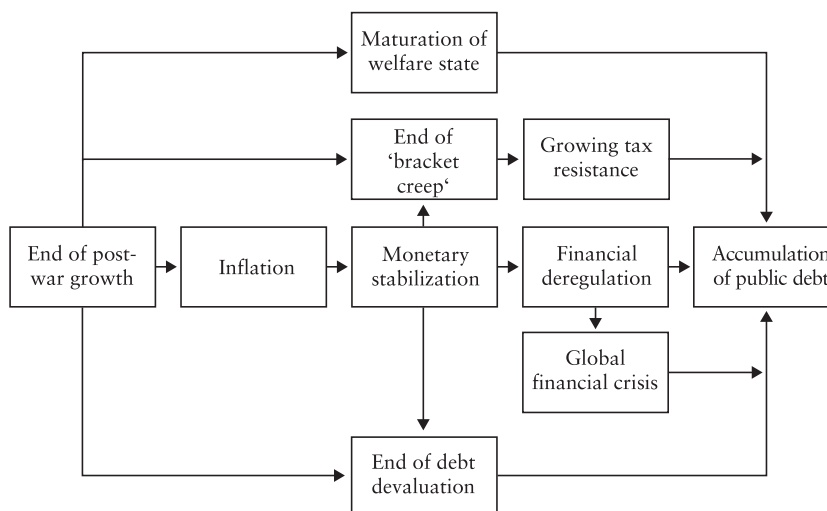
Note: Countries included in unweighted average: Austria, Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Norway, Sweden, UK, US.

Source: OECD Economic Outlook No. 90.

the overall trend is the same for all of them, and indeed for the OECD as a whole (figure 1.3). Initial questions as to whether rising debt levels were ‘sustainable’ in the longer term came up as early as the late 1970s in several countries, and there were various attempts by economists to determine a maximum level of debt beyond which macro-economic performance would suffer. In the meantime debt continued to increase, however, falsifying successive claims that the debt build-up had hit a ceiling.

In the 1990s, led by the United States under the Clinton administration, an OECD-wide attempt was made to consolidate public budgets, mostly through privatization and cuts in social welfare spending, with the hope of using the post-1989 ‘peace dividend’ towards fiscal relief. It was at this time that Pierson saw a new age of permanent austerity on the horizon, one in which public spending would be cut back to match stagnant or even declining tax revenue. Much hope was placed by economists and political leaders, increasingly including those on the left, in institutional reforms of national parliaments’ budgeting procedures, as strongly propagated by international organizations. Apart from Sweden, however, which went through a dramatic financial-cum-fiscal crisis in the mid-1990s (see Steinmo, chapter 4 in this volume), and the United States, which by the end of the century was running a budget surplus, not

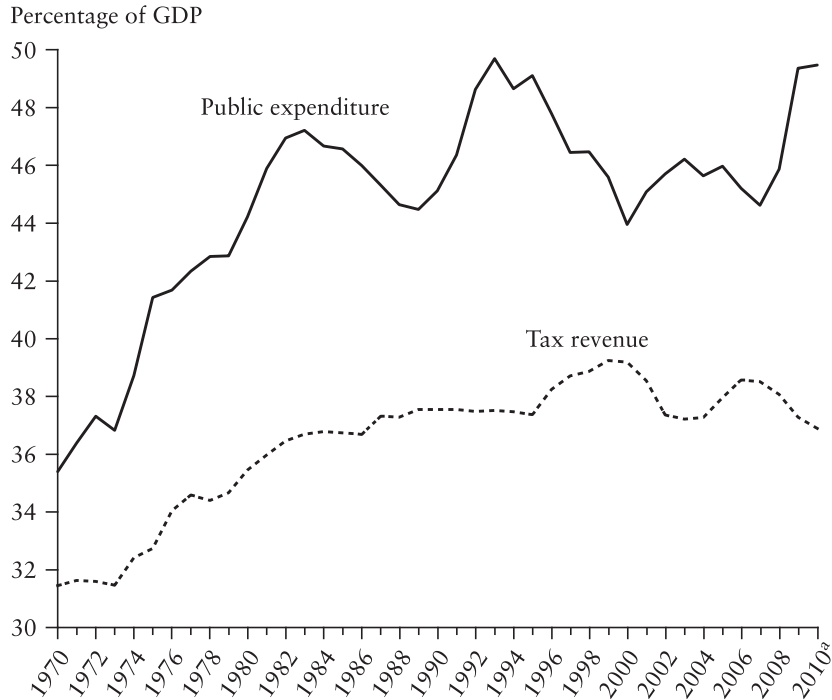
Figure 1.4: The causes of the fiscal crisis



much was achieved. It is important to keep in mind that the latest jump in public debt (which wiped out the gains of the – politically very costly – consolidation efforts of the 1990s and early 2000s almost completely) was caused by the financial crisis of 2008 turning into a fiscal crisis when governments needed to rescue financial institutions that had been allowed to become ‘too big to fail’ and had to reflate the ‘real economy’ through ‘Keynesian’ deficit spending.

Naturally there has been and continues to be discussion on the causes of the long-drawn build-up of public debt in an entire family of countries in the absence of major wars. On the surface, we may observe that indebtedness began to develop with the end of the postwar growth period in the late 1960s (figure 1.4). At this time public expenditure continued to increase, while the rising taxation that had accompanied it up to this point began to come to an end (figure 1.5). The 1970s was a period of high inflation throughout the industrialized capitalist world, which for a while served to devalue national debt burdens, just as growth had in the preceding period. When OECD countries, under the leadership of the Federal Reserve Bank of the United States, ended inflation in the early 1980s, however, three developments coincided to push up public debt. First, structural unemployment ensued almost everywhere, resulting in rising demand on the coffers of the welfare state. Second, the end of ‘bracket creep’ – the automatic advancement of taxpayers with nominally increasing incomes to higher tax rates under progressive taxation – made for rising tax resistance. And third, with lower nominal growth rates, in

Figure 1.5: Government expenditure and revenue, as a percentage of GDP, seven countries, 1970–2010



Note: ^a Estimate.

Source: OECD Economic Outlook No. 87.

addition now to continuously lower real growth, past debt was no longer devalued with time. At this point, monetary stability encouraged holders of financial assets to lend money to governments, while governments felt encouraged to borrow by the low interest rates that followed the victory over inflation. Expanding asymmetries in international trade contributed as well. As surplus countries, first in the Middle East and later also in Asia, were seeking safe havens for their export earnings, the United States deregulated its financial industry to attract and absorb foreign capital, in an effort to finance the country's double deficit. Financial deregulation then resulted in the crash of 2008, which led to further accumulation of public debt and became the proximate cause of the current fiscal crisis in most advanced capitalist countries.

Expectations of an impending 'fiscal crisis of the state' have been around for some time (O'Connor 1973; Bell 1976). In the public finance theory tradition, the anticipated problem was that the revenue the

‘tax state’, or *Steuerstaat* (Goldscheid 1926; Schumpeter 1991 [1918]), would over time be able to raise (‘confiscate’) in a democratic-capitalist society whose assets were mostly privately owned would not be enough to cover the growing collective needs that social and economic progress were expected to generate. One can easily recognize the background to this argument in nineteenth-century debates on the future of capitalism and industrialism, where bourgeois-conservative *Kathedersozialisten* such as Adolph Wagner (with his ‘law of expanding state activity’) agreed with the Marxian diagnosis of a growing ‘socialization of production’ (*Vergesellschaftung der Produktion*) that required more and more collective regulation and support.² It was only in the 1970s and 1980s that the fiscal problem of capitalist political economy was redefined by the theory of ‘public choice’. Rather than declaring that the fiscal means made available by society to the state were lagging behind growing collective needs, public-choice theorists now attributed the crisis appearing on the horizon to collective demands on the public purse having frivolously exceeded what was necessary and sustainable in a market economy, the ostensible result of pressures from competition between office-seeking politicians. Where public finance saw a potential fiscal crisis resulting from society being unwilling to pay for what it needed, public-choice theorists blamed society and its politics for excessively extracting resources from a private economy that would do much better if left in peace and to its own devices.³

The latest version of the public-choice account of the fiscal crisis of the state is the *common pool theory*, which has become established as the received opinion of the so-called new institutional economics. In essence it is just another version of the ‘tragedy of the commons’ story, which in turn is the riposte of standard economics to the Marxian analysis of primitive accumulation (Marx 1967 [1867, 1887]), in particular the ‘enclosure’ of the common land of English villages by the landed gentry, which is presented as prudent economic policy in pursuit of higher overall economic efficiency (North and Thomas 1973). Just as common ownership and the absence of private – i.e., capitalist – property allegedly resulted in irresponsible ‘overgrazing’ of common farmland, requiring a forcible modernization of the property regime, it is now being claimed that the public nature of government finance causes individually rational actors to take more out of the ‘common pool’ of state resources than they can sustain. In the popular version of the theory, democracy is the leading culprit, with its central actors – voters, interest groups and political parties – portrayed as being fundamentally irresponsible and unable to resist the temptations inherent in the free access to collectively owned resources. Vulnerable as its institutions are to popular pressure, so the story goes, democracy will inevitably result in irrational economic decisions, including commitments to public spending in excess of public

revenues and resulting in ever rising indebtedness. Obviously the theory of the common pool has a strong Hayekian flavour in that it supports the conclusion that economic policy-making must be protected from electoral pressure and political opportunism and be vested in politically sterilized institutions such as independent central banks or regulatory authorities such as the European Commission. With respect to public finance and the fiscal crisis of the state, it was thinking along these lines that inspired the institutional reforms of the national budgeting procedures that were promoted in the 1990s, as well as the ‘fiscal pact’ that is currently being negotiated among European nations.

It is not our intention here to debate common pool theory in detail, as the main interest of this volume is to trace the impact of deteriorating public finances on democracy rather than vice versa. We may, however, note that the build-up of public debt since the 1970s did not exactly coincide with a parallel build-up in political participation and popular pressure on governments and markets. It was not only, as we have indicated, voter turnout that declined rather than increased during the period in question – and as we will see, disproportionately so among those at the bottom of our societies, who would be most likely to make demands on government spending. Trade union membership fell as well throughout the world of democratic capitalism, and often enough as a result of successful efforts at union-breaking by governments and employers (Visser 2006). Collective bargaining declined as a consequence, and with it the wages at the lower end of the labour market, while the earnings of shareholders and, even more so, managers improved dramatically, making for a stunning and sustained rise in inequality inside democratic-capitalist societies (Salverda and Mayhew 2009; OECD 2011; Schäfer, chapter 7 in this volume). Needs for ‘restructuring’ under alleged pressures of ‘globalization’ were and continue to be invoked to justify the retreat by governments from politically guaranteed full employment, the growing individualization of the employment contract, increasingly precarious employment, the renewal of managerial prerogative, the privatization of government services, and ‘reformed’ – i.e., recommodifying – social policy – all of which can be observed almost everywhere in rich democracies. Public debt, that is to say, accumulated alongside a long-drawn-out, pervasive process of economic *liberalization* rather than during a time of growing state intervention. The effective result of this was that capitalism withdrew from the commitments extracted from and entered into by it at the end of the Second World War. However this process may be interpreted or explained, it cannot possibly be conceived as having been driven by a rising influence over policy by democratically organized citizens.⁴

That the rise of public debt was not exactly due to a rise in the power of democracy may also be seen at present as governments, at the

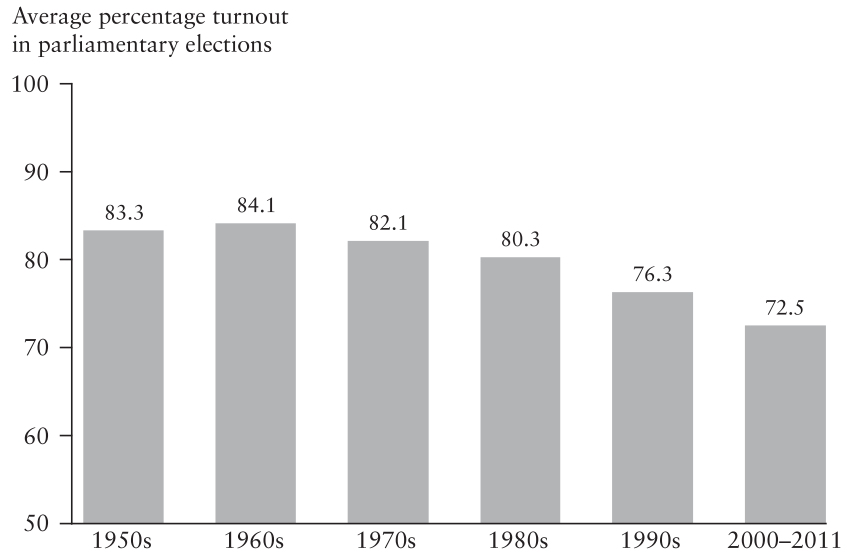
prodding of ‘financial markets’, jointly try to turn the tax and debt state that existed before 2008 into an *austerity* or *consolidation state* defined by balanced budgets and a (gradual) decline in public indebtedness. Everywhere the diagnosis is not that public revenue is too low relative to the functional needs of an advanced modern society, but that spending is too high on account of irrational collective or opportunistic individual behaviour. The cure, therefore, is more discipline in spending rather than in paying taxes – except perhaps for the taxes paid by ordinary people, such as social security or consumption taxes.⁵ Consolidation is identified almost entirely with budget cuts. We know little as yet about how the austerity state of the future will work, and whether it will work at all – a few indications may be found in the following chapters. For example, according to Streeck and Mertens, chapter 2 in this volume, lower public spending will mean a higher proportion of it being devoted to more or less mandatory (non-discretionary) expenditure, resulting in less political choice and, probably, declining expectations in politics. Obviously spending cuts will affect mostly those who depend on public services and public assistance. They are also likely further to reduce public employment and depress the wages paid in the public sector, as a result of which the disparities in living conditions will continue to increase. Spending cuts will also set in motion further privatization and confirm the status of markets as the principal mechanism for the distribution of life chances.

In the next section we will look at the development of political participation, after which we will explore the possible influence that the determination of public finances and the rise of the austerity state may have had on the decline of citizen involvement in the public affairs of rich democracies.

2 Falling turnout

As debt has increased and the fiscal room for manoeuvre has diminished, electoral turnout has fallen. The declines have not always been dramatic, but they have occurred consistently across countries. With very few exceptions, electoral participation today is much lower than it was a few decades ago. As austerity has taken hold, it seems that many citizens now feel that electoral choices are limited and that turning out to vote is futile. This holds true for the less well-off in particular, as we will see. Average turnout rates rose for all Western democracies during the 1950s and 1960s. In the 1970s, a first slight decrease took place, which then accelerated considerably (figure 1.6). Each subsequent decade witnessed lower electoral participation. After 2000, voter turnout in parliamentary elec-

Figure 1.6: Electoral turnout in parliamentary elections, 1950–2011



Countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, UK, US.

Source: www.idea.int/vt.

tions declined to 72 per cent on average – almost 12 points lower than in the 1960s.⁶ What is remarkable about falling turnout is the universality of the trend throughout the Western world (Mair 2006). With the exception of Luxembourg – a country with strictly enforced compulsory voting – and Spain, turnout fell in all countries between 1970 and 2010 (table 1.1). Usually the decline ranges from 10 to 20 points, and there are no signs of a reversal. In fact, more than half of the elections with the lowest turnout rates since 1950 occurred in the 2000s. The more recent an election, the more likely is an all-time low in electoral participation.

Looking at general elections probably underestimates turnout decline. Nationwide elections are the most salient ones for most citizens, with participation rates that are much higher than those in ‘second-order’ – regional or local – elections (Reif and Schmitt 1980). Unfortunately there are few comparative studies of regional elections. One recent study has shown that regional elections tend to have lower turnout than general elections in eight out of nine countries, although there is considerable regional variation within states (Henderson and McEwen 2010). A number of studies also look at local elections. For example, Hajnal (2010:

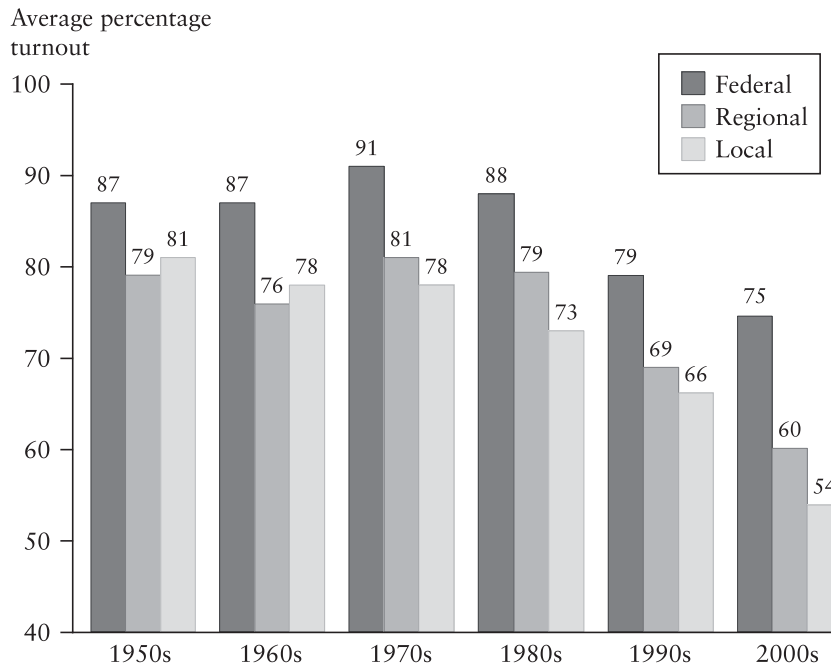
Table 1.1: Turnout change and record low turnout in twenty-two democracies, 1970–2010

| | Yearly change in turnout (1970–2010) | Cumulative change | Years of lowest turnout | Frequency of record low turnouts | | |
|------------------|--------------------------------------------|----------------------|----------------------------|-------------------------------------|------------|----------|
| Australia | -.02 | -0.8 | 1954, 1955, 2010 | <i>Period</i> | <i>No.</i> | <i>%</i> |
| Austria | -.37 | -14.8 | 1999, 2006, 2008 | 1950s | 8 | 12.1 |
| Belgium | -.08 | -3.2 | 1968, 1974, 2010 | 1960s | 1 | 1.5 |
| Canada | -.41 | -16.4 | 2000, 2004, 2008 | 1970s | 2 | 3.0 |
| Denmark | -.08 | -3.2 | 1950, 1953, 1990 | 1980s | 3 | 4.5 |
| Finland | -.39 | -15.6 | 1999, 2003, 2007 | 1990s | 15 | 22.7 |
| France | -.54 | -21.6 | 1988, 2002, 2007 | 2000s | 37 | 56.1 |
| Germany | -.50 | -20.0 | 1990, 2005, 2009 | | | |
| Greece (1974–) | -.27 | -9.7 | 1956, 2007, 2009 | | | |
| Ireland | -.30 | -12.0 | 1997, 2002, 2007 | | | |
| Italy | -.35 | -14.0 | 1996, 2001, 2008 | | | |
| Japan | -.24 | -9.6 | 1996, 2000, 2003 | | | |
| Luxembourg | .03 | 1.2 | 1989, 1994, 1999 | | | |
| Netherlands | -.19 | -7.6 | 1994, 1998, 2010 | | | |
| New Zealand | -.26 | -10.4 | 2002, 2005, 2008 | | | |
| Norway | -.20 | -8 | 1993, 2001, 2009 | | | |
| Portugal (1975–) | -.86 | -30.1 | 1999, 2002, 2011 | | | |
| Spain (1977–) | .04 | 1.3 | 1979, 1989, 2000 | | | |
| Sweden | -.26 | -10.4 | 1952, 1956, 1958 | | | |
| Switzerland | -.26 | -10.4 | 1995, 1999, 2003 | | | |
| United Kingdom | -.36 | -14.4 | 2001, 2005, 2010 | | | |
| United States | -.49 | -19.6 | 2002, 2006, 2010 | | | |

Source: www.idea.int/vt. This table updates and expands Mair (2006: 13).

36) reports of the United States that turnout in local contests declined from 62 per cent of registered voters in 1936 to 39 per cent in 1986. For a random sample of fifty-seven American cities, Wood (2002) finds an average turnout rate of 34 per cent for local elections held between 1993 and 2000. Taking Germany as an example, figure 1.7 shows turnout rates for three kinds of elections for each decade since 1950. Until the 1970s, electoral participation was generally growing, surpassing 90 per cent in the general elections of 1972 and 1976. Regional (*Landtagswahlen*) and local (*Kommunalwahlen*) elections never quite reached these levels but still recorded turnout rates well above 75 per cent. Then, from the 1980s onwards, turnout began to falter for all types of elections, most dramatically at the local level. In comparison with the 1970s, electoral participation declined by more than 20 percentage points in local and regional elections. Today, turnout rates of around 60 per cent in regional elections and around 50 per cent in municipal elections are the norm.

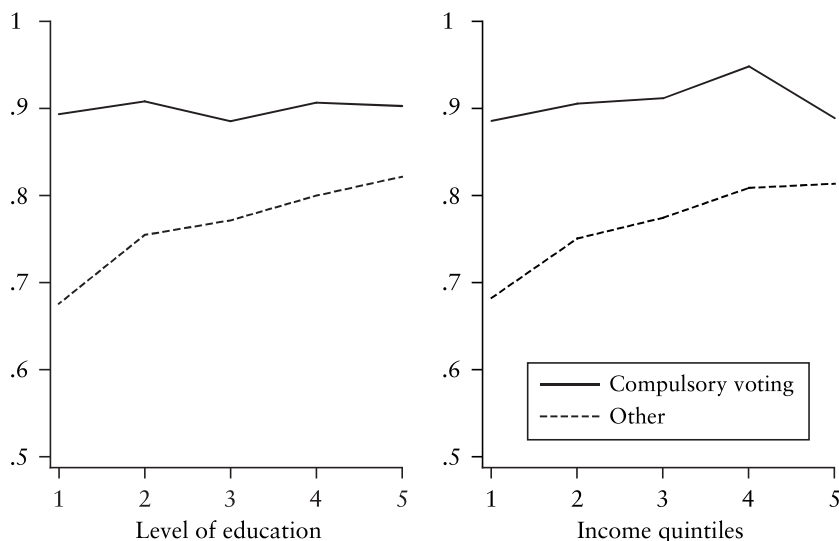
Figure 1.7: Turnout in Germany, 1950–2009



Source: Statistical office of Germany and of the federal states.

Although turnout decline is near universal *across* Western countries, it is by no means evenly distributed *within* them. Voters with more resources – education, income or social capital – participate much more frequently than the resource-poor. These differences tend to grow larger as turnout declines, because lower overall participation rates go along with more unequal participation. Given the regularity of this pattern, Tingsten (1975: 232) even speaks of a ‘law of dispersion’. More recent studies have confirmed the basic pattern (Kohler 2006; Mahler 2008; Schäfer 2011). One way to show levels of dispersion is to compare countries with compulsory voting and those without. When the legal obligation to vote is strictly enforced, compulsory voting not only considerably increases electoral participation but also equalizes it. Figure 1.8 shows that, in four countries with mandatory voting (Australia, Belgium, Luxembourg and Greece), turnout rates are consistently higher across income and education groups. The effect is strongest at the lower end and less pronounced for those with high incomes or a high level of education. Without compulsory voting, the turnout of the less educated is more than

Figure 1.8: Voting probability of different social groups under voluntary and compulsory voting



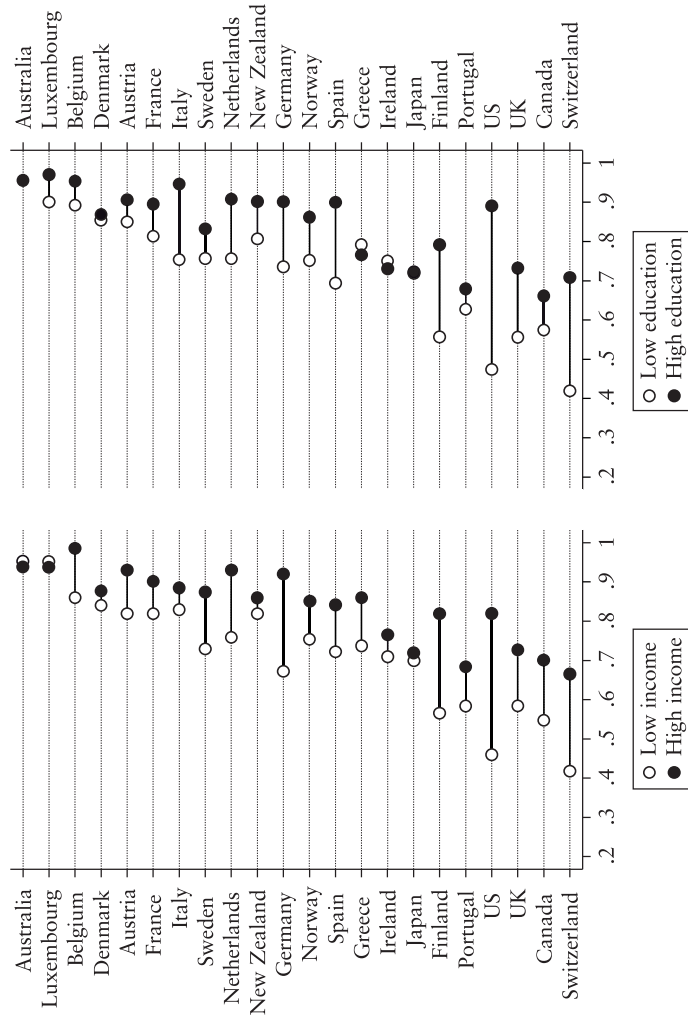
Note: For countries, see Figure 1.9. The figure shows predicted probabilities of voting calculated from a logistic regression (with robust standard errors) that controls for age, gender and political interest.

Source: International Social Survey Programme 2006 and European Social Survey, various years.

11 points lower than that of the highly educated. Exactly the same holds true for different income groups. Under mandatory voting, in contrast, nine out of ten people attend the polling booths across social groups.

In a more fine-grained analysis, figure 1.9 shows the difference in voting for different income and education groups in twenty-two countries that are ranked according to their overall turnout level. Not surprisingly, electoral participation is again highest in Australia, Luxembourg and Belgium, as these countries strictly enforce mandatory voting (which is not true for Greece). Turnout is particularly low in three Anglo-Saxon countries (the US, the UK and Canada) as well as in Switzerland. Almost without exception, people with higher levels of education or income have a higher probability of voting (controlling for age, gender and political interest). These differences are small in high-turnout countries, as we have seen before, and tend to be larger in low-turnout countries. Not all countries fit neatly into the overall pattern, however: Germany has a higher level of dispersion than one might expect, whereas Greece, Ireland and Japan have levels that are lower than expected.

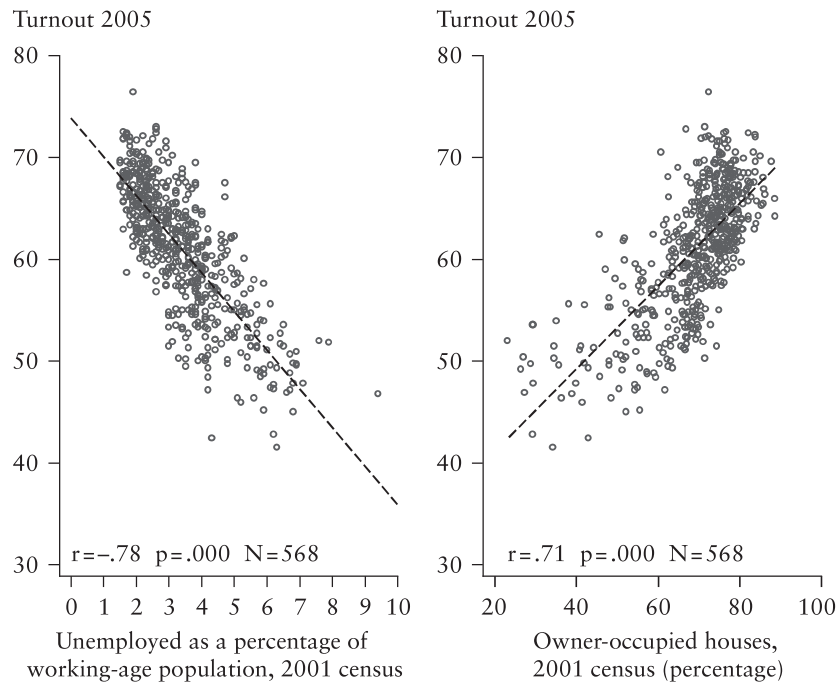
Figure 1.9: Participatory gap between income and education groups



Note: The figure shows predicted probabilities of voting calculated from a logistic regression (with robust standard errors) that controls for age, gender and political interest. It contrasts the voting probability of the lower and highest quintile.

Source: International Social Survey Programme 2006 and European Social Survey, various years.

Figure 1.10: Constituency turnout in the 2005 British general election



Source: Pippa Norris, The British Parliamentary Constituency Database, 1992–2005, Release 1.3.

Finally, there are large regional differences in turnout (Johnston and Pattie 2006). For example, in the British general election of 2010, turnout ranged from 44 to 77 per cent at the level of constituencies. High and low participation rates are by no means randomly distributed. Figure 1.10 shows a strongly negative correlation between the regional unemployment rate and electoral turnout in 2005 (census data for the 2010 constituencies are not yet available). In contrast, turnout rises with the number of people who live in their own houses. These patterns hold even if we control for the closeness of the electoral race in a constituency (a strong predictor of turnout), the number of pensioners and the proportion of manufacturing workers. Economic hardship clearly goes along with low participation rates. No matter what data source we look at, then, the basic pattern is clear: turnout is falling almost everywhere and at the same time is growing more unequal. As a result, the participatory gap between different social groups increases. To us, this suggests strongly that the less well-to-do have in the past two or three decades progressively lost faith in their political efficacy and have grown sceptical

as to whether political participation serves their interests – and this view is not unfounded, as US studies show (Gilens 2005, 2012; Bartels 2008).

3 Debt and democracy

How could the deterioration of public finance in rich postwar democracies have undermined democratic participation and the democratic nature of politics in general? And how will the current transition from debt state to austerity state further affect democratic government? There is no simple answer to this, in particular because we have close to no historical precedents that could serve as guidelines.

Until the crisis, as Streeck argues in the concluding chapter to this volume, the build-up of debt, first public and then private, helped preserve liberal democracy by compensating citizens for low growth, structural unemployment, deregulation of labour markets, stagnant or declining wages, and rising inequality. The fiscal crisis of the state and the global economic crisis that followed it were the prices governments paid for their inability to prevent the advance of liberalization, or for their complicity with it. As governments increasingly gave up on democratic intervention in the capitalist economy, and the economy was extricated from the public duties it was promised it would perform when capitalist democracy was rebuilt after the war, it was through what came to be called the ‘democratization of credit’ that citizens were, temporarily, reconciled with the declining significance of democratic politics in their lives. This has now come to an end, as debt financing of public entitlements and private prosperity has reached a point where creditors are losing confidence that accumulated promises of repayment will ever actually be met.

With easy credit no longer available as a fix for liberalization and the associated democratic decline, the predominant theme of domestic as well as international politics in advanced capitalist democracies has become the consolidation of public finances through long-term institutionalized policies of austerity. How exactly the democratic austerity state of the future will work can only be guessed at. But some of its contours seem to be already visible. In the following we will summarize in nine short points what we regard to be the most likely future developments in the relationship between capitalism and democratic governance, and in particular between a tightening fiscal straightjacket for democratic politics, on the one hand, and the nature and extent of political participation, on the other.

1 Global liberalization, especially of capital markets, makes it highly unlikely that democratic countries will be able even partly to close the

gap between public expenditures and public revenues by setting higher taxes on corporate profits and high incomes. In the face of rampant tax competition, consolidation of public finances will have to be achieved overwhelmingly by spending cuts, apart from higher taxation of immobile assets – i.e., of consumers and low-income earners. As noted, spending cuts will tend to shift the structure of public expenditure in the direction of mandatory spending, at the expense of what has been called ‘social investment’ (Morel et al. 2012) in a more egalitarian distribution of the initial endowments of participants in market competition.

2 As liberalization-cum-fiscal discipline limits corrective intervention in the market, democracy will tend, even more than in the past two decades, towards ‘post-democracy’ (Crouch 2004), where public spectacles replace public action in pursuit of collective values and interests. With *panis* in increasingly short supply, more exciting *circenses* must be and will be provided in its place.

3 Institutionalized austerity will continue the privatization of government services that began in the 1980s and 1990s. Privatization forces or (as the case may be) allows citizens to rely on their own resources rather than on public provision, and to purchase in the market what they would otherwise have received from the state. The inevitable consequence is more inequality of access, for example to health care or education. Privatization should also reinforce tax resistance among the well-to-do, who are likely to be unwilling to pay both for the services they buy on their own for themselves and for the publicly funded services they do not use. It furthermore contributes to political apathy: among high-income earners, who, having effectively ‘exited’ from the community, no longer need ‘voice’ (Hirschman 1970), as well as among those at the lower end of the income distribution, who, in the presence of effective ceilings on public spending, cannot hope to get better services by voting for them.

4 Fiscal consolidation does not mean that democratic states will no longer need the confidence of financial investors, even under a regime of institutionalized austerity and with a primary budget that is balanced or in surplus. Given the huge amount of accumulated debt, governments will for a long time have to take up new debt to repay old debt. Buying sovereign debt will remain a lucrative investment for those with incomes high enough to allow them to save. As states finance public obligations by debt rather than taxes, therefore, they not only spare their well-to-do citizens from having their surplus funds confiscated but in addition offer them safe investment opportunities, paying them interest on assets that they continue to own rather than compelling them to contribute to the public purse. Since the financial capital invested in public debt can be passed on to the next generation, perhaps even with the interest it earns

in the meantime, the debt financing of democratic states contributes to preserving and reinforcing economic and social inequality in civil society.

5 As states will continue to need credit, financial markets will in turn continue to keep them under surveillance, even after the stable institutionalization of a firm political commitment to balanced budgets and debt reduction. The most important challenge for democratic theory in the coming years will be systematically to realize that the austerity state that has taken hold in democratic capitalism has two constituencies rather than just one: in addition to its people, it has to face ‘the markets’ and their specific demands on public policy (table 1.2). While it has long been known that the interests vested in a capitalist economy require special attention from governments if they are to be successful (Dahl 1969), the rise of financial markets in particular seems to have made market pressures equally if not more significant to citizen pressures when it comes to everyday political decision-making. Democratic theory may therefore be well advised to consider and experiment with a model of contemporary democratic-capitalist politics that provides for symmetry between peoples and markets as rivalling constituencies representing different ‘logics’ of action, perhaps best circumscribed provisionally as ‘social justice’ and ‘market justice’, respectively.⁷

People and markets are different in a number of respects, making it difficult and sometimes impossible for governments to do justice to both of them at the same time. Whereas a state’s citizenry is nationally organized, financial markets are global (table 1.2). Citizens are resident in their country and typically cannot or will not switch their allegiance to a competing country, whereas investors can and do easily exit. Citizens ‘give credit’ to their government by voting in general elections, whereas creditors do or do not give money. Rights of citizenship are based in public law, whereas the claims of creditors are regulated in civil or commercial law. Citizens express approval or disapproval of their government in periodic elections, whereas ‘markets’ make themselves heard in auctions

Table 1.2: The two constituencies of the austerity state

| The people | The markets |
|-----------------------|----------------------|
| National | International |
| Citizens | Investors |
| Voters | Creditors |
| Rights of citizenship | Claims to assets |
| Elections (periodic) | Auctions (continual) |
| Public opinion | Interest rates |
| Loyalty | Confidence |
| Public services | Debt service |

that are held almost continually. Whereas ‘the people’ articulate their views through public opinion, ‘the markets’ speak through the interest rates they charge. There is an expectation that citizens will be loyal to their country, in contrast to the mere hope that creditors will have ‘confidence’ in its government and the fear that they could withdraw this confidence if they were to become ‘pessimistic’ or to ‘panic’. Finally, where citizens are expected to render public service and expect to receive public services, ‘markets’ want debt service.

The new kind of politics that is unfolding as states and governments try to reconcile the often conflicting demands of their two constituencies still awaits exploration. Faced with international investors who unrelentingly police sovereign commitments to austerity – and, if necessary, will make their discontent felt by raising the interest rate on new loans – states may perhaps best be compared to publicly traded firms in a world of ‘shareholder value’. Like managers of joint stock companies, governments are under pressure to deliver what in their case one could call *bondholder* value to increasingly activist capital providers. For this to be possible, they have to turn their citizens into a disciplined quasi-workforce who willingly produce market-compatible returns on the capital that has been invested in them, both by moderating their demands on the ‘social wage’ accruing to them as citizens and by continuously improving their productivity, even as what they produce is a civic surplus to be turned over to those states providing the operational capital that their home government cannot extract from its more affluent citizens.

6 The new tensions between the social rights associated with citizenship and the commercial rights deriving from private ownership of financial assets evolve not just within national polities but also and increasingly at the international level. Here ‘financial markets’, globally organized as they are, are at a profound advantage compared to nationally constituted citizenries, not least because markets are much better able than citizens to capture international organizations and turn these into instruments of market interests. Foremost among these interests is to prevent individual governments from cutting their debt burden by unilateral restructuring or sovereign default. To this end creditors can enlist the help of the ‘international community’ of states with the credible threat that a ‘credit event’ in one country will, as a side effect, push up the interest rates to be paid by all others on their debt, not to mention potentially force them again to bail out affected financial firms that have remained ‘too big to fail’. ‘Financial markets’ thus become the foremost proponents of ‘international solidarity’, in the sense of providing investors with the collective deposit insurance guaranteed by the family of capitalist states as a whole, called a ‘firewall’ or ‘bazooka’ by political PR specialists and reducing the *de facto* risk of lenders to zero.

Making the job of 'global governance' easier, international central banking has at its command an abundance of tools by which to make subsidies to financial speculators appear as assistance to poor states or their impoverished populations, if not to make them altogether invisible. Monetary policy remains a book with seven seals to the vast majority of people, in particular those who will ultimately have to pick up the bill. For example, hardly anyone understands the far-flung implications for European workers and taxpayers of the loans at 1 per cent interest dealt out to banks, and only banks, at the end of 2011 by the European Central Bank, whose president is the former Goldman Sachs executive Mario Draghi. The task of national governments, whose ministers are unlikely to understand what is going on either, is above all to sell their people on the machinations of international money technocrats and the compromises produced by financial diplomacy. If this is not certain to work, the preferred alternative is to enlist the help of financial 'experts' to hide, as much as possible, the extent of the potentially gigantic welfare losses that citizens are being asked to absorb for the benefit of capital owners and bonus-collecting money managers.

7 Popular agitation around the international politics of public debt tends to express itself in terms of nations versus nations, rather than people versus financial markets. In its leftist or, better said, its social-democratic version, the politics of public debt is framed as a debate over the duties of rich nations to come to the assistance of poorer ones – i.e., over solidaristic international redistribution. On the right, countries unable to service their debt are presented as collective sinners against economic reason and fiscal prudence, and as less hard-working than the deserving rich, making it necessary to teach them a lesson by letting them suffer. Both perspectives are fundamentally nationalist, in that countries are conceived as unitary communities with collective economic entitlements or obligations, regardless of differences and distributional conflicts between the sectors and classes within them. Moreover, the two perspectives converge in political practice in their demand for strict international controls over the domestic politics of debtor countries, in particular limitations on their economic and fiscal 'sovereignty', which is obviously in line with the demands of 'the markets'.

When the complexities of international fiscal and monetary policy are reduced to a conflict between more and less economically prudent nations, the stage is set for a rich repertoire of symbolic politics. Populist pseudo-debates on the relative economic and moral merits of 'the Greeks' and 'the Irish', not to mention 'the Germans', provide an opaque veil of sentiments and resentments behind which 'the markets' and their 'technocratic' henchmen, in central banks and public relations agencies, can do their work basically undisturbed by popular interference. Here

as nowhere else, we may in the future be able to observe what it means when democratic politics runs dry and is replaced with more or less sophisticated social technologies for the procurement of mass acceptance of decisions for which ‘There Is No Alternative’, at least not under the auspices of the existing national and international distribution of power and privilege.

8 Further complications for the politics of consolidation result from the fact that some creditors are also citizens, especially since the ‘reforms’ of social security in the 2000s that introduced private pension insurance almost everywhere as a supplement to overburdened public pension systems. As insurance companies are heavily invested in public debt, those who now depend on them for part of their pensions have developed an interest in ‘responsible’ fiscal policies ensuring states’ ability to live up to their financial obligations. At the same time, however, these citizen-creditors continue to need and insist on government services and citizen benefits, as well as low taxes on low or average incomes. More and more people thus find themselves on both sides of the defining front line of politics in the consolidation period of the debt state. On the one hand, this may expand the room of policy-makers to manoeuvre, potentially enabling them to mobilize support for austerity measures among citizens directly affected by them. On the other hand, paying for pension supplements with cuts to their pensions may not seem like too good a deal to a significant number of voters, and asking them to accept this may seriously detract from political support for privatization.

9 Perhaps most important of all, the interests not just of citizens but also of ‘financial markets’ seem to have deep internal contradictions. Holders of government bonds today require institutionalized austerity policies for reassurance that their claims to the assets of near-bankrupt, over-indebted states will enjoy priority over the claims of citizens. Austerity alone, however, is not likely to lower the public debt burden enough to make it reliably sustainable. There is wide agreement that what is also required is economic growth, although no one can say how this is to come about alongside deep cuts in public spending, higher taxes, a freeze on wages and rising unemployment, among other things. In fact, the fear is that austerity may drive countries under pressure to consolidate their public finances into a long-lasting recession or even depression, in effect increasing rather than reducing the size of their accumulated debt in relation to their economy, in spite and perhaps because of deep expenditure cuts.

How growth and austerity may be combined remains a mystery known only to the most faithful believers in supply-side economics, and clearly not to those social democratic politicians in Northern Europe who keep calling for ‘a plan for growth’, or even a ‘Marshall Plan’, for the

Mediterranean member states of European Monetary Union. Indications are, however, that a not insignificant number of those in ‘the markets’ and in international organizations subscribe to the Thatcherite belief that economic recovery requires two opposite sorts of ‘work incentives’: even higher profits and bonuses for the rich – investors and managers – and even lower wages and social security benefits for the poor. The far from unintended result will be a further increase in inequality between the top and the bottom in democratic societies. Whether this will be politically sustainable no one can say with any degree of certainty. We for our part refuse to rule out the possibility that the result will *not* be a further increase in political apathy, as in the last quarter century, but a reversal of this secular trend, in the direction of political radicalization.

We conclude this introduction by repeating that it is impossible to imagine what the politics of democracy-cum-austerity will be like – in (as yet still) rich democratic-capitalist countries co-governed by global capital markets – as there are no valid historical precedents. Balanced budgets have been or are presently being written into the fiscal constitutions of European democracies by international agreement or, as in the case of the UK, by national government policy. In a few years the United States may be the only country in the Western world that will still be adding to its national debt. What consequences this will have for international relations and the domestic politics and economics of both Europe and the US we cannot even speculate about at this point.

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2

Public Finance and the Decline of State Capacity in Democratic Capitalism

Wolfgang Streeck and Daniel Mertens



The relationship between public finance and democracy is a complex one, with many facets and a confusing multiplicity of diverse lines of causation and causal interdependence. For Schumpeter, who at the end of the First World War sketched out a programme of ‘fiscal sociology’ that he unfortunately never followed through (Schumpeter 1991 [1918]), the level and structure of taxation and public spending in a political jurisdiction was the most accurate reflection of the nature of political rule in that jurisdiction and the social order of which it was part, including the community’s collective interests and objectives as well as its internal lines of conflict. Moreover, the extent to which a ‘tax state’ was able to extract material resources from its society appeared to be a powerful determinant of what its government could in practice do, and thus not just mirrored but also actively shaped social and political life.

The subject of how democracy in particular affects public finance and is in turn affected by it came to prominence in the decades after 1945 with the establishment of the mixed economy of democratic capitalism, an establishment that we now know was to be temporary. John Maynard Keynes had given the dignity of scientific theory to the use of public expenditure as an instrument to stabilize a crisis-prone market economy. Liberals, who continued to believe in the self-stabilizing capacity of markets free of state intervention, had argued early on that politically guaranteed full employment in particular was bound to generate what they considered severe economic distortions (Hayek 1967 [1950]). Their time was not to come until the 1970s and 1980s, however, when Western economies had become as highly and critically inflationary as neoliberal theory had predicted. Another attack on Keynesianism that




The Brexit vote: a divided nation, a divided continent

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The Brexit vote: a divided nation, a divided continent

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ABSTRACT


The outcome of the British referendum on European Union (EU) membership sent shockwaves through Europe. While Britain is an outlier when it comes to the strength of Euroscepticism, the anti-immigration and anti-establishment sentiments that produced the referendum outcome are gaining strength across Europe. Analysing campaign and survey data, this article shows that the divide between winners and losers of globalization was a key driver of the vote. Favouring British EU exit, or 'Brexit', was particularly common among less-educated, poorer and older voters, and those who expressed concerns about immigration and multi-culturalism. While there is no evidence of a short-term contagion effect with similar membership referendums in other countries, the Brexit vote nonetheless poses a serious challenge to the political establishment across Europe.

KEYWORDS Brexit; Britain; Euroscepticism; populism; referendum; voting behaviour

There was a sense of shock and disbelief in the early morning hours of 24 June 2016, both in Britain and across European capitals, when it became clear that a small majority (51.9 per cent) of British voters had cast their ballot in favour of leaving the European Union (EU). Markets reacted quickly to the Brexit vote: the British pound plummeted to a 31-year low against the dollar and over 2 trillion dollars were wiped off shares globally. The political ramifications were almost as immediate and dramatic, as the British Prime Minister David Cameron resigned, the main opposition Labour Party fought a bruising internal leadership battle, and the Scottish First Minister signalled Brexit could mean the break-up of the United Kingdom (UK). Even the leaders of Leave camp seemed surprised by the outcome as they admitted they had no plan for what 'Brexit' would look like. Meanwhile leaders of other EU member states called for Britain to invoke Article 50 of the EU's Lisbon Treaty so that exit negotiations could begin immediately.

In many ways, however, the outcome of the UK's referendum on EU membership was not surprising. First, the British public has consistently been the

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most Eurosceptic electorate in the EU ever since the UK joined in 1973, and opinion polls had suggested that this referendum would be a very close race. Second, in stark contrast to the pro-EU position held by most other EU governments, leading figures in Britain's governing Conservative Party are fiercely opposed to the EU, thus bringing the Eurosceptic message into the mainstream (De Vries and Edwards 2009). Third, it is well-established that referendums on European integration are highly unpredictable, and that voters often reject the proposals put to them by the government, even when supported by a consensus among mainstream political parties and experts (e.g., Franklin *et al.* 1994, 1995; Hobolt 2009). Finally, the anti-establishment message that made the Brexit Leave campaign so effective has also led to electoral successes of populist parties across Europe in recent years, generally fuelled by worries about immigration, lack of economic opportunities and anger with the political class (Hobolt and Tilley 2016; Kriesi *et al.* 2012).

Hence, on the one hand, the outcome of the Brexit referendum is a unique event, since no other member state¹ has ever decided to exit the European Union. Yet, on the other hand, the sentiments that led to this outcome are by no means a distinctively British phenomenon. The analyses presented in this article show that British Leave voters were motivated by anti-immigration and anti-establishment feelings. They also reveal stark demographic divides, as the less well-educated and the less well-off voted in large majorities to leave the EU, while the young graduates in the urban centres voted to stay. This divide between those who feel left behind by the forces of globalization and mass immigration and those who welcome such developments is also a driving force behind the increasing support for Eurosceptic parties on the radical right and left across Europe (see Kriesi *et al.* 2012; Teney *et al.* 2014). Concerns about the cultural and economic threats of globalization, immigration and European integration are effectively mobilized by parties, especially on the populist right, that have been gaining ground in national and European elections (see Hobolt and De Vries 2015, 2016b; Van Elsas *et al.* 2016). The challenge that the EU faces thus go beyond the loss of a major member state, and the economic and political ramification that follows from that. Perhaps more significant is the fact that many voters across Europe see the EU as part of the problem rather than the solution when it comes to protecting ordinary citizens from the challenges of an ever more globalized and integrated world.

The article proceeds as follows. First, it discusses the background of the British EU referendum and describes the campaign leading up to the vote. Second, the article presents an analysis of voting and survey data to explain the main divisions in the British electorate and the attitudes that explain support for Brexit. Finally, I consider some of the implications for European politics, with a particular focus on the likelihood of a domino effect with

other EU membership referendums across Europe and the electoral successes of Eurosceptic parties.

The Brexit referendum campaign

The Brexit referendum came about as the culmination of decades of internal division in the British Conservative Party on the issue of European integration. To appease the Eurosceptic wing of the party and to avoid a flight of voters to the populist right-wing United Kingdom Independence Party (UKIP), the 2015 Conservative Party manifesto included a pledge of a 'straight in-out referendum of the European Union by the end of 2017' (Conservative Party Manifesto 2015: 32). Hence, as with many other EU referendums, this referendum was called for domestic party political and electoral reasons (Prosser 2016). After the Conservative Party won an outright majority in the May 2015 General Election, Cameron set out to negotiate a 'new settlement' for Britain in Europe, promising to win a host of concessions from Brussels. On 20 February 2016, Cameron finalized that deal with 27 other European leaders and set the June date for the EU membership referendum. The deal included the power to limit EU migrants' in-work benefits, a treaty change so the UK would not be bound by 'ever closer union', and the ability for the UK to enact 'an emergency safeguard' to protect the interests of the City of London and British businesses (Jensen and Snaith 2016). Yet this much-heralded 'new settlement' was widely derided by the British press for amounting to very little, and the announcement of the deal even led to a boost for the Leave side in the polls (YouGov 2016). The deal subsequently played a very minor role in the referendum campaign.

Despite the failure to win over voters with a new settlement for Britain in the EU, the government nonetheless felt confident that it could win the referendum. All the major parties in Parliament were in favour of remaining in the EU, including the major opposition party, Labour. The Remain side also had the major business interests and trade unions on its side, as well as most foreign leaders and international organizations. The governing Conservative Party itself, however, was openly divided in the campaign with several cabinet members, including the charismatic former mayor of London (and now foreign secretary) Boris Johnson campaigning to leave the EU. The newspapers were split when it came to recommending an In or Out vote. A media study of the campaign by Loughborough University shows that Conservative politicians dominated media coverage on both sides of the campaign, accounting for almost two-thirds of all referendum-related media appearances, with David Cameron the most prominent In campaigner (mentioned in 25 per cent of news items) and Boris Johnson the most prominent Out campaigner (mentioned in 19 per cent of news items). In contrast, the Labour Party led a more lacklustre campaign (its leader, Jeremy Corbyn, was only

mentioned in 6 per cent of news items) (see Loughborough University 2016). The ‘poll of polls’, shown in Figure 1, reveals a very close race with slight lead for the Remain side during most of the campaign, but with some fluctuation in the last month of the campaign, when several polls indicated a Leave majority.

There were two official campaign organizations, ‘Britain Stronger in Europe’ and ‘Vote Leave’.² From the outset of the campaign, the battle lines were starkly drawn up by the two sides: the economy versus immigration. The messages were clear: vote Remain to avoid the economic risk of a Brexit (‘A leap in the dark’) or vote Leave to regain control of British borders, British law-making and restrict immigration (‘Take back control’). On both sides, the campaign rhetoric was largely negative with the In camp focusing on the threat of economic disaster in the case of Brexit vote (dubbed ‘Project Fear’ by the Leave camp) and the Out campaign mobilizing people’s fears of immigration (referred to as ‘Project Hate’ by the Remain camp). The Remain side was hopeful that the economic uncertainties associated with Brexit would ultimately persuade voters to choose the status quo option, since there was an overwhelming consensus among experts that a Brexit outcome would have negative economic consequences for Britain. In contrast, the Leave camp presented the referendum as a unique opportunity to regain control of British law-making, borders and restrict immigration. The media analysis of the campaign reveal that both camps were successful in setting the agenda, since the economy and immigration clearly dominated the news coverage. In the first three weeks of the campaign economic issues received considerably more attention than immigration, to the benefit of the Remain camp. There was, however, a shift towards immigration as the dominant issue in the latter weeks of the campaign, which may have benefited the Leave campaign (Loughborough University 2016). Interestingly, other issues, such as sovereignty, security, democracy and devolution, were much more marginal issues in the media coverage of the referendum.

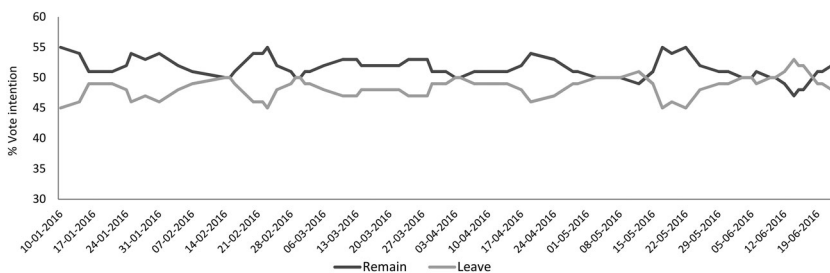


Figure 1. Referendum vote intention Poll of Polls. Source: Poll of Polls of referendum vote intention, compiled by Prof. John Curtice and NatCen Social Research, available at <http://whatukthinks.org>.

This picture of a simple choice between the economy and immigration is also reinforced by survey evidence. According to one YouGov poll, 84 per cent of Leave voters thought that there would be ‘less immigration into Britain’ if we left the EU, compared to only 27 per cent of Remain voters. The same survey asked about whether Britain would be worse or better off economically following Brexit, and only 4 per cent of Leave voters thought Britain would be worse off, despite a broad consensus among experts that this would indeed be the case. In contrast, 78 per cent of ‘remainers’ thought Britain would be worse off economically (YouGov/Times 20–22 June 2016). To explore voters’ reasoning further, Christopher Wratil and I designed a survey where a representative sample of over 5,000 British citizens were asked to think about the arguments they have personally heard during the referendum campaign and summarize the main argument in their own words (Hobolt and Wratil 2016). When analysing these thousands of open-ended responses, we find that immigration and the economy emerge as the main arguments. The analysis identifies around nine distinct arguments mentioned by voters that centre on immigration, sovereignty, the economy, lack of information, and distrust in the government, as summarized in Table 1. Similar to the media analysis, we find that a number of other issues often central to the debate on European integration, notably democracy and environmental protection, do not appear as prominent arguments for or against membership in the minds of voters in this referendum debate.

The British public was clearly sharply divided in what it considers to be the main issue of the referendum. As Table 1 shows, the two key arguments that resonate more with Remain voters than with Leave voters relate to the economy, specifically the loss of economic stability in the event of Brexit and the economic benefits of EU membership, while Leave voters highlight mainly concerns about immigration as expressed by one respondent: ‘Immigrants flooding into the country if we don’t regain control of our own borders.’

Another key argument for Leave voters is lack of trust in David Cameron and his government. Hence, the Leave side successfully mobilized not only

Table 1. Main arguments for Remain and Leave voters.

| Main referendum arguments: | Mentioned mainly by | |
|---------------------------------------|---------------------|---------------|
| | Leave voters | Remain voters |
| Immigration control | X | |
| No trust in Prime Minister/Government | X | |
| Cost of EU membership | X | |
| Security implications | X | |
| Lack of knowledge and trust | X | |
| Lack of information | X | X |
| Economic risk of Brexit | | X |
| Economic stability in the EU | | X |
| Economic benefits from the EU | | X |

Source: Original poll by Sara B. Hobolt and Christopher Wratil conducted by YouGov between 9 and 11 May 2016. See Hobolt and Wratil (2016) for more details.

salient concerns about immigration but also anti-establishment attitudes, portraying the vote as a chance for ordinary citizens to 'take back control' from the élites in Brussels. The analysis of vote choice below shows that such anti-élite sentiments appealed to many Leave voters.

Explaining the Brexit vote

While the Brexit referendum was only the second membership referendum in an existing member state (the first being the British EEC referendum in 1975, where 67 per cent voted to remain), there have been over 50 referendums on other aspects of European integration, mainly accession and treaty ratification (Hobolt 2009). Consequently, there is a large literature on how voters decide in such referendums. Much of the scholarly debate has focused on whether voters decide on the basis of their attitudes towards the EU (the issue-voting approach) or whether they use the referendum to express their dissatisfaction with the government (the second-order approach). The first approach focuses on individuals' values and beliefs and argues that voting behaviour in EU referendums reflects people's underlying, broad attitudes towards European integration (Garry *et al.* 2005; Siune *et al.* 1994). The alternative explanation of voting behaviour in EU referendums is inspired by the 'second-order' theory of elections (Reif and Schmitt 1980), where voters are thus expected to use their vote as a means of signalling their dissatisfaction with the government, or the domestic political class more generally (Franklin *et al.* 1994, 1995). Other work on referendums has argued that these approaches are not mutually exclusive, but that the nature of the referendum campaigns influences how voters decide. For example, Hug (2002) argues that punishment strategies (second-order voting) are more likely to occur when governments employ referendums in an attempt to shore up support and when the outcome is legally non-binding. Other studies have examined how the salience of the issue of European integration affects attitudes and reception of élite cues and, in turn, influences patterns of voting behaviour in referendums (see Franklin 2002; Hobolt 2009). When salience is high, and voters have a greater interest in European affairs, they are more likely to rely on their attitudes towards European integration and less likely to treat the referendum as a 'second-order election'.

As the Brexit referendum was clearly a high salience referendum with a long and intense campaign and high turnout (72.2 per cent), we would expect that issue-specific attitudes (Euroscepticism) to matter, but importantly we also want to examine from where such opinions originate. The literature on Euroscepticism outlines three main approaches to explaining variation in support for, and opposition to, European integration: 'utilitarian', 'identity' and 'cue-taking' approaches (see Hobolt and de Vries 2016a). The basic

proposition of the utilitarian approach is that since European trade liberalization favours citizens with higher levels of human capital (education and occupational skills) and income, such individuals will be more supportive of European integration (Gabel 1998; Gabel and Palmer 1995; Tucker *et al.* 2002). Moreover, a growing literature has shown that a divide has emerged between the so-called winners and losers of globalization and that these groups have coherent and distinct attitudinal positions towards issues such as international co-operation, European integration and immigration (e.g., Azmanova 2011; Evans and Mellon 2016; Kriesi *et al.* 2012; Teney *et al.* 2014). In a nutshell, the 'winners' of globalization – the young, well-educated professionals in urban centres – favour more open borders, immigration and international co-operation, whereas the 'left behind' – the working class, less educated and the older – oppose such openness. There is consistent evidence to suggest that socioeconomic factors shape attitudes towards European integration, and recent work even reveals that education has become a more important determinant of EU support over time, as the less educated are becoming less supportive of the integration project (Hakhverdian *et al.* 2013). Similarly, in the Brexit referendum I would expect that those who are less educated would hold more Eurosceptic and anti-immigration attitudes and be more likely to vote to Leave.

Demographics may tell part of the story about Euroscepticism, but more deep-seated attachments have also been found to drive such attitudes. Scholars have argued that European integration is not only, or even primarily, about trade and the single market, but also about a pooling of sovereignty that potentially erodes national self-determination and blurs boundaries between distinct national communities (Carey 2002; Hooghe and Marks 2005, 2009; McLaren 2006). Not surprisingly, therefore, individuals' attachment to their nation and their perceptions of people from other cultures influence their attitudes towards European integration. Carey (2002) has shown that people with strong national identity are less supportive of European integration. There is also evidence in studies by McLaren (2002, 2006) and others that Euroscepticism is closely related to a general hostility towards other cultures, such as negative attitudes towards minority groups and immigrants (De Vreese and Boomgaarden 2005; Hobolt *et al.* 2011). Hooghe and Marks (2005) have demonstrated that individuals who conceive of their national identity as exclusive of other territorial identities are likely to be considerably more Eurosceptic than those who have multiple nested identities. Hence, my expectation is that strong national identity, especially English identity, to be associated with the Leave vote, while voters with a European identity would be much more likely to vote to remain in the EU.

Yet, as we know from the second-order election literature on referendum behaviour, vote choices are not always driven by identities or attitudes towards the issues at stake, but also by feelings about the political

establishment more generally and the government in particular. The literature on Euroscepticism has also shown that citizens rely on 'cues' and proxies when forming opinions about the EU (Anderson 1998). Since citizens generally pay more attention to the national political arena than European politics, it makes sense that they employ domestic cues to form opinions about European integration. The recommendations provided by national political parties are crucial cues (Hobolt 2007; Lupia 1992). These are also likely to have mattered in the Brexit referendum, especially when the parties were united in their position on the referendum. As already discussed, the governing Conservative party was openly divided during the campaign, and cue-taking could thus have worked in both directions. Yet attitudes toward the political élite may also play a very different role in referendums, as voters used the ballot to punish the political establishment. Indeed, the Leave campaign sought to frame the referendum as a battle between ordinary people and the political establishment, in line with the populist idea of a fundamental division between the 'the pure people' and the 'corrupt elite' (Mudde 2007). Hence, I would also expect that the Brexit vote was, at least in part, driven by such 'populist attitudes' and a general disaffection with the political class.

Analysis of vote choice

To summarize the discussion above, I expect that four sets of factors shaped vote choices: socioeconomic factors; geographical identities; feelings about the domestic political establishment; and, finally, policy attitudes. These factors are of course highly interrelated. Following the Michigan model of voting behaviour (Campbell *et al.* 1960), we can think of these predictors as a 'funnel of causality' where sociodemographic factors and identities are causally prior to, and shape, political attitudes that in turn are the proximal cause of vote choice. Hence, each of these models is estimated separately to test the association with vote choice, but the analysis here does not allow us to disentangle the complex causal mechanisms that link these factors together.

To test each of the explanatory approaches I analyse the rich data contained in the 7th Wave of the British Election Study. This wave constitutes the pre-campaign 'Panel Survey Study of the 2016 EU Referendum', conducted prior to the referendum.³ The dependent variable is thus Leave vote intention in the referendum, where respondents were asked: 'If there was a referendum on Britain's membership of the European Union tomorrow, how do you think you would vote?' There is very considerable stability in the predictors of vote intention and actual vote choice. The advantage of this particular dataset is not only the impressive sample size (30,895 respondents), but also the number of variables included in the questionnaire that allows us to investigate all of the hypothesized factors.

Starting with the utilitarian model that focuses on how an individual's sociodemographic position influences her attitudes towards the EU, and in turn, vote choice, we examine the impact of level of education, household income, and age. The model also includes individual perceptions of changes in personal economic conditions in this model.⁴ The second model is the identity model, also discussed above. This includes measures of European identity as well as the strength of British and English identity.⁵ The expectation is that people who feel strongly European would be more likely to remain in the European Union. In contrast, a stronger national identity is expected to be associated with the Leave vote.

The third model focuses on how people's attitude towards the domestic political class can shape referendum outcomes. Following the second-order election approach, the expectation is that attitudes towards the domestic political élite matter. However, this can lead to two contrasting expectations: cue-taking and punishment. On the one hand, we know that people take cues from their preferred party when forming opinions on complex issues such as EU membership. Hence, the model includes a variable that indicates which party the respondents would vote for.⁶ The expectation is that if a party recommends a Remain vote, voters who feel close to this party would be more likely to also vote Remain, and vice versa for Leave. However, as already mentioned, the parties were not all united in their approach. The Conservative Party in particular was internally divided, the Labour Party less so, while the Liberal Democrats were united for Remain and UKIP united in their opposition to membership. On the other hand, voters may also use referendums as an opportunity to punish the political establishment and vote against the status quo. I therefore include a scale of items that captures individuals' agreement with this populist message,⁷ as well as their general distrust in politicians⁸ and their (dis)approval of the government's performance.⁹

The final model is the classic issue-voting model that assumes that voters base their choices on relevant policy preferences. The model thus includes a number of items that capture attitudes towards salient issues discussed by each camp in the campaign, including EU immigration (should more or fewer be allowed to come to Britain?), parliamentary sovereignty (should the UK Parliament override EU laws?), trade with Europe (good or bad for Britain?), and views on whether the EU has made Britain more prosperous, undermined Britain's distinctive identity, and helped prevent wars. Given that so much of the debate was focused on what would happen in the event of Brexit, the model also includes variables capturing the respondents' assessments of whether Brexit will lead to more or less trade and more or less immigration. The results are shown in a series of logistic regression models in [Table 2](#).

Model 1 in [Table 2](#) lends support to the utilitarian model of support for the EU. In line with our expectation, I find that those who have benefitted from

Table 2. Explaining the Brexit vote.

| | (1) Sociodemographics | | | (2) Identity | | | (2) Anti-elite and cue-taking | | | (4) Attitudes | | | Marginal effects % | |
|------------------------------------|-----------------------|------|------|--------------|------|------|-------------------------------|------|------|---------------|------|------|----------------------------------|-----------|
| | Coef. | SEs | Sig. | Coef. | SEs | Sig. | Coef. | SEs | Sig. | Coef. | SEs | Sig. | One SD Δ (one unit Δ for 0/1) | (Model #) |
| Constant | 0.45 | 0.09 | ** | 0.94 | 0.12 | ** | -2.32 | 0.17 | ** | -14.99 | 0.26 | ** | | |
| Gender | -0.08 | 0.03 | ** | -0.24 | 0.03 | ** | 0.00 | 0.03 | | -0.13 | 0.05 | ** | -2 | (1) |
| Age | 0.02 | 0.00 | ** | 0.03 | 0.00 | ** | 0.02 | 0.00 | ** | 0.01 | 0.00 | ** | 11 | (1) |
| Education | -0.40 | 0.01 | ** | -0.19 | 0.01 | ** | -0.30 | 0.01 | ** | -0.08 | 0.02 | ** | -13 | (1) |
| Income | -0.04 | 0.01 | ** | -0.05 | 0.01 | ** | -0.07 | 0.01 | ** | -0.05 | 0.01 | ** | -2 | (1) |
| Personal econ. eval. (positive) | -0.10 | 0.02 | ** | | | | | | | | | | -2 | (1) |
| European identity | | | | -0.80 | 0.01 | ** | | | | | | | -37 | (2) |
| English identity | | | | 0.18 | 0.01 | ** | | | | | | | 10 | (2) |
| British identity | | | | 0.13 | 0.01 | ** | | | | | | | 5 | (2) |
| Lack of trust in politicians | | | | | | | 0.24 | 0.01 | ** | | | | 9 | (3) |
| Government disapproval | | | | | | | -0.02 | 0.02 | | | | | -1 | (3) |
| Populist attitudes | | | | | | | 0.08 | 0.01 | ** | | | | 4 | (3) |
| Conservative supporter | | | | | | | 0.49 | 0.05 | ** | | | | 12 | (3) |
| Labour supporter | | | | | | | -0.99 | 0.04 | ** | | | | -25 | (3) |
| Lib Dem supporter | | | | | | | 0.00 | 0.08 | | | | | 0 | (3) |
| SNP/PC supporter | | | | | | | -0.83 | 0.07 | ** | | | | -21 | (3) |
| UKIP supporter | | | | | | | 3.55 | 0.12 | ** | | | | 88 | (3) |
| EU has not made UK more prosperous | | | | | | | | | | 0.93 | 0.04 | ** | 23 | (4) |
| EU has not helped prevent war | | | | | | | | | | 0.55 | 0.03 | ** | 15 | (4) |
| Free trade bad for UK | | | | | | | | | | 0.47 | 0.03 | ** | 8 | (4) |
| UK Parliament to override EU law | | | | | | | | | | 0.42 | 0.03 | ** | 12 | (4) |
| EU has undermined British identity | | | | | | | | | | 0.80 | 0.03 | ** | 24 | (4) |
| Anti-EU migrants | | | | | | | | | | 0.13 | 0.01 | ** | 8 | (4) |
| Brexit will not reduce trade | | | | | | | | | | 1.07 | 0.04 | ** | 24 | (4) |
| Brexit will lower immigration | | | | | | | | | | 0.56 | 0.03 | ** | 13 | (4) |
| N | 23, 914 | | | 23, 914 | | | 23, 914 | | | 23, 914 | | | | |
| Pseudo R-squared | 0.09 | | | 0.35 | | | 0.27 | | | 0.64 | | | | |

Note: Logistic regression models with Leave vote as dependent variable. Non-voters/don't knows excluded. ***p* < 0.01.

Source: BES Online Panel Wave 7.

increased international co-operation and trade – the better educated, the young and the well-off – are less likely to vote for Leave compared to those who are ‘left behind’ – the low-skilled, the old and the poor. Simple descriptive statistics reveals a clear educational divide in the Brexit vote. [Figure 2](#) shows that that only a quarter of people with a postgraduate degree voted to leave, whereas over two-thirds of those with no qualifications did so.

This impact of education on vote choices is also highly significant in the multiple logistic regression models. As log odds are not straightforward to interpret, the last column in [Table 2](#) shows the marginal effect of one standard deviation change in each of the explanatory variables on the probability of voting Leave. This shows the strongest effect for education and age. Going from A-level education to an undergraduate degree reduces the probability of voting Leave by about 10 percentage points, all other things being equal. Similarly, a 50 year old is 10 percentage points more likely to support Brexit compared to a 33 year old voter. Men are slightly more likely to vote Leave (2 percentage points), as are those with lower incomes and those who feel that their financial situation has deteriorated. These are very substantial differences, especially when it comes to the generation and education gaps; however, the overall model fit is modest (pseudo R-squared of 0.09).

The model fit is much improved when the subjective assessments of identity are included in Model 2 (pseudo R-squared of 0.34). Unsurprisingly, European identity in particular is a powerful predictor of the Remain vote. A standard deviation increase in ‘Europeaness’ reduces the probability of voting Leave by as much as 37 percentage points. In comparison, a one standard deviation increase in English identity increases the likelihood of voting Leave by 10 percentage points and 5 percentage points for British identity. It makes sense that we find a greater effect for English national identity compared to the more ‘inclusive’ British identity, since English nationalism is often associated with the defence of national sovereignty in opposition to transfers

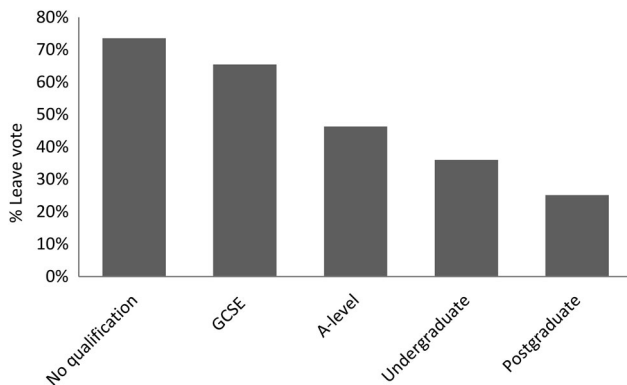


Figure 2. The education gap. Source: BES Online Panel Wave 7.

of powers both upwards (to the EU) and downwards (to devolved nations) (see Wellings 2012). Overall, the results show that deep-seated identities matter when it comes to vote choice. But what about attitudes towards the political class?

Model 3 demonstrates that parties matter, but not necessarily as expected. While the Conservative-led government advocated Remain, Conservative supporters are 12 percentage points more likely to vote for Brexit compared to people without a preferred party. Labour voters were more in favour of Remain (25 percentage points), while we find no statistically significant effect for Liberal Democrats supporters. The largest effect is found among UKIP supporters, who were 88 percentage points more likely to be Brexiteers – unsurprising given that opposition to EU membership is the main policy goal of the party. Supporters of the Scottish National Party (SNP) and the Welsh Plaid Cymru are more likely to be Remainers. So party cues matter, especially when they are united in the cause. But for many voters, this referendum was also an opportunity to vote against the political class in its entirety. There is a strong impact of lack of trust in politicians on the Leave vote: one standard deviation increase in distrust leads to a 9 percentage point increase in the probability of a Leave vote. Similarly, a standard deviation change in populist attitudes leads to a 4 percentage point change in the Leave likelihood. Interestingly, however, disapproval of the performance of the government has no effect on the Leave vote, at least not when controlling for preferred party. So the Brexit vote cannot be interpreted as a straightforward punishment of the Cameron government. Overall, this anti-establishment and cue-taking model explains about as much variance as the identity model.

Finally, turning to the attitudes model we see even greater explanatory power, as we would expect, since EU issue attitudes should be the most proximal cause of vote choice in such a high intensity referendum campaign (Hobolt 2009). As anticipated, the results show that the issues mobilized in the campaign – the EU's effect on the economy and immigration – are highly correlated with vote choice. Both economic perceptions and cultural concerns had a substantial impact on vote choices. Those who felt that the EU had undermined the distinct identity of Britain were much more likely to vote to leave, whereas the view that the EU had made Britain more prosperous had a similarly sizeable effect. Attitudes towards immigration also mattered: individuals who thought Britain should have many fewer EU migrants were 32 percentage points more likely to vote for Brexit compared to those who wanted more migrants. Equally, expectations about the consequences of Brexit had very significant effects. Voters convinced by the argument that Brexit would reduce trade and employment were much more likely to vote to remain compared to those who were not convinced about the negative impact on the economy. Similarly, anticipation about changes to immigration post-Brexit mattered to voters (although the effect size is about half).

In sum, the analysis shows that EU issue attitudes were mobilized during this referendum campaign and helped to shape vote choices. Traditional concerns about sovereignty and the economic benefits of membership were important, but equally salient were identity concerns related to the impact of immigration and European integration on Britain's cultural identity. Are such concerns unique to Britain or can we expect similar revolts against the pro-EU élites in other member states?

Is Britain an outlier?

One of the primary concerns in European capitals following the British referendum was the risk of contagion. While the EU may well be able to survive the exit of Britain – always a recalcitrant member state – the worry was that this could trigger a domino effect with referendums in other countries. In the aftermath of the Brexit vote, several leaders of populist Eurosceptic parties called for their own EU membership referendums, including in France, the Netherlands, Denmark, Germany and Sweden. However, unlike in Britain, where the governing Conservative party called a referendum owing to internal divisions on the issue, most mainstream parties in Western Europe are staunchly pro-EU. Even the most successful Eurosceptic parties in Western Europe, such as the Danish People's Party and the Dutch and Austrian Freedom parties, would need to form a coalition with pro-EU parties in order to gain office, and they would find it hard to muster a parliamentary majority to call a referendum on EU membership. This makes membership referendums less likely in other countries, although far from impossible, given pressure from insurgent populist right-wing parties. But even if the Eurosceptic right succeeds in their calls for more membership referendums, it is far from certain that the outcome would be another exit vote. Despite growing Euroscepticism in the wake of the eurozone and migrant crises, opinion polls have consistently shown that Britain is an outlier when it comes to support for leaving the European Union. [Figure 3](#) shows the 'Remain in' lead in response to the question 'If there was a referendum on your country's membership on the European Union, how would you vote?' since 2012.

It clearly shows that the UK is the only one of the member states surveyed where there has been public support for leaving the EU for most of the period since 2012. In contrast, the net gap between those wanting to stay in and those wanting to leave the EU is well above 20 percentage points in favour of staying in both Germany and Denmark, and also above 10 percentage points in France and Finland, with greater fluctuation in support in Sweden.

Yet that is not to say that the Brexit vote represents a uniquely British phenomenon. Indeed, it can be argued that it reflects the same sentiments that drive increases in support for populist Eurosceptic parties across Europe in recent years, especially in the aftermath of the eurozone crisis. In

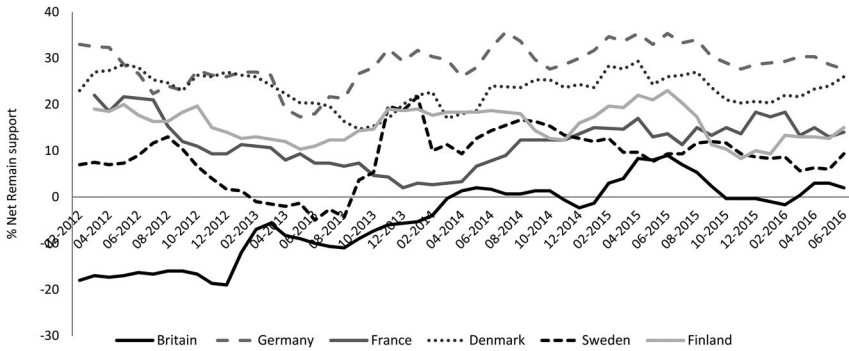


Figure 3. Support for EU membership across Europe. Source: YouGov EuroTrack, 3-months rolling average.

the 2014 European Parliament elections, such parties won around 30 per cent of the seats (Hobolt and De Vries 2016b; Treib 2014). In national elections populist right-wing parties opposed to the EU, such as Geert Wilders's far-right Freedom Party, the Danish People's Party, the Finns Party and the Sweden Democrats, have gained electoral support in the recent decade (Hobolt and Tilley 2016). These challenger parties also effectively use populist rhetoric that pits 'ordinary people' against the political establishment. Recent studies have shown that the rise in support for these challenger parties reflect similar divides to those identified in the Brexit campaign, with higher levels of support for Eurosceptic parties among the less educated, people adversely affected by the eurozone crisis, and among those who oppose immigration and multiculturalism (see Hobolt and De Vries 2016b; Hobolt and Tilley 2016). There is a growing divide, both economically and culturally, between those who feel left behind by the forces of globalization and those who feel they have benefitted from it. The former group favours a 'drawbridge up' policy of less European integration, closed borders and fewer migrants, whereas the latter group are in favour of greater openness and international co-operation. The eurozone crisis and the Mediterranean migrant crisis have only served to deepen these divides.

Conclusion

Since the Danes rejected the Maastricht Treaty in 1992, referendums on European integration have often had élite-defying consequences. Yet the Brexit referendum is arguable the most significant in the EU's history. The exit of a member state from the EU is unprecedented, and the political and economic consequences are likely to be considerable and prolonged, not only for Britain but for the EU as a whole. It is convenient to see the outcome of the Brexit referendum as yet another example of British exceptionalism. After all,

Britain has always been a reluctant partner standing on the side lines of the European project. As the French President De Gaulle noted as early as 1963: 'England is in effect insular ... She has, in all her doings, very marked and very original habits and traditions.' (Franks 1964: 70)

But this referendum cannot be dismissed as just a sign of English insularity. Whereas public and party political Euroscepticism is more pronounced in Britain than in the rest of the EU, the sentiments that led a majority of voters to opt for Brexit are gaining strength across the continent. Concerns about immigration and the loss of a distinct national identity were important to many who favoured Brexit, and they were issues that clearly divided the Leave and Remain camps. Such fears of immigration and multiculturalism are more pronounced among voters with lower levels of education and in a more vulnerable position in the labour market. Such voters also voted most decisively for Leave, whereas the 'winners' of globalization – the younger and highly educated professionals – were overwhelmingly in favour of Remain. The results of the Brexit referendum portray a deeply divided country, not only along class, education and generational lines, but also in terms of geography. Generally the Remain side did better in the larger multicultural cities (especially in London) and where there were more graduates, whereas the Leave side was strongest in the English countryside and in the post-industrial north-eastern towns with larger working class populations. It also divided the nations of the UK: while both England and Wales voted 53 per cent Leave, Northern Ireland and Scotland voted Remain (at 56 and 62 per cent respectively).

Across Europe we find similar divisions between the so-called winners of globalization and those who feel left behind. While the former tend to embrace European integration and multiculturalism, the latter feel threatened by the changes that globalization and European integration have brought about. Such divisions have been successfully mobilized by populist parties across Europe, especially on the right, who give a voice to the fears of 'ordinary, decent people' in opposition to a political establishment that has often failed to listen. We see this expressed not only in referendums, but also in the electoral successes of populist Eurosceptic parties, such as Front National in France, the Party for Freedom in the Netherlands, the Danish People's Party in Denmark and the Freedom Party in Austria. While the British experience may make membership referendums less likely in other EU countries, as it has starkly illustrated the risks associated with such plebiscites, the rise of populist Eurosceptic parties nonetheless presents a significant challenge to the EU. Gone are the days when élites could pursue European integration with no regard to public opinion. There has been a move away from the 'permissive consensus' of the early period of integration towards a period where the EU is an increasingly contested and politicized issue in the domestic political arena. The future of the EU hinges more than ever on citizens' support for

the European integration project. The challenge for European leaders, both domestically and at the European level, is to find a way of addressing the concerns of the many citizens who have not felt the economic benefits of free trade and globalization, and who feel that their distinct national identity and culture is under threat from immigration and European integration.

Notes

1. There is one precedent to the Brexit vote. In 1982, Greenland, part of Denmark, voted by 52 per cent to secede from the EEC, but Denmark remained within the EEC. That referendum had limited consequences for the EU as a whole, given Greenland's small population and its relationship to Denmark.
2. There were also other campaigning groups notably on the Leave side, such as Leave.EU and Grassroots Out with clear anti-immigration and anti-establishment messages.
3. Wave 7 was conducted online by the survey organization YouGov between 14th April 2016 and 4th May 2016 (Fieldhouse et al. 2016).
4. The respondents were asked: 'How does the financial situation of your household now compare with what it was 12 months ago?'
5. Respondents were asked to place themselves on seven-point scales in terms of the strength of their 'Europeaness', 'Britishness' and 'Englishness'.
6. 'And if there were a UK General Election tomorrow, which party would you vote for?'
7. The cumulative scale (with an alpha scalability score of 0.84) consists of responses to the following five items: 'The politicians in the UK Parliament need to follow the will of the people'; 'The people, and not politicians, should make our most important policy decisions'; 'I would rather be represented by a citizen than by a specialized politician'; 'Elected officials talk too much and take too little action'; and 'What people call 'compromise' in politics is really just selling out on one's principles'.
8. 'How much trust do you have in Members of Parliament in general?'
9. 'Do you approve or disapprove of the job that each of the UK government is doing?'

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The Capitalocene, Part I: on the nature and origins of our ecological crisis

Jason W. Moore

This essay, in two parts, argues for the centrality of historical thinking in coming to grips with capitalism's planetary crises of the twenty-first century. Against the Anthropocene's shallow historicization, I argue for the Capitalocene, understood as a system of power, profit and re/production in the web of life. In Part I, I pursue two arguments. First, I situate the Anthropocene discourse within Green Thought's uneasy relationship to the Human/Nature binary, and its reluctance to consider human organizations – like capitalism – as part of nature. Next, I highlight the Anthropocene's dominant periodization, which meets up with a longstanding environmentalist argument about the Industrial Revolution as the origin of ecological crisis. This ignores early capitalism's environment-making revolution, greater than any watershed since the rise of agriculture and the first cities. While there is no question that environmental change accelerated sharply after 1850, and especially after 1945, it seems equally fruitless to explain these transformations without identifying how they fit into patterns of power, capital and nature established four centuries earlier.

Keywords: Political Economy; Anthropocene; world-ecology; environmental history; political ecology

The creatures, too, must become free.

(Thomas Münzer, 1524)

When and where did humanity's modern relation with the rest of nature begin? The question has gained new prominence with growing concern over accelerating climate change. For the past decade, one answer to this question has captivated scholarly and popular audiences alike: the Anthropocene.

It is, in Paul Voosen's apt phrase, 'an argument wrapped in a word' (2012).

Just what kind of argument is it? As with all fashionable concepts, the Anthropocene has been subject to a wide spectrum of interpretations.¹ But one is dominant. This tells

¹The argument over the periodization of Anthropocene rages on. Some archaeologists now argue for converting most or all of the Holocene into the Anthropocene, either from the mega-fauna extinctions at the dawn of the Holocene, or the origins of agriculture, c. 11,000 BP (summarized in Balter 2013; see Smith, Elliott, and Lyons 2010; Ruddiman 2005, 2013; Gowdy and Krall 2013). Still others argue for an Anthropocene c. 2,000 years BP (e.g., Certini and Scalenghe 2011). Others still argue for a post-1945/1960 periodization (Zalasiewicz et al. 2008).

us that the origins of modern world are to be found in Britain, right around the dawn of the nineteenth century (Crutzen and Stoermer 2000; Crutzen 2002a; Steffen, Crutzen, and McNeill 2007; Steffen et al. 2011a, 2011b; Chakrabarty 2009). The motive force behind this epochal shift? Coal and steam. The driving force behind coal and steam? Not class. Not capital. Not imperialism. Not even culture. But ... you guessed it, the *Anthropos*: humanity as an undifferentiated whole.

The Anthropocene is a comforting story with uncomfortable facts. It fits easily within a conventional description – and analytical logic – that separates humanity from the web of life. This makes for a familiar story, one of Humanity doing many terrible things to Nature. It goes something like this. Take one part ‘human’. Then one part ‘environmental consequences’. *Voilà!*, we have a tale of humans ‘overwhelming the great forces of nature’ (Steffen, Crutzen, and McNeill 2007). I call the logic that animates this tale Green Arithmetic. Nature becomes a factor, a variable, a part of the story. This logic runs deep. It is a reflex, a part of our intellectual muscle memory. It shapes our thinking of planetary crisis and its origins, preconceptualizing humanity and nature as separate first, connected second.

The dominant Anthropocene argument also nestles comfortably within a conventional narrative of modernity. The Industrial Revolution is understood as a set of technical, class, and sometimes political relations emerging around coal and steam between 1760 and 1830. This era marks the birth of, well, you name it: industrial society, capitalism, modernity – or so we are told. The Industrial Revolution has served as the lodestar not only of social theory and economic history, but also of Green Thought (Wallerstein 1989; Tilly and Tilly 1971; Moore 2003a, 2015a). In this sense, the ‘transition debate’ is unavoidable – accounts of planetary change and crisis necessarily imply an account of their origins.

The Anthropocene has become something more than a scholarly concept. It has become a wider conversation around humanity’s place in the web of life – a conversation unfolding in the popular press, in activist circles, and across the Two Cultures of the human and natural sciences (e.g. The Economist 2011; The New York Times 2011; Scranton 2015; Purdy 2015; Moore 2016a). There are many positive elements of this conversation – and more than a few problems (see esp. Crist 2016; Malm and Hornborg 2014; Hartley 2016; Haraway 2016; Morrison 2015). In what follows, I explore three entangled moments of that Anthropocene conversation. First is Humanity and Nature as real abstractions – abstractions with operative force in reproducing the world as we know it. These abstractions elide decisive questions of difference amongst humans, and how that difference is constituted through relations within the web of life. Second, I consider historical capitalism as a world-ecology of power, capital and nature, dependent on finding and co-producing Cheap Natures. Finally, I ground these two moments in the history of capitalist origins – which is also the origins of ecological crisis. In successive and overlapping philosophical, politico-economic, and world-historical registers we might begin to identify twenty-first century capitalism’s spaces of vulnerability and contradiction – spaces co-produced through the web of life.

In Part I of this essay, I pursue two major arguments. First, I situate the Anthropocene discourse within Green Thought’s uneasy relationship to the Human/Nature binary, and its reluctance to consider human organizations – like capitalism – part of nature.² Next, I

²Green Thought – an impossibly vast but necessary shorthand (Moore 2015a) – names environmentally oriented research in the humanities and social sciences since the 1970s. It also includes many scholars across the physical sciences, including those pioneering the Anthropocene conversation but also a radical tradition (e.g. Levins and Lewontin 1985).

engage the Anthropocene as a mode of historical thinking. The Anthropocene conversation is in fact several. One is an ongoing debate over ‘golden spikes’ and the stratigraphic record; it is a debate over geological history. My concern in this essay lies elsewhere. I will focus on the dominant periodization, which sees modernity beginning in Great Britain around 1800. Here, the Anthropocene’s periodization meets up with a longstanding environmentalist argument about the Industrial Revolution as *the* turning point in human affairs.

This, however, denies a longer history of capitalism that begins in the era of Columbus. The erasure of capitalism’s early-modern origins, and its extraordinary reshaping of global natures long before the steam engine, is therefore significant in our work to develop an effective radical politics around global warming ... and far more than global warming alone! Ask any historian and she will tell you: how one periodizes history powerfully shapes the interpretation of events, and one’s choice of strategic relations. Start the clock in 1784, with James Watt’s rotary steam engine (Crutzen 2002a), and we have a very different view of history – and a very different view of modernity – than we do if we begin with the English and Dutch agricultural revolutions, with Columbus and the conquest of the Americas, with the first signs of an epochal transition in landscape transformation after 1450.

That transition marked a turning point in the history of humanity’s relation with the rest of nature. It was greater than any watershed since the rise of agriculture and the first cities. While there is no question that environmental change accelerated sharply after 1850, and especially after 1945, it seems equally fruitless to explain these transformations without identifying how they fit into patterns of power, capital and nature established some four centuries earlier.

From this standpoint, we may ask, Are we really living in the *Anthropocene* – the ‘age of man’ – with its Eurocentric and techno-determinist vistas? Or are we living in the *Capitalocene* – the ‘age of capital’ – the historical era shaped by the endless accumulation of capital?

How one answers the historical question shapes one’s analysis of – and response to – the crises of the present.

On humanity, human exceptionalism and the Anthropos

Humans *are* distinctive. No one is arguing the point. But *how* do we think through that distinctiveness? How do our conceptualizations lead us to highlight some relations over others, and how do those in/visibilities conform to – and challenge – extant structures of power (Bourdieu and Wacquant 1992; Sohn-Rethel 1978)? The social sciences emerged not only on the premise of fragmentation and the autonomy of spheres (culture, politics, economy, etc.) but also on the ground of human exceptionalism. Seeing human relations as not only distinct from nature, but as effectively independent of the web of life, has shaped social thought for two centuries. (There is a reason why one reads Durkheim but not Darwin in social theory seminars.) In this, human exceptionalism expresses the peculiar idea that humanity ‘alone is not a spatial and temporal web of interspecies dependencies’ (Haraway 2008, 11; also Dunlap and Catton 1979).

The philosophical point is fundamental to the Anthropocene dialogue because, after all, its central concept is the *Anthropos*. In the dominant Anthropocene presentation, the human species becomes a mighty, largely homogeneous, acting unit: the ‘human enterprise’ (Steffen et al. 2011a). (Could a more neoliberal turn of phrase be found?) Inequality,

commodification, imperialism, patriarchy, racism and much more – all have been cleansed from ‘Humanity’, the Anthropocene’s point of departure.

Cleansed of such differences, Humanity appears as a kind of Cartesian virgin birth. Nature appears, in this same imaginary, as ‘out there’, somehow pristine and untouched. (Thus, Humanity and Nature implicate not one, but two, virgin births.) The resulting story of ecological crisis is a kind of Tale of the Fall. Humans do bad things to Nature. Nature becomes a fantasy of the wild, of pristine nature, awaiting our protection, fearing destruction at our hands. In this Tale, the human enterprise now rivals, and presumably is destroying, the ‘great forces of nature’ (Steffen et al. 2011b, 2007). Capitalism and its driving relations have indeed directed horrific violence towards human and extra-human life. I would go so far as to say that an unusual combination of productive and necrotic violence defines capitalism. The Capitalocene, as McBrien reminds us, is also a Necrocene – a system that not only accumulates capital, but drives extinction (2016; also Dawson 2016). At stake is how we think through the relations of Capitalocene and Necrocene – between the creativity of capitalist development and its deep exterminism. That exterminism is not anthropogenic but *capitalogenic*.

Here, then, is an important difference: between an analysis that begins with undifferentiated Humanity and one that sets out from humanity’s patterns of difference, conflict and cooperation. Too often in the Anthropocene narrative, something like the taxonomy of ‘Anthromes’ (Ellis et al. 2010) – ecosystems dominated by humans, and therefore not ‘wild’ – tends to *precede* the interpretation of historical change. Highly linear notions of time and space are substituted for the complex task of historical-geographical interpretation. At the same time, Anthropocene scholars cannot escape the conclusion that humans, too, are a ‘geophysical force’ – the singular is important here – that operates *within* nature (Steffen et al. 2011b, 741).

This conclusion, recognizing humans as part of nature whilst separating Humanity from Nature, troubles Anthropocene thinking at every turn. On the one hand, humans become Humanity, a singular *human enterprise*. They act upon – or are subject to – the ‘great forces of nature’. On the other hand, Humanity – the upper case is deliberate – remains a *geophysical force*. This is the ‘One System/Two Systems’ problem faced by environmentally oriented scholars across the Two Cultures (Moore 2015a). In this view, humans are recognized as one species within the web of life (One System). But the recognition proceeds by abstracting – rather than synthesizing – the biological from human sociality. Established methodological frames, analytical strategies and narrative structures are scarcely touched. Practically speaking, Society is independent from Nature (Two Systems). For the earth-system scientists behind the Anthropocene, Social Factors – again, decidedly in the upper case – are added; for scholars in the humanities and social sciences, Nature is added. There are ‘human constructions’ and ‘natural’ constructions (Zalasiewicz et al. 2011b, 837). This is Green Arithmetic: Nature plus Society equals the Whole.

Green Thought, humanity and the problem of dualism

But is this Human/Nature binary the most effective way to distinguish humans in the web of life?

The elevation of the *Anthropos* as a collective actor encourages several important misrecognitions. One is a neo-Malthusian view of population lurking below the surface of these analyses (e.g. Crutzen 2002b; Fischer-Kowalski, Krausmann, and Pallua 2014; Steffen,

Crutzen, and McNeill 2007, 618; Ellis et al. 2013).³ These are neo-Malthusian not because they emphasize population, but because they make population dynamics independent of capitalism's historical patterns of family formation and population movement (see Secombe 1992, 1995). Secondly, Humanity's agency is realized principally through technology-resource complexes rather than interpenetrated relations of power, technology and capital (e.g. Steffen, Crutzen, and McNeill 2007; contrast with Mumford 1934). Thirdly, scarcity tends to be removed from those relations – of power and re/production – and deposited into Nature, abstracted from those relations. And finally, as we have seen, such approaches tend to view humanity (or 'human societies' in the abstract) as responsible for the transgression of planetary thresholds (Steffen et al. 2015b).

Such views evidently rest upon Human/Nature dualism and its cognates. This dualism obscures our vistas of power, production and profit in the web of life. It prevents us from seeing the accumulation of capital as a powerful web of interspecies dependencies; it prevents us from seeing how those interdependencies are not only shaped by capital, but also shape it; and it prevents us from seeing how the terms of that producer/product relation change over time. For instance, it is clear that capitalogenic climate change is undermining crucial relations of capitalism's Cheap Food regime in the twenty-first century – Cheap Nature increasingly confronts forms of nature that cannot be controlled by capitalist technology or rationality (Moore 2015b; Altvater 2016).

Human/Nature dualisms presume what needs to be explained: How have we reached the point where we assume a separation that so clearly does not exist? Such dualisms confuse modernity's historical movements (e.g. alienation) for philosophical abstractions ('separation from nature'). They elide the deep, profound and intimate porosity and permeability of human sociality, whose forms are specific, uneven and distinctive. Nature/Society dualisms cannot discern the flows of human and extra-human life as they bond and bundle with each other; they prevent us from asking questions about the connective tissues of human sociality. Green Arithmetic, in other words, offers a Human/Nature binary that can proceed only by converting the living, multi-species connections of humanity-in-nature and the web of life into dead abstractions – abstractions that connect to each other as cascades of consequences rather than constitutive relations.

The Anthropocene's appeal is not clarity but its opposite. Like globalization in the 1990s, it has come to mean all things to all people. That is sometimes bad and sometimes good. I want to focus on the Anthropocene as a way of thinking about history, about modernity's crises and limits, and as a means of bridging the Two Cultures. It would be impossible – and uncharitable – to ignore the Anthropocene's most important contribution: as a public and scholarly dialogue that has put artists, cultural critics, political economists, historians, geographers, biologists and many others into conversation. This dialogue suggests something of the zeitgeist: the intuition that Nature/Society dualism cannot serve us in an era of accelerating climate change and mass extinction. At the same time, the responsibility of the radical is to name the system and identify how the Anthropocene is implicated in capitalist power, symbolically and materially. That the Anthropocene, at its core, is a fundamentally bourgeois concept should surprise no one. After all, it tells us that behind the

³Strictly speaking, Ellis and his colleagues follow a Boserupian model in which rising population leads to innovation and 'intensification' (2013). This model turns Malthus on his head, positing population growth as opportunity rather constraint. The problem is that the whole history of capitalism, certainly from 1450–1850, was one of *declining* person-to-land ratios on a systemic basis; indeed the whole thrust of capitalism's geographical expansion produced recurrent downward revisions in the labor-to-land ratio.

current, disastrous state of world affairs is the *Anthropos*. It's a trick as old as modernity – the rich and powerful create problems for all of us, then tell us we're all to blame.

But are we? And just who, in any case, is 'we'?

The answer is not so obvious. Neither abstract humanism nor abstract naturalism can suffice. Humans, and human organizations, are obviously distinct from the environments in which they evolve; they are also products of those environments. This is why I've underscored the concept of environment-making as central to rethinking history (Moore 2015a): we make environments and the environments make us (Lewontin and Levins 1997). The web of life is obviously larger than any one species. It operates – if that is the right word – relatively independently of humans. (Just as capitalism operates relatively independently of any firm or empire or even class.) By the same measure, planetary life is a web of interdependencies, all the way up and down. Species form and differentiate through a web of life. That web of life is historical, and not only over geological time. Capitalism's revolutionary character can scarcely be understood absent the extraordinary scientific revolutions behind successive great leaps forward in labor productivity and capital accumulation. Consider how every era of capitalist development turns on agricultural revolutions that comprise not only class, production and power, but also new agronomic and botanical knowledges (see esp. Cañizares-Esguerra 2004; Kloppenburg 1988; Brockway 1979; Perkins 1997). Capitalism revolutionizes the co-production of historical natures as no previously existing civilization could. The implication? Any historical conception of human activity and relations that abstracts geography and biospheric relations is irreducibly partial. Geography in its widest and best sense is an ontological condition.

Human specificities form through, not in spite of, the web of life. From this point of view, we may do away with a powerful dualist shibboleth. In its most naked expression (e.g. Foster 2016), the claim runs like this: seeing human organizations as a part of nature leads to an undifferentiated monism in which no human specificity – and no 'natural' specificity – can be discerned. This in turn undercuts the possibility for Red-Green politics.

Nothing could be further from the truth! Seeing human organizations as part of nature leads us to explore manifold socio-ecological connections that make us specifically human – just not 'exceptional'. These are connections of agro-ecology, of disease, of climate, of hydrology, of the micro-biome, of non-human animals. Can we really discern what makes us human, for instance, abstracted from our relations with dogs, pigs, fish, and cows? For that matter, is there any reasonable way to think through capitalism abstracted from its relationship with non-human animals (e.g. Weis 2013; Hribal 2003; Wilde 2000)? At stake is *how* we understand capitalism in the web of life – which in turn shapes emancipatory strategies. Philosophy will of course not solve the problem of capitalism's unfolding crisis and the contemporary, horrific, dangers to life. But it will be hard to develop a politics of emancipation for all life without a philosophical commitment to precisely that: emancipating *all* life. And an authentically multi-species politics of emancipation will require – and will need to nurture – ways of thinking that connect first, and separate later.

Green Thought has always pointed beyond the dualism of Nature and Society (e.g. Harvey 1974; Naess 1973; Williams 1972; Merchant 1980; Haraway 1991; Plumwood 1993). Just as often, it has been captive to the binary it challenges. Green Thought has been vexed by a thorny reality that has never fit comfortably within dualist models. To their credit, environmentally oriented scholars have stayed with the trouble, to paraphrase Haraway (2016). That reality is one in which humans, quite obviously, work and live and play through our relations with bodies (some human, many not) and landscapes, themselves

often made by bodies. There is no ‘separation’ from nature in our lived experience, even if the natures we inhabit are often filled with concrete structures, traffic jams and cell phone towers.

Capitalocene vistas

Our reality is one in which humans live in peculiar kind of civilization, capitalism. Capitalism is absurd in all sorts of ways. In the terms of this discussion, one absurdity is especially powerful: capitalism is premised on the separation of Humanity and Nature. The whole thrust of capitalist civilization develops the premise that we inhabit something called Society, and act upon something called Nature. This is the problem of alienation, shaping everything from the structures of work to the structures of feeling (e.g. Marx 1977; Braverman 1974; Williams 1977). Society and Nature are, in this sense, not only expressions of alienation but instruments of it.

The violence inscribed in Nature/Humanity was there from the beginning. One moment was the expulsion of many humans from their homes during the rise of capitalism (and many times thereafter). This provided a material condition for seeing nature as external (as Nature). Another was the expulsion of many humans – probably the majority within the orbit of early capitalist power – from Humanity. Most women, most peoples of color, and virtually all Amerindian peoples were excluded from full, often even partial, membership in Humanity. These exclusions were deeply and continuously contested – here Fraser’s thinking around ‘boundary struggles’ is profoundly relevant (2014).

This era of primitive accumulation gave rise not only to the ‘accumulation of capital’ and the ‘accumulation of men’ (Foucault 1977, 221), but also a new world-praxis: Cheap Nature. This praxis was one of accumulating and organizing not only human bodies, but of assigning their value through the Humanity/Nature binary. That so many humans could be reassigned to the domain of the not-human (or not-quite human) allowed capitals and empires to treat them cheaply – even as this cheapening was fiercely resisted.

This Cheapening is twofold. One is a price moment: to reduce the costs of working for capital, directly and indirectly. Another is ethico-political: to cheapen in the English-language sense of the word, to treat as unworthy of dignity and respect. These moments of Cheapening work together, rendering the work of many humans – but also of animals, soils, forests and all manner of extra-human nature – invisible or nearly so. These movements of Cheapening register practically in low- and non-wage labor and dramatic forms of violence and oppression. Thus, relations of accumulating ‘men’ and ‘capital’ – to paraphrase Foucault – are thinkable only through the web of life and a new ontology of Society and Nature that assigns value to some work, and some lives, while excluding the vast majority.

Historical capitalism is not only a social formation but an ontological one.⁴ Capitalism’s ontological praxis – Cheap Nature – is decisive to capital’s expanded reproduction, working

⁴The concept of ontological formation derives from Paul James’ groundbreaking work (see e.g. Nairn and James 2005; James 2015). For James, ontological formations are provisionally stabilized – but uneven – practices and conceptions of time, space and identity. Formulated in his studies of nationalism, James emphasizes the multi-layered character of, for instance, modern nationalism, which instantiates ‘customary, traditional, modern and postmodern’ spatio-temporal and social dynamics (2015, 34). Importantly, ontological formations are emergent, ‘as unevenly layered across each other, rather than as epochal replacements of prior formations’ (James 2006, 373). Modernity as ontological formation is one increasingly dominated by a ‘Western mode of organization’ which nevertheless entwines with pre-modern and post-modern relations and tendencies (Nairn and James

through the ceaseless transformation of Earth systems at every scale. There is a rift at the heart of capitalist development. Rather than metabolic separation (Moore *forthcoming*), however, it is likely more useful to chart the recompositions of industrial, urban, imperial, agricultural and other metabolisms – metabolic *shifts*. Capitalism *does*, however, advance an epistemic rift: a rift in our understanding about how human organizations are embedded in nature. The heart of the problem is that Nature/Society dualism not only poses analytical barriers but reproduces ‘real world’ systems of domination, exploitation and appropriation.

This ontological rift is the symbolic expression of the separation of the direct producers from the means of production. Together, these moments constituted the origins of capitalism not only as world-system but as ontological formation: as a world-ecology. Humanity/Nature is a doubly ‘violent’ abstraction: violent in its analytical removal of strategic relations of historical change (Sayer 1987), but also practically violent in enabling capitalism’s world-historical *praxis* – a praxis of cheapening the lives and work of many humans and most non-human natures. This is a praxis of domination and alienation operative simultaneously through the structures of capital, knowledge and feeling. Humanity/Nature is consequently not only violently but *practically* abstract. These are *real abstractions*: abstractions that work in the world because we see and act if Humanity/Nature are given conditions of reality rather than historically constructed (Toscano 2008).

This means that capitalism works through a double register: as *project* and *process*. The One System/Two Systems dissonance in Green Thought more or less corresponds to this double register. Capitalism ‘operationalizes’ through this ontological rift of Nature/Society – central to how capitalism simultaneously advances labor productivity and re-creates Cheap Natures. Capitalism’s governing conceit is that it may do with Nature as it pleases, that Nature is external and may be fragmented, quantified and rationalized to serve economic growth, social development or some other higher good. This is capitalism *as a project*. (Which means that capital’s imagination is vigorously constructivist.⁵) This is also how students of global environmental change have operationalized their research: Nature as external, as tap and sink.⁶ This is the Anthropocene approach, one shared by radicals, too (e.g. Foster, Clark, and York 2010).

As historical *process*, however, capitalism confronts a reality that it cannot change as it pleases. In the dualist ontology of the capitalist project, those limits to remaking reality are narrated as ‘natural limits’ or ‘nature’s agency’. The reality, however, is messier, more nuanced – and more hopeful. While capitalists and empires are busy making Nature with a capital ‘N’ – external, controllable, reducible – the web of life is busy shuffling about the biological and geological conditions of capitalism’s process. Agency, limits and crises – *but also ‘golden ages’* – are co-produced by human organizations with and

2005, 9). My formulation, focusing on capitalism as a way of organizing nature, speaks to a praxis, a set of practices, and rules of reproduction that pivot on James’ ‘deepest’ ontological layer: those ‘principles relevant to nature-place, temporality and embodied life-mortality’ (Nairn and James 2005, 118).

⁵This has led some critics to argue that world-ecology is constructivist and focuses purely on capital’s impress on the earth (e.g. Foster 2016). This misreads insofar as one strand of my work has pursued an immanent critique of capital along the lines of Marx’s *Capital* (1977), in which I have argued that one must ‘see like capital’ in order to transcend the illusions of capital (e.g. Moore 2015a, 91–165). Even within this exposition, however, the analytical goal of such an immanent critique is to discern the contradictions that can be transcended – and those that cannot. Hence the significance of ‘negative-value’ – the emergence of forms of nature, such as climate change, that cannot be fixed by capital’s technoproductivist logic (Moore 2015a, 2015b).

⁶Students of regional change, in political ecology and environmental history, have responded differently.

within nature. That nature is *nature* with an emphatically lower-case *n*. This is nature as us, as inside us, as around us. It is nature – and capitalism-*in*-nature – as a flow of flows. This co-productive – contingent yet also deeply patterned – history is one in which both moments of project and process are unthinkable without each other. What Green Thought has often done – and there have been important, indeed courageous, exceptions – is to sever the constitutive relation between the two, such that philosophy and high theory may (correctly) assert that humans are a part of nature, and ‘empirical’ studies may (correctly) assert that capitalism reworks and degrades Nature. Both are true. But their partiality, confined within Humanity/Nature dualism, limits our capacity to understand the origins of capitalism’s conjoined crises – and to understand how the ‘economic’ and ‘environmental’ problems of the present conjuncture are constitutively joined.

Anthropocene, Capitalocene and the problem of history

The Anthropocene is many arguments. Permit me to simplify. Four kinds of conversations may be detected in the broader Anthropocene dialogue. One is an argument about geological periodization. This turns on biogeological questions and facts. This is the dialogue over ‘golden spikes’, or stratigraphic signals (Zalasiewicz et al. 2008, 2011a). These discussions are also closely connected to arguments about the world-system’s ‘Great Acceleration’, and to how ‘planetary thresholds’ – such as biodiversity and the climate system – are now being crossed (e.g. Rockström et al. 2009; Barnosky et al. 2012; Steffen et al. 2011a, 2015b). Another, distinct thread is a popular conversation around planetary crisis and broader questions of environmental sustainability. The Anthropocene concept has graced the cover of *The Economist* magazine and received the blessing of *The New York Times*’ editorial board – for the very sound reason that anthropogenic arguments obscure capitalogenic realities. A third conversation mirrors the popular one, but within the world’s university system. This conversation has allowed for much-needed dialogue across the Two Cultures.

The latter two conversations turn on an argument about modern world history, and about the origins of ecological crisis today. This is the fourth conversation – and the least developed. For the power of the Anthropocene argument derives, in part, from its revival of an older historiography on the centrality of the Industrial Revolution, understood as the origins of the modern world.

Anthropocenic slippages: geological and world histories

One strand of the Anthropocene argument takes biogeological questions and facts – turning on the presence of variously significant stratigraphic signals (Zalasiewicz et al. 2008, 2011a) – as its central problematic. From the beginning, however (e.g., Crutzen 2002a), there was slippage with the historical question: When do we find the origins of modern ecological crisis? The answer to this question has, in general, been 1800 – give or take a few decades. Two subtle but powerful methodological decisions underpin this periodization. The first, as we have seen, is the elevation of Humanity as the driver of biospheric ‘perturbations’ (Steffen et al. 2015b). The second decision narrows the empirical focus to the environmental consequences of ‘human societies’ (ibid). In this, the Anthropocene argument embodies Green Thought’s *consequentialist bias*. This bias narrates humanity’s domination of the earth almost entirely by cataloguing biospheric changes. Their drivers are typically reduced to very broad black-box descriptive categories: industrialization, urbanization, population and so forth (Steffen et al. 2011a, 2011b, 2015a).

The two principal framing devices – consequences determine periodization; the *Anthropos* as the driver of these consequences – stem from a philosophical position that we may call Cartesian dualism. As with Descartes, the separation of humans from the rest of nature appears as self-evident reality. In its simplest form, this philosophy locates human activity in one box, and the rest of nature in another. To be sure, these two units interact and influence each other. But the differences between and within each acting unit are not mutually constitutive – even if such relations are empirically acknowledged from time to time (Steffen et al. 2011a: 845–846). This dualism leads Anthropocene advocates to construct the period since 1800 arithmetically: ‘human activity plus significant biospheric change = the Anthropocene’. In this, too, the Anthropocene perspective incorporates the common sense of Green Arithmetic: ‘Society plus Nature equals Environmental Studies’.

It all makes wonderful sense, up to a point. But there’s a problem. The parts do not add up. Not only does human activity produce biospheric change, but relations *between* humans are themselves produced in and through the web of life. Nature operates not only outside and inside our bodies (from global climate to the micro-biome) but also *through* our bodies, including our embodied minds. Humans produce intra-species differentiations which are *ontologically* fundamental to our species-being: inequalities of class especially, inflected by all manner of gendered and racialized cosmologies.

From this vantage point, we may reasonably ask, Does the Anthropocene’s *historical* argument obscure more than it illuminates?

Capitalism, real abstractions and the rise of Cheap Nature

For the dominant Anthropocene argument, the origins of ecological crisis are found in British-led industrialization: *the* Industrial Revolution. The Anthropocene argument, however, is not well equipped to offer compelling historical interpretations. It is, after all, an argument about environmental consequences. In itself, that’s not such a bad thing. The problem arises because scholars, activists and publics – quite reasonably – tend to read a particular narrative into the account of consequences. Clive Hamilton expresses this tendency precisely. Paul Crutzen, says Hamilton, ‘immediately linked [the origins of the Anthropocene] to the burning of fossil fuels and English capitalism’ (quoted in Lindgaard 2015). Here is the Anthropocenic syllogism: ‘fossil fuels = capitalism = more fossil fuels = climate catastrophe’.

Such syllogisms – far too commonplace in critical as well as mainstream thought – reflect a poverty of historical thinking. A radical alternative must unfold – and enfold – two arguments simultaneously: about history, and about the thought-structures of modernity. I will start with the latter, because how we deal with the problem of dualism shapes our historical vistas: what is important, and what is not, as environmental historians have long emphasized (e.g. Cronon 1991; Merchant 1980, 1989; Worster 1990). Needed, in other words, is a mode of analysis at once deeply historical and deeply reflexive, one that recognizes how our guiding concepts contest and correspond with capitalism’s governing abstractions (Bourdieu and Wacquant 1992). Such reflexivity, for instance, is at the core of Mitchell’s persuasive account of ‘the economy’ as a real abstraction fundamental to colonial and bourgeois rule in the long twentieth century (2002, 2011).⁷

⁷It is of course true that ‘the economy’ was prefigured by the rise of political economy in the eighteenth century (e.g. Smith 1937).

Can we not also say something similar about the Nature/Society binary since the sixteenth century? Let us take the emergence of the word society ‘in its general sense’ (Williams 1983, 292). For Williams, this occurs in the middle of the sixteenth century. The timing is significant. Following the defeat of Kett’s Rebellion (1549) – in fact a ‘national rebellion’ – the tide of agrarian class struggle turned in favor of the gentry (Wood 2007; Dimmock 2014; Brenner 1976). England’s non-agricultural and urban population grew nearly twice as fast – 117 percent to 64 percent – as the agricultural population (calculated from Allen 2000, 8). By 1700, England’s landlords held two-thirds of arable land (Thompson 1966). Meanwhile, by the 1530s, coal’s rapid growth had begun (Nef 1966).

But all was not England. These class struggles were complemented by Henry VIII’s 1541 move to deepen colonial rule in Ireland (Ohlmeyer 2016). In a telling letter, one of Henry’s advisors, the Earl of Northampton, urged colonial administrators to ‘draw all the *wild* Irish that dwell now dispersed in woods’, and to resettle them into English-style towns (quoted in Rai 1993, 31, emphasis in original) – a move that prefigured Spanish colonial policy in Peru during the 1570s and Dutch rule in southeast Asia after 1620 (Moore 2010b). Just as the Castilians called indigenous Peruvians *naturales* (Stavig 2000), the English viewed the Irish as savages (Montaño 2014). Through all this, the Irish, indigenous peoples, most women, Africans and many others were expelled from Humanity/Society in whole or in part. When Patterson characterizes modern slavery as ‘social death’ (1982), he implicates a world-historical movement of racial formation in which Africans were effectively treated as part of Nature and not Society – the better they could be treated cheaply. So too with early capitalism’s complex reinvention of gendered domination. King evocatively describes the new gendered order as a modern form of ‘human sacrifice’, dispossessing women of ‘culture’ and treating the domain of women’s activity as ‘natural’, the better to be treated cheaply (1989, 129; also Merchant 1980).⁸ Time and again, most humans were characterized as part of Nature, often as ‘savages’ of one sort of another – in a long era where ‘savagery’ and ‘civility’ stood in for Nature/Society, justifying all manner of bloody expropriations (Leerssen 1995; Kuklick 1991; Kolia forthcoming).

The point is straightforward: Nature and Society, in their upper-case forms, are not merely analytical problems, but *real abstractions* (Sohn-Rethel 1978; Toscano 2008; Moore 2016b). Treated as real by capitalists and empires, they are implicated in modernity’s violence, and in planetary crisis today. That’s not an argument for purity – we all use these concepts. It’s an argument for awareness. It’s an argument for ongoing reflexivity.

Anthropocene thinking shows little of this awareness. This limits its effectiveness to explain *how* the present crisis is unfolding, for a basic reason: it is captive to the very thought-structures that created the present crisis. At their core, these structures find their taproot in Cartesian dualism, a mode of thought taking shape in early modern Europe. This dualism presupposed:

a strict and total division not only between mental and bodily activity, but between mind and nature and between human and animal. As mind becomes pure thought – pure *res cogitans* or thinking substance, mental, incorporeal, without location, bodiless – body as its dualised other becomes pure matter, pure *res extensa*, materiality as lack. As mind and nature become substances utterly different in kind and mutually exclusive, the dualist division of realms is accomplished and the possibility of continuity is destroyed from both ends. The intentional,

⁸There is always a danger in reducing such questions to the dynamics of capital accumulation. The issues raised here clearly indicate an expansive array of issues that reach far beyond capital.

psychological level of description is thus stripped from the body and strictly isolated in a separate mechanism of the mind. The body, deprived of such a level of description and hence of any capacity for agency, becomes an empty mechanism which has no agency or intentionality within itself, but is driven from outside by the mind. The body and nature become the dualised other of the mind. (Plumwood 1993, 115)

For early modern materialism, the point was not only to interpret the world but to control it: ‘to make ourselves as it were the masters and possessors of nature’ (Descartes 2006, 51). Modernity’s thought-structures are therefore something more than ‘superstructures’. Systems of thought, to paraphrase Marx, become ‘material forces’ when seized by empires and bourgeoisies (1970, 137). Capitalism’s first great remaking of planetary life – explored in the next section – was scarcely possible without a revolution in ways of thinking and seeing the world. The capitalist revolution, far from a narrowly economic process, was an epochal shift in the ways of earth-moving (mining, farming), state-making, mechanization and symbolic praxis. Not for nothing, the first thing every great European empire set about doing was not merely ‘exploring’, *but mapping and cataloguing* the globe as a potential storehouse of wealth. In this, neither modern mapping nor even the idea of the globe can be taken for granted (e.g. Brotton 1997; Pickles 2004; Ingold 1993).

The capitalist revolution, in other words, turned on a Cartesian revolution – one of several key moments of the long transition. That Cartesian revolution delivered four basic propositions. First, it imposed ‘an ontological status upon entities (substances) as opposed to relationships (that is to say energy, matter, people, ideas and so on became things)’ (Watts 2005, 150–151). Secondly, it encouraged either/or rather than both/and logics – Nature *and* Society rather than societies-*in-nature*. Thirdly, it favored the ‘idea of a purposive control over nature through applied science’, giving rise to a rationality of world conquest and domination (Glacken 1967, 427; Altvater 2016). Finally, as I explore more fully in Part II, this revolution was powerfully ‘ocularcentric’, privileging the visual as the principal means of knowing the world (Jay 1993; Cosgrove 2008):

Cartesian rationalism was predicated on the distinction between the inner reality of the mind and the outer reality of objects; the latter could only be brought into the former ... through a neutral, disembodied gaze situated above space and time. Such a perspective presumes that each person is an undivided, autonomous, rational subject with clear boundaries between ‘inside’ and ‘outside’, i.e., between self and other, body and mind. With Descartes’s *cogito*, vision and thought became funneled into a spectator’s view of the world, one that rendered the emerging surfaces of modernity visible and measurable and rendered the viewer body-less and placeless. Medieval, multiple vantage points in art or literature were displaced by a single disembodied, omniscient, and panopticonic eye. (Warf 2008, 53)

As Political Marxists have long maintained, the conditions of capitalist development can be reduced neither to the world market nor to brute force as such – though both are clearly implicated. Those conditions turn on new forms of private property which compel producers to ‘sell to survive’ (Brenner 1976, 1985, 2001). The rise of private property was at once material, political and symbolic. The cadastral survey and state-backed forms of bourgeois property relations were fundamental moments of class struggle (Harvey 1993; Kain and Baigent 1992). For the English in sixteenth-century Ireland, ‘surveying was to prove another component in the triumph of civility over savagery’ (Montaño 2014, 157). Was not planetary mapping and the colonial coding of human populations along a Nature/Society divide also central? Transforming peasant and indigenous work into direct and veiled forms of labor-power and unpaid work was, at every point, entangled with the transformation of land into private property – in colonies no less than cores.

Such transformations worked through direct violence, class exploitation and the manifold expressions of the Cartesian revolution. These combined movements turned the web of life into the ‘closed totalities’ of Society and Nature under conditions of colonial domination (Quijano 2007) – the latter conveniently removed from the Anthropocene narrative (Morrison 2015). The full story of these movements must go beyond functional consequences – but these consequences were immense. They served to create a Nature that could be decomposed into discrete units, so as to deliver nature’s work/energy to capital as cheaply as possible. That logic of isolation, fragmentation and simplification shaped not only the monocultural landscapes of early capitalism – such as the sugar plantation. It also shaped the lives of humans expelled from Humanity, as colonial populations were forcibly resettled into the era’s ‘strategic hamlets’ – from Ireland to Peru to the Spice Islands. Thus, the problem of Cartesian dualism goes well beyond philosophy. It is not only philosophically but practically violent. It is central to a way of organizing nature – ontologically (what is?) and epistemologically (how do we know?) – that took shape between the fifteenth and eighteenth centuries: the origins of the Capitalocene.

The rise of capitalism cannot be reduced to economics. Capitalocene names capitalism as a system of power, profit, and re/production in the web of life. It thinks capitalism as if human relations form through the geographies of life. Far from refusing the problem of political economy, however, it highlights capitalism as a history in which islands of commodity production and exchange operate within oceans of Cheap – or potentially Cheap – Natures. Vigorous accumulation depends on the existence – and the active production – of human and extra-human natures whose costs of reproduction are kept ‘off the books’. This is, as ecological economists have long emphasized, a process of externalization (e.g. Kapp 1950).

It is also a process of ‘putting Nature to work’. Capitalism does not work because it does terrible things to humans and the rest of nature. It works by organizing production and markets through the cash nexus, itself a decisive mediation of humanity-in-nature (accumulation by capitalization). It also works – and this is less widely understood – by elaborating forms of power, re/production and rationality that mobilize work in service to capital, but outside profit/loss accounting (accumulation by appropriation). This latter is the necessary but not sufficient condition of renewed capital accumulation, a process afflicted by rising costs at every turn. Rising costs are offset in many ways, but chiefly through new combinations of empire and science that secure new and expanded supplies of food, labor, energy and raw materials (the Four Cheaps). These are Cheap to the degree that their reproduction costs can be largely kept ‘off the books’ or – in the case of mineral deposits – extracted at well below prevailing extraction costs (Moore 2015a).

This elaborates Marx’s important but rarely discussed ‘general law’ of underproduction. For Marx, the tendency towards mechanization (a rising share of fixed constant capital) finds its counter-tendency in rising raw material costs (a rising share of circulating constant capital). Simply put, ‘the rate of profit is inversely proportional to the value of the raw materials’ (1967, III, 111). The revival of world accumulation in this sense depends on renewed primitive accumulation. The focus – quite properly – has been on movements of commodification and privatization (e.g. Luxemburg 2003; Harvey 2003; de Angelis 2007). To these I would add the extra-economic movements of empire, science and culture that seek to control and dominate – but not commodify directly or wholly – relations of human and extra-human work (Moore 2015a). These combined and uneven movements reduce the value composition of capitalist production, and in so doing revive the rate of profit on a world scale (Moore 2011). Just as Marx observes that declining soil fertility

may increase the value composition of flax (in his example), so too may high soil fertility act ‘like an increase of fixed capital’ (Marx 1967, I, 67, 1973, 748, 1977, 238).⁹

As the zone of capital-centered relations expands, so too must the domain of appropriating Cheap Natures. This is so because the capital system cannot tolerate ‘expensive’ Natures – although trade-offs are possible – which increase the value composition of capitalist production, and depress the rate of profit. The Anglo-American neoliberal offensive is one example: the value composition of the Four Cheaps was either reduced or stabilized by 1983, whereupon world accumulation revived, albeit less vigorously than in the *trente glorieuses* (Moore 2015a). This provisional model is only thinkable through a perspective that foregrounds capitalism as a way of organizing nature, and relies on the unpaid work/energy of ‘women, nature, and colonies’ (Mies 1986, 77).

This is the world-ecology perspective’s point of departure (Moore 2003b, 2011, 2015a, 2016a; Altvater 2016; Bolthouse 2014; Camba 2015; Cox 2015; Deckard 2015; Dixon 2015; El Khoury 2015; Frame 2016; Gill 2016; Hartley 2016; Jakes 2016; Marley 2015; McBrien 2016; Campbell and Niblett 2016; Ortiz 2016; Oloff 2016; Parenti 2015, 2016; Taylor 2015; Weis 2013). This alternative emphasizes the rise of capitalism as a new way of organizing nature, organizing new relations between work, reproduction and the conditions of life. That ‘way’ is a two-way street; capitalism is co-produced by and within the web of life at every turn. Manifold extra-human natures – diseases, soils, ‘new’ crops like maize and the potato, draught animals – were active participants in the new ontological formation. Markets, class struggle, states and empires are still important – *hugely important* – in this frame. The alternative allows us to start looking at how every state, class and colonial project, every revolt and strike, and every movement and accumulation of money has been bundled with extra-human nature.

The rise of capitalism: an environment-making revolution

Three great thought-procedures have shaped our thinking about capitalism’s environmental history. The first is Nature/Society dualism. It frames environmental history as the history of something external to social relations, as one of several key dimensions of world history. In this view, environmental history maps the extra-human consequences of capitalist development. The second is closely related. This is the consequentialist bias we encountered earlier. Privileging consequences, this bias focuses first on environmental consequences, then backtracks to their social origins. The resulting narratives find visual form in the thousands of ‘hockey stick’ charts depicting the Great Acceleration (e.g. New Scientist 2008). These charts offer a strikingly linear view of history, a direct causal line from the steam engine to global warming. The third thought-procedure is a long-held Cartesian principle, privileging substances over relations. At the heart of modern thought is a substantialist bias, persuasively challenged by critical thought since Marx (Bourdieu and Wacquant 1992; Watts 2005). Animals become machines, machines and resources become things abstracted from socio-ecological relations (Marx 1977, 512–513). In this view, the Industrial Revolution – even in some radical interpretations – appears as *the* decisive turning point in human history (e.g. Ponting 1991).

⁹This is a question of differential rent (Marx 1981), but not of rent alone. Cheap Nature also poses questions of power and work that do not easily fit within rent theory.

These procedures have worked against seeing capitalism as a peculiar kind of environment-making civilization, and against a view of the early modern origins of ecological crisis. Green Thought has been slow – *very* slow – to think outside the Two Century box. Industrialization still often appears as a *deus ex machina* dropped onto the world-historical stage by coal and steampower.

No one denies the significance of the long nineteenth century's two great industrializations. The first, beginning in the late eighteenth century, pivoted on coal, steam engines and cotton. The second, beginning in the later nineteenth century, turned on oil, petrochemicals, electricity and automobiles. These are commonly narrated as the 'first' and 'second' Industrial Revolutions – a convention scarcely affected by a century of counter-arguments emphasizing early capitalism's technical dynamism. Even Amin persists in characterizing early capitalism as 'mercantilist' (1998, 14). The 'prodigious development of productive forces' would have to wait until after 1800 (*ibid.*). For Pomeranz too, the real breakthrough occurs after 1800 – but with a key difference. The determining relation is not simply coal, but 'coal *and* colonies' (Pomeranz 2000, 68).

That's an important *and*. Situating coal's epoch-making capacities within class and colonial relations predating steampower's dominance yields an alternative periodization. British-led industrialization unfolded through the linked processes of agricultural revolution at home *and* abroad – providing the labor-power for industry by expelling labor from domestic agriculture and, in the case of the West Indian sugar colonies, channeling capital surpluses into industrial development (Brenner 1976; Blackburn 1998). The possibilities for the 'prodigious development of the productive forces' flowed through the relations of power, capital and nature forged in early capitalism.

These capitalist relations could be forged only through their own, specific, 'prodigious development' – the praxis of turning life into useful work for the accumulation of value. These relations were not *de novo* but evolved across centuries. That hasn't been well understood. The economic interpretation has often fetishized the productive forces – reducing these to machinery rather viewing machinery within system-wide technics of power and knowledge, capital and nature (Mumford 1934). Modern cartography, accounting and surveying were every bit as much a prodigious force of production as the steam engine – as we shall see in Part II of this essay. This allowed for an epochal break between early modern and medieval Europe: Nature became a force of production. Machinery was involved at every turn; but it was not at every turn decisive.

Far from making light of the planetary changes that have occurred since 1850, I take these as several necessary points of departure. The Anthropocene's hockey stick charts point to an inarguable reality: capitalism's environment-making passed a new quantity–quality threshold sometime after 1850, again after 1945, and yet again in recent decades. The Anthropocene's emphasis on geological and planetary thresholds underlines the point. As the Anthropocene has drifted into a wider conversation, however, it has morphed into something different. It has slipped from highlighting the signs of danger to explaining how 'we' have arrived at the moment of planetary crisis. Thinking historically is inescapable; the only question is whether we wish to take historical thinking seriously. If we wish to explain the origins and development of capitalism as world-ecology – crucial to understanding the politics of the twenty-first century – we need a conversation over the ways that relations of power, capital and nature crystallized in the centuries after 1450.

This is the analytical work of the Capitalocene – an ugly word for an ugly system. The concept asks us to unsettle the comfortable narrative of the Anthropocene, to step outside our comfortable conceptual boxes: industrial and pre-industrial; circulation and production; town and country. The Capitalocene argues for situating the rise of capitalism, historically

and geographically, within the web of life. This is capitalism not as economic system but as a situated and multispecies world-ecology of capital, power and re/production (Moore 2016a; Haraway 2016).

A radical shift in the scale, speed and scope of landscape change occurred in the long sixteenth century. Over centuries, feudal Europe had deforested large expanses of western and central Europe (Darby 1956; Moore 2016c). After 1450, however, comparable deforestation occurred in decades, not centuries. One example may suffice. In medieval Picardy (northeastern France), it took 200 years to clear 12,000 hectares of forest, beginning in the twelfth century (Fossier 1968, 315). Four centuries later, in northeastern Brazil at the height of the sugar boom in the 1650s, 12,000 hectares of forest were cleared in a single year. Nor was Brazil exceptional. In the same period, the Vistula Basin was cleared on a scale and at a speed between five and 10 times greater than anything seen in medieval Europe (Moore 2007, 2010b; Williams 2003).

The relations of power and profit that enabled rapid deforestation in the early modern centuries also shaped coal's passage from a rock into a fossil fuel. As resource economists have long recognized, what counts as a resource is not fixed. Resources evolve through historical conditions of power, re/production and geography (Zimmermann 1951). Resources 'become': they are both 'given' and 'constructed'. The trick is to chart the historical geographies of this co-productive dynamic. In this approach, geology is a 'basic fact'; it becomes a 'historical fact' through resource production, unfolding through the human/extra-human nexus: the *oikeios* (quotation from Carr 1962; Moore 2015a, 33–50; Harvey 1974).

Geology, in other words, becomes *geohistory* through definite relations of power and production. These definite relations are geographical, which is to say they are not relations between humans alone. (Human activity is always ontologically coincident with its geographical conditions and consequences.) In the case of coal, England's coal revolution began not in the eighteenth century but in the first half of the *sixteenth* century. Coal production rose from 50,000 tons (1530) to 210,000 tons (1560), to 1.5 million tons by 1630. By this point, most of England's important coalfields were being exploited. Production soared, doubling to 2.9 million tons of coal by the 1680s (Weissenbacher 2009; Nef 1966, 19–20, 36, 208). Output increased another 300 percent by 1780 (Davis 2006, 122). If the roots of modern ecological crisis are not in 1800 but in the long sixteenth century, we begin to ask much different questions about world-ecological crisis today. English coal's ascent after 1530 directs our attention to the relations of primitive accumulation and agrarian class structure, to the formation of the modern world market, to new forms of commodity-centered landscape change, to new machineries of state power.

The origins of Cheap Nature

Humans transformed environments from the very beginning. Hominin evolution proceeded through a series of biological extroversions – not least fire, reducing energy needed for digestion, and radically expanding human capacities for environment-making (Pyne 1997; Wrangham 2009). Modern humans needed neither agriculture nor cities to revolutionize their environments: consider the disappearance of North American megafauna in a 'geological instant' some 12,000 years ago (Faith and Surovell 2009; also Dawson 2016).¹⁰ The origins

¹⁰The causes of – and the role of humans in – late Pleistocene extinctions remains in question (e.g. Faith and Surovell 2009).

of agriculture and varied forms of civilization unleashed even greater changes in human-initiated (but always co-produced) environment-making.

These environmental histories played out over hundreds – sometimes thousands – of years. After 1450, however, everything moved faster – *a lot faster*. Not everywhere, of course. In many regions peasant life continued much as it had for centuries. But on the commodity frontiers – such as the Madeira and Canary islands, the Erzgebirge Mountains, the Andes, northeastern Brazil, or the Baltic’s timber-export zones – capitalism radically changed life and land within a generation or two. If this was commercial capitalism, it was no less productivist for being so. For in each of these places, commercial advance depended upon new machines, new economic organization and, frequently, new labor systems. The new scale of production and commerce was both product and producer of a new scale of money and credit. By the 1540s, the Fuggers, creditors to Charles V, enjoyed working capital some 10 times greater than the Medici Bank at its apex (1451) – but with an important difference (Rice 1970, 41; Koenigsberger and Mosse 1968, 50–52). The Fuggers were also industrial capitalists, heavily enmeshed in Central European mining and metallurgy (Vlachovic 1963). The rise of capitalism imposed new temporal dynamics – simultaneously economic, political and ecological – propelled by the drive to reduce ‘socially necessary turnover time’ at the point of production and circulation (Harvey 2001, 327).

Between 1450 and 1750, a new era of human relations in the web of life begins: the Age of Capital. Its epicenters were the seats of imperial power and financial might. Its tentacles wrapped around ecosystems – humans included! – from the Baltic to Brazil, from Scandinavia to Southeast Asia. Alongside new technologies, there was a new *technics* – a new repertoire of science, power and machinery – that aimed at ‘discovering’ and appropriating new Cheap Natures. Chief amongst these were new ways of mapping and calculating the world (Mumford 1934; Moore 2015a, 193–220). Perhaps most fundamental, however, was a shift – scarcely detectable to contemporaries – in what was *valued*.

All civilizations have laws of value – broadly patterned priorities for what is valuable and what is not (Moore 2015a, 51–74). In such value terms, there was an epochal shift between the Black Death (1347) and the conquest of the Americas. Value shifted from land productivity under conditions of seigneurial power to labor productivity under the hegemony of the modern world market, ‘the very basis and living atmosphere of the capitalist mode of production’ (Marx 1981, 205). What difference could this make to our understanding of biospheric crisis in the twenty-first century? Quite a big one. The shift from land to labor productivity as the decisive metric of wealth implied a novel approach to human activity in the web of life. For the first time, the forces of nature were deployed to advance the productivity of human work – but only *some* human work. Human work within a porous sphere of commodity production and exchange – called ‘the economy’ – was to be valued. All other activity was devalued, appropriated in service to advancing labor productivity in a narrow zone of commodification.¹¹ Thus, the birth of Nature

¹¹‘Labor productivity’ is here understood in Marx’s terms of value production and the rate of exploitation. The problem of labor productivity – especially in early modern capitalism – is thorny. One issue is empirical: much of our best evidence is for physical labor productivity, which only indirectly corresponds to the production of surplus value. Another is the sectoral and nationalist bias to labor productivity studies, which do not add up to a system-wide labor productivity estimate. Thus, if one includes the Americas, the direct and indirect implications for labor productivity growth are gigantic. A third difficulty is the study of labor productivity absent the conceptualization of the reproduction of labor-power – largely uncommodified in this period – and the appropriation of uncommodified extra-human natures.

implied and necessitated the birth of Society. Both drip with blood and dirt, the ontological counterpoint to the separation of the producers from the means of production.

Primitive accumulation was, then, about more than property, proletarianization and plunder. It marked the origins of Cheap Nature as an accumulation strategy. But Cheap is not free. By Cheap, I underscore how capitalism appropriates work/energy and biophysical utility produced with minimal labor-power, and directly implicated in commodity production and exchange. (Here is Marx's use- and exchange-value mediated through socially necessary labor-time.) Cheap Nature's effect the revival of world accumulation by reducing the value composition of one or more of the Big Four inputs (labor, food, energy, raw materials) below the system-wide average. In so doing, they reduce the costs of production for the system as a whole. Thus, Cheap timber in the seventeenth century – or oil in the twentieth century – reduced not only the value of circulating capital but the whole of commodity in general (Moore 2015a, 91–165).

Because capitalism's law of value privileges labor-power and its productivity as the metric of wealth, a fundamental moment of every great wave of capital accumulation is a paired movement of proletarianization/dispossession and agricultural revolution. Periodic expansions of the reserve army of labor increase competition amongst workers and discourage collective resistance. Successive agricultural revolutions deliver more food with less necessary labor-time, and therefore drive down the reproduction costs of labor-power (Moore 2010d, 2015a, chapter 10). This helps to explain why de-peasantization, proletarianization and agro-ecological change are entwined in every great expansion of the capitalist world-ecology.

The modern proletariat was, therefore, a necessary condition of capitalist development. This proletariat may of course be defined narrowly or expansively. From the latter perspective, we might consider proletarianization as the degree to which social reproduction depends upon the cash nexus; its typical expression is not the 'pure' waged worker but the semi-proletarian household (Wallerstein 1983). Tilly, with some exaggeration, thinks the semi-proletarian share of European population doubled, to 50 percent, between 1500 and 1800 (Tilly 1984). It includes that wider layer of the population within capitalism that depended on capital flows – directly or indirectly – for daily life and intergenerational reproduction. This included the fast-growing urban population of western Europe and Latin America – expanding at a tempo much faster in the period 1550–1700 than in 1700–1850 (de Vries 1984, 39ff.). A massive proletariat that always included a 'sub-proletariat' of female and child labor outside the guild system sustained every European metropolis (Braudel 1983, 133) – including colonial cities such as Potosí. Much of the new proletariat lived, however, not in towns but in the countryside (Tilly 1984; Secombe 1992). These 'proletarian reserves' (Braudel 1972, 30) were necessary to sustain the urban laboring classes, frequently besieged by – in the arid prose of modern social science – 'negative rates of natural increase' (de Vries 1984, 207). That too was the fate of enslaved workers in the Americas. In 1700, just 330,000 African slaves lived in the New World. American slaves' modest demographic weight – some 330,000 souls in 1700 – belied their centrality to capital accumulation through the sugar frontier (Blackburn 1998, 3; Moore 2007; Mintz 1978). Capital surpluses from the West Indies and the Triangular Trade would figure prominently in the British industrialization, providing somewhere between a fifth and a third of 'gross fixed capital formation' by 1770 (Blackburn 1998, 542ff.). Toward the end of the seventeenth century, proletarianization accelerated sharply in agrarian western Europe (Tilly 1984). Historians describe this process as 'protoindustrialization', centering on domestic textile production, and which took advantage of women's work and the seasonal agricultural cycle (Ogilvie and Cerman 1996). This in turn propelled

(semi) proletarian population growth (Seccombe 1992), setting the stage for fossil capitalism. It was precisely at this point, Federici observes, that the ‘definition of women as non-workers ... was nearly completed’ (2004, 92). This multi-faceted proletarianization was, then, not only profoundly racialized but powerfully gendered: the expulsions of women and peoples of color from Society yielded important surpluses to capital.

Cheap Labor was therefore fundamental to capitalism as a system of Cheap Nature. The accomplishment was neither static nor easy. The number of slaves disembarked each decade in the Americas – mostly to grow sugar, modernity’s original cash crop – increased a staggering 1065 percent between 1560 and 1710.¹² Slave prices still tended to rise, a tribute to capitalism’s devastation of *human* nature, but from a base much lower than the European wage bill. Most Europeans, however, benefited not a whit from the new imperialism. van Zanden drily observes a ‘negative link between economic development and ... real wages’ (1999, 187; e.g. Komlos 1989) – a link that, even in Britain, would persist through the 1860s (Rioux 2015). Forced underconsumption was the order of the day:

In Languedoc . . . a ‘grain wage’ lost half its value between 1480 [and] 1600. In Lyon, . . . the buying power of a ‘wheat wage’ dropped to half its original value between 1500 and 1597. A Modena ‘bread wage’ was devalued 50 percent between 1530 and 1590, while a Florence wage slumped 60 percent between 1520 and 1600. In Vienna, wages lost more than half their value against a standard breadbasket of goods between 1510 and 1590; in Valencia, a similar decline occurred between 1500 and 1600. In southern England, a builder’s wage fell to half its original value against a bundle of subsistence commodities between 1500–10 and 1610–19. . . . Women’s wages declined even further than men’s. . . . When one considers . . . that the labouring poor had not been very far above the subsistence floor in 1500, the subsequent decline is awful to contemplate. The underlying cause is readily apparent: a deteriorating ratio of land to labour-power, swelling the ranks of the nearly landless, driving real wages down as the village poor became increasingly dependent on wage income to stay alive. (Seccombe 1992, 161; on forced underconsumption, see Araghi 2009)

Labor-power mattered little without a productivity revolution. Labor productivity surged in one major commodity sector after another (Kellenbenz 1974). In printing, labor productivity advanced 200-fold in the century after 1450 (Maddison 2005, 18). By 1500, 20 million printed books were circulating (Febvre and Martin 1976, 186; Maddison 2005, 18). In the sugar colonies, new mill technology recurrently boosted productivity across the early modern centuries (Daniels and Daniels 1988; Moore 2007, ch. 5–6). Within Europe, sugar refineries in cities such as Amsterdam were the only industrial establishments comparable to nineteenth-century factories (van der Woude 2003). The ‘Saxony Wheel’ in textile manufacturing tripled labor productivity, amplified yet further by the diffusion of fulling and napping mills in the fifteenth and sixteenth centuries (Munro 2002, 264). In iron-making, large blast furnaces allowed output per worker to increase five-fold between 1450 and 1650, clearing and capitalizing forests at every step (Braudel 1981, 378–379). In shipping, led by the Dutch, productivity increased fourfold (Unger 1975; Lucassen and Unger 2011). Meanwhile, a new *shipbuilding* regime, also led by the Dutch, tripled labor productivity. It combined Smithian specialization (simplified tasks), the standardization of parts, organizational innovation (integrated supply systems) and technical change (sawmills to displace costly skilled labor) (Wilson 1973; van Bochove 2008, 196; de Vries 1993; Noordegraaf 1993). Everywhere, but especially in

¹²Calculated from Eltis (2015).

northwestern Europe, the use of iron tools in agriculture expanded (Bairoch 1973). In Central Europe's copper–silver metals complex, the *saigerprozess* smelting technique revolutionized mining and metallurgy after 1450 (Blanchard 1995). New rod-engines, allowing for effective drainage, allowed for a second great wave of European mining after 1540 (Hollister-Short 1994). In the New World, the mercury-amalgamation process boosted silver production after the 1560s, especially in Peru (Bakewell 1987). Across Europe, but especially in the west, the number of water mills doubled in the three centuries after 1450, tripling aggregate horsepower (Debeir, Deleage, and Hemery 1991, 90–91, 76; Davids 2003).

As the forces of production advanced, so too demand for Cheap energy, food and raw materials. Cheap thermal energy to smelt the metals, process the sugarcane and make glass, beer, bricks and everything else demanded by the world market. Cheap food to keep the price of labor-power from rising, or at least from rising too fast. And Cheap raw materials – timber for shipbuilding, potash for dyeing textiles, iron for everything – to maintain a virtuous circle of expanding commodity production. In sum, the whole of nature had to be put to work – in a radically alienating and dynamic way – for capitalism to survive.

This entrained a landscape revolution unprecedented in human history. In making such claims, we are naturally dealing with proxies, clues, glimpses of a process that defies easy summary. Among these clues, the doubling of capitalism's geographical reach between 1535 and 1680 is instructive. Four million square kilometers were administered by European states and empires by 1680. Much of this was “formal” more than “real,” but the trend was clear (Chaunu 1959, 148). The conquests of the New World not only marked a vast appropriation of potentially Cheap Nature, but of the labor-power to transform it into capital. For Dussel, this was was ‘the fundamental structure of the first modernity’ (1998, 11).

The conquest of the Americas was spectacular. So too the remaking of Europe. In the Low Countries, an agricultural revolution allowed half the labor force to work outside of agriculture in the sixteenth century. It was a ‘revolution’ because – like the English agricultural revolution that followed – it advanced labor productivity and expelled labor from cultivation (van Bavel 2001, 2010). By the end of the sixteenth century, wheat yields peaked, reaching a level not exceeded until the late nineteenth century (Bieleman 2010, 49). The Dutch agricultural revolution was not merely an affair of new techniques and specializations in garden, dairy and industrial input crops (such as hemp, hops and madder). It was also a revolution in the *built* environment. Both sides of the town–country division of labor were by this point, committed to an ‘extreme market dependence’ (de Vries and van der Woude 1997, 204). A windmill landscape had taken shape over the previous century, while land reclamation through complex material and organizational systems of water control – *polders* – dominated the century after 1540 (Kaijser 2002; Grigg 1980, 151). Dutch hydraulic engineers soon dispersed across Europe, from Rome to Russia to England, engaged in massive drainage projects (Wilson 1968). Within the Republic, a complex ‘system of dikes, dams, sluices, and drainage canals’ remade the countryside. After 1631, some 658 kilometers of new canals were constructed (TeBrake 2002, 477; de Vries and van der Woude 1997, 35). Dozens of new harbors were built or expanded (32 between 1570 and 1640) – not only in Amsterdam, but across the northern Netherlands (de Vries and van der Woude 1997, 34; ‘t Hart 1995, 63). These early moments of planetary urbanization (Brenner 2014), were cause and consequence of an energy regime premised on domestic peat, ‘the youngest of all fossil fuels’ (Smil 2010, 28). Output peaked in the mid-seventeenth century, by which point the easily tapped zones were exhausted. Production costs increased and peat output declined, sharply after 1750 (van Zanden 2003; de

Zeeuw 1978). Nevertheless, peat output was important to cheapening thermal energy, and urbanization accelerated, along with proletarianization – in the countryside as much as the city. By the mid-sixteenth century, half the workforce received wages (van Bavel 2010). These interlinked transformations of work, land and energy implied expansionary movements within the northern Netherlands and beyond (as we shall see momentarily). By the eighteenth century, inland regions of the eastern Netherlands had become ‘virtually treeless’ (Groenewoudt 2012, 61).

Agricultural revolutions are world-historical events (Moore 2010d). The condition for a labor productivity revolution in one region is the expansion of ‘accumulation by appropriation’ on a much larger scale (Moore 2015a; see Part II of this essay). As Dutch farmers retrenched from cereal cultivation into higher-profit lines, grain imports filled the shortfall. These were drawn initially, and always in part, from Flanders, northern France and the Rhineland. By 1470, however, a line had been crossed. Baltic imports skyrocketed: fivefold between 1470 and 1500; another fivefold by 1560. This was ‘enough to feed 15–20 percent of the population of the entire Burgundian Netherlands, and a far greater proportion of the coastal and urban populations’ (de Vries and van der Woude 1997, 198).

The Dutch agricultural revolution was a necessary – if not sufficient – condition for Dutch world hegemony. Dutch supremacy was realized through mutually reinforcing movements in the deployment of power, the organization of trade and production, and the coercive remaking of land and labor on a planetary scale. Dutch power rested on a thoroughly modern recognition: that world-money, world power and world ecology were dialectically bound. By 1639, the Amsterdam Bourse – the modern world’s first stock exchange – saw 360 different commodities listed. By 1685, there were 550 (Dehing and ‘t Hart 1997, 53). The Bourse, and a growing network of merchant banks, helped to make Amsterdam not only the switchboard of world commerce, but the epicenter of global environmental restructuring. Ready cash would directly cheapen natures wherever possible, and make possible superior military force when necessary. It should come as little surprise, then, that the Dutch Republic had its finger in nearly every significant environmental change in the long seventeenth century (Moore 2010a, 2010b).

A decisive early moment was the Dutch subordination of the Baltic. Poland became an agricultural district of the Dutch Republic. By the early seventeenth century, the Polish Crown was exporting one-third of its *net* rye production (Slicher van Bath 1977, 88). Output was sustained ‘by deviating from the fundamental principles of rotation in tilling the soil’ (Szygielski 1967, 97). If the mechanism of underinvestment was broadly similar to the medieval West, in the early modern East it was re-purposed to sustain Cheap Food for the Dutch. Not surprisingly, Polish agricultural productivity faltered. The physical surplus fell by as much as half between the 1550s and 1700 (Topolski 1962; de Maddalena 1974). It was a ‘catastrophic’ decline (Szygielski 1967, 86). It was also uneven. Declining labor productivity and cereal yields could be attenuated, even reversed in some regions, through a large-scale – *and rapid* – movement of forest clearance.

Deforestation was also driven by the rising demands of industrial capital in northwestern Europe. The case of potash, used for bleaching cloth, is breathtaking. In the last quarter of the sixteenth century, English potash imports required the ‘unpaid work’ of 12,000 hectares of (cleared) forest, *every year*. Potash, the most profitable export sector (Zins 1972, 269), encouraged renewed frontier movements through the Baltic. The hinterlands around Königsberg and Riga suffered the same fate. Danzig, at least through the 1630s, remained dominant – the city’s potash exports required the *annual* clearing of 135,000 hectares in that decade

alone.¹³ Even as the potash frontier moved north and east along the Baltic coast over the next two centuries, the ‘devastation of the forests’ underpinned the Baltic’s declining ash exports (North 1996, 9–14; also Moore 2010b). (Baltic shortfalls would be made good – and then some – by North American suppliers in the eighteenth century; Roberts 1972.) We are looking at a deforestation of the Vistula Basin on the order of a million hectares (10,000 square kilometers) – possibly twice as much – between 1500 and 1650.

In Central Europe, a mining and metallurgical revolution supplied an emergent capitalism with a physical basis for money (silver) and manufacturing (iron and copper). Forests – and more importantly, forest commons – were put to work on a huge scale. Central European mining and metallurgical reached its zenith in the half-century after 1470. It was here that early capitalism’s basic raw materials were produced: copper, lead and iron. More significantly, new mining and metallurgical techniques – underpinning as prodigious an industrialization as any that came after – allowed for a revolutionary increase in silver production. Production of all metals soared, by fivefold or greater, between the 1450s and 1530s (Nef 1964). Across Central Europe, the new metallurgical capitalism scoured the countryside for fuel, effecting widespread pollution and deforestation:

The woods and groves are cut down, for there is need of an endless amount of wood for timbers, machines, and the smelting of metals. And when the woods and groves are felled, then are exterminated the beasts and birds, very many of which furnish a pleasant and agreeable food for man. . . . When the ores are washed, the water which has been used poisons the brooks and streams, and either destroys the fish or drives them away. (Agricola 1556, 8)

As mining boomed and forests retreated, forest enclosures advanced. By 1524, the radical priest Thomas Münzer decried these enclosures, denouncing the logic through which ‘every creature should be transformed into property – the fishes in the water, the birds of the air, the plants of the earth: the creatures, too, must become free’ (quoted in Marx 1975, 172). In 1450, forests were abundant, and conflicts between lord and peasant few. By 1525, ‘the situation was entirely changed’ (Blickle 1981, 73). The German Peasant War of 1525 – as much a proletarian as a peasant revolt – registered not only a mighty protest against the lords’ enclosure of forests, but the stark realities of rapid changes in land and labor.

As Central Europe’s metallurgical boom took flight, a different kind of commodity revolution was unfolding in the Atlantic. This was the rise of King Sugar, modernity’s original cash crop. Combining the ecology of cane and capital, a special lethality defined the sugar plantation system. Sugar not only devoured forests and exhausted soils – it was an apparatus of mass killing in the form of African slavery. On Madeira, located off the western coast of north Africa, the first sugar boom – and the first signs of the modern sugar-slave nexus – took shape. Madeira’s sugar boom began in the 1470s, ousting Mediterranean producers from their privileged position. In the two decades after 1489, sugar production soared – and labor productivity with it. So did deforestation. For sugar was a cash crop that famously devoured nearby forests. As an economic activity it resembled smelter more than farm. By 1510, 160 square kilometers of forest, nearly one-quarter of the island and over half its accessible forest, had been cleared. Output plummeted; scarcely

¹³The calculations for this account draw, respectively, on Zins (1972, 268) for English imports; on North’s (1996) estimate of potash weight to timber volume, biased in favor of very high conversion rates of wood to ash and ash to potash (for higher estimates, see Kunas 2007); and on my generous estimate of 200 m³/hectare as the maximal harvestable volume one could extract from a hectare of European forest (Moore 2007, ch. 2).

any sugar would be grown in ensuing centuries (Moore 2009, 2010c). Madeira's crisis was soon followed by sugar's advance to São Tomé (1540s–1590s), home to first large-scale plantation system (Galloway 1989). A third of the island was deforested by 1600, and large-scale slave revolts followed (Peet and Atkinson 1994; Vansina 1996). Northeastern Brazil had, in any event, already knocked São Tomé off its perch atop the world sugar economy by 1570. Brazil's sugar boom drove the first great wave of clearing Brazil's Atlantic rainforest (Dean 1995), unfolding at a furious pace. In an era when agricultural output growth can be measured in fractions of a percentage point, Brazilian sugar output grew 3 percent every year between 1570 and 1640 (Moore 2007, 257; Lucassen and Unger 2011). That it remained profitable owed everything to Cheap Labor and Cheap Energy. The logic of labor management was gruesome: 'extract as much labor at as little cost as possible' (Schwartz 1970, 317). It is difficult to convey the sheer lethality of the sugar/slave regime. Nearly 240,000 Africa slaves arrived in northeastern Brazil in the half-century after 1600 – this does not count those who died in the Middle Passage – sustaining a population of just over 60,000 slaves by 1650. Brazil's Atlantic rainforest did not fare any better. Sugar's cultivation and fuelwood demands alone required the clearance some 5000 square kilometers of forest by 1650 (Dean 1995; Moore 2007, 2009). As if this was not enough, sugar's demographic vortex advanced slaving frontiers within Africa. By 1700, 'the human resources of the [Angolan] coast were exhausted' – hardly surprising, given the 2.2 million Atlantic slave departures since 1500 – pushing the 'hunt for men' ever deeper into the interior (Godinho 2005, 320; Wolf 1982, 195–231; Austin 2016, 322; Miller 1988). Every great commodity expansion, it seems, requires new streams of Cheap Labor – by market force if possible, bloody coercion if necessary.

Potosí became as world's leading silver producer after 1545. The rise of Peruvian silver was a curious brew – imperial conquest, geological good fortune and declining production in the old Central European centers, afflicted by deforestation, declining ore quality and escalating labor unrest (Moore 2007, ch. 2–3; Braudel 1982). Potosí's first boom collapsed in the 1560s. On the heels of deepening fiscal crisis, the Spanish Crown moved quickly, inaugurating one of early modernity's most audacious Cheap Nature projects. As ever, the question of work was central. In 1569, the new Viceroy Francisco de Toledo spearheaded a radical recomposition of Andean ecology. A new method of extracting silver, mercury amalgamation, was instituted. Direct forms of labor control replaced arms-length sharecropping. Vast hydraulic infrastructures were built to power the mills that ground ore. Potosí would eventually be surrounded by 32 reservoirs covering 65 square kilometers (Moore 2010a).

Beyond the point of production, a radical process of agrarian restructuring – centering on the *reducciones* (village resettlement) and the *mita* (a labor draft) – was launched to ensure a steady supply of Cheap labor-power for the mines. Three million Andeans would work in the mines before the *mita*'s abolition in 1819 – a dramatic undercount when one considers that *mitayos* were customarily accompanied by family. (Nor does it count the millions of non-human animals engaged in transport and work.) This kept labor costs low in the face of the rising labor demands of pit mining. The *mita* was a system not only of forced wage labor – but also of forcible resettlement. Starting in 1571, some 1.5 million Andeans – a population equal to contemporary Portugal! – were forced into *reducciones*, Spanish-style towns designed to facilitate tractable labor. Crucially, the resettlement strategy was not only about the alienation of labor. That alienation turned on the destruction of the Andean 'vertical archipelago' of diverse, interdependent ecological zones and its replacement with a new ecological model that served the demands of empire, the mines and landowners (Murra 1985; Moore 2010a). Output was

duly restored. Potosí's silver output increased nearly 600 percent between 1575 and 1590 (Bakewell 1987, 242).

The changes upon life and land were immediately apparent to contemporaries. Already in 1603, an anonymous observer wrote:

Even though today, because of all the work done on the mountain, there is no sign that it had ever had a forest, when it was discovered it was fully covered with trees they call quínoa, whose wood they used to build the first houses of this settlement. . . . On this mountain, there was also a great amount of hunting of vicuñas, guanacos and viscachas, animals very similar to the rabbits of Spain in their fur and meat, but with a long tail. There were also deer, and today not even weeds grow on the mountain, not even in the most fertile soils where trees could have grown. This is the most frightening, because now the mountain is covered with loose gravel, with little or no fertile land, crossed with sterile mineralized outcroppings. (Anonymous 1603, 114–15, emphasis added)

Back in Europe, shortfalls from Poland's agricultural decline were made good by the English agricultural revolution. By 1700, England had become Europe's breadbasket. Between 1700 and 1753, England's grain exports increased 511 percent, six times faster than aggregate exports.¹⁴ By midcentury, however, English agriculture stagnated, as nitrogen reserves were depleted (Moore 2015b; Overton 1996). Robust productivity growth after 1600 stalled by 1750 (Broadberry et al. 2011). Exports collapsed (Davis 1962).

The problem was capitalist and world-ecological: a problem of how humans have 'mixed their labor with the earth' (Williams 1972). The exhaustion of England's agricultural revolution after 1760 – revealed in runaway food price inflation and a net per-capita reduction in food consumption – was not a straightforward problem of soil exhaustion, although this was implicated. The era's best practices allowed for a revival of agricultural productivity, but only at the cost of faltering labor productivity. On this the English bourgeoisie could not compromise as the manufacturing expansion gathered steam. Pulling labor out of industry would have eroded the labor productivity that had propelled the urban-industrial expansion over the previous century (Moore 2015b).

England's iron consumption spiked in the eighteenth century, but not on the strength of domestic production. It increasingly resorted to the world market to satisfy the rising demand – imports tripled between 1700 and the 1770s (Mitchell 1988, 292). After 1620, English woodlands were unable to sustain rising iron production (Thomas 1993). Pig iron output in 1620 would not be exceeded until 1740 (King 2005). English woodlands retreated, from around nine percent in 1500 to just under five percent at the end of the nineteenth century (Forestry Commission 2013, 7; Smith 2001, 2). Until the 1780s, when coke-firing radically cheapened iron production, rising consumption was sustained by imports, especially from Sweden and later from Russia and even North America. In Sweden, charcoal iron devoured forests so hungrily that even here there was a constant movement, decade by decade, towards more remote – but relatively untouched – woodlands (King 2005; Mathias 1969, 450; Hildebrand 1992). All was not market demand, however – empire mattered, too. The stagnation of English iron output after 1620 stimulated colonial appropriation. Ireland's forest cover declined, from 12.5 percent to just two percent, such that little iron would be produced after the seventeenth century (Kane 1845, 3; Kinahan 1886–87; McCracken 1971, 15, 51 and *passim*).

¹⁴Calculated from Davis (1962, 302).

In southeast Asia, the Dutch imposed a new ecological regime after the founding of the East India Company (VOC) in 1602. Immediately launching a ‘full-scale strategic offensive’ in the Indian Ocean, by 1605 the VOC had wrested control of Ambona, Ternate and Tidore from the Portuguese (Israel 1989, 73). These were the most vital of the so-called Spice Islands – the Maluku Islands between Celebes and New Guinea. Their economic weight was considerable. In the later sixteenth century, Indian Ocean commerce rivaled the Baltic grain trade – although of course one cannot survive by eating spices (Pearson 1988, 42).

By 1619, under Jan Pieterszoon Coen’s leadership, the VOC looked to reorganize spice production – not merely trade. The issue was one of profitability. In contrast to Toledo’s challenge in colonial Peru a half-century prior, the problem was not too little production but too much. It had to be reduced if ‘profit margins were to be maintained’ (Chauvel 1990, 19). Profitability was indeed maintained, at the stratospheric annual rate of 18 percent across the seventeenth century (Lehning 2013, 148) – but only through great violence to human and extra-human life.¹⁵ Across the Spice Islands, control of plants and the imposition of private property were tightly joined in a ‘perfectly destructive ... system’ (Winn 2010; Cooley 1969; quotation from Smith 1937, 601). Clove production, limited to five ‘tiny volcanic islands’ before 1600 (Ternate, Tidore, Motir, Makian and Batjan), was transplanted and concentrated in just two places: the Amboina and Lease Islands (Hall 1992, 209; Davies 1961, 55). This geography was policed by the *hongitochten*. These periodic naval expeditions – manned with conscripted labor – eradicated ‘unauthorized clove plantations’ in support of the Dutch monopoly (Boxer 1965, 111–12). One expedition, to Ceram in 1625, destroyed 65,000 clove trees, a ‘conservative estimate’ (Davies 1961, 55–56). It was far from an isolated incident: the destruction and control of spice trees was a lynchpin of Dutch imperial strategy (Knaap 1992; Ricklefs 2001, 75; Grimes 2006; Loth 1995). That same decade, virtually the entire population of Banda, perhaps 15,000 people, was killed or enslaved. Not surprisingly, the half-century after 1621, when the Dutch colonial strategy began in earnest, was one of sustained population decline (Reid 1990). Banda – and the rest of the Spice Islands – were subordinated to a plantation system, with ‘every aspect of natural and human life tuned to [spice] production’ (Loth 1998, 87).

The Dutch, drawing on northern Europe’s sylvan frontiers, accomplished what the Iberians could not. The Mediterranean’s forests, never lush, were exhausted by end of the ‘first’ sixteenth century (c. 1450–1557) (Braudel 1972). Ships could be built, but not cheaply, and nowhere in the volumes necessary to sustain shipping and naval dominance. Venetian and Portuguese shipbuilding faced sharply rising shipbuilding costs early in the sixteenth century (Lane 1973; Appuhn 2009). In Portugal, an ‘acute crisis’ of the domestic forest regime set in by 1520 (Devy-Vareta 1985, 67). The costs of building and outfitting ships in the Indian trade doubled over the next century (Pearson 1987, 42). Portugal responded by expanding its shipyards in Goa (India) after 1585, where labor (and presumably timber) costs were just a third of domestic production, and in Salvador da Bahia (Brazil) after 1650 (Wing 2015; Morton 1978). Spain was not long spared the same fate. Its shipbuilding entered a ‘state of crisis’ by the 1560s (Phillips 1986, 22). Just two decades later, Philip II was searching for timber in Poland to build his ill-fated Armada (Braudel 1972, 143). Spain offshored a good share of its shipbuilding to the Caribbean – Havana’s first ships were built in the 1550s. By 1700, perhaps one-third of Spain’s fleet was Cuban-

¹⁵Braudel, however, is skeptical about the VOC’s profits in the seventeenth century (1983, 223–230).

built (Parry 1966, 249; Lynch 1984, 208–209; Funes Monzote 2008; Wing 2015). The silver fleets in the Pacific trade – the famed ‘Manila Galleons’ – were, meanwhile, increasingly built in the Philippines after 1620 (Wing 2015, 154–155). In each location, similar problems materialized – a battle for wood amongst competing economic sectors, relative exhaustion, rising costs and thence the renewed search for Cheap(er) Natures on new frontiers. Nor was this pattern limited to the Iberian world empires. The Iberian relocations were followed in the eighteenth century by the spread of major shipbuilding centers and significant frontiers for timber, potash and naval stores to North America (Perlin 1989).

The relentless geographical expansion of forest products and shipbuilding frontiers was bound up with a ‘Great Hunt’ (Richards 2003). By sea, the imperial powers launched vast fleets of herring, cod and whaling vessels that searched for and devoured the North Atlantic’s sources of maritime protein (Perlin 1989; Poulsen 2008; Richards 2003). By land, they commenced trans-continental hunts for furs in Siberia and North America. While fur trading had only a modest economic weight in world accumulation, its steady advance (and serialized exhaustion of fur-bearing animals) across North America encouraged significant infrastructures of colonial power – and the spread of new diseases – by the mid-eighteenth century (Leitner 2005; Wolf 1982).

Great frontier movements continued across an extended Caribbean in the seventeenth and eighteenth centuries, reshaping food, energy and labor relations. Steadily rising sugar demand and Bahia’s relative exhaustion by the mid-seventeenth century favored successive sugar revolutions in the West Indies (Moore 2007, ch. 6). Sugar refashioned Barbados, Jamaica and St. Domingue (the island of Hispaniola) into agro-export platforms over the next century, leaving a trail of African graves and barren landscapes in its wake. The reshaping of Barbados was expressive. By 1665, after just two decades of sugar planting, ‘all but the most isolated patches of forest’ were gone (Watts 1987, 186; also Dunn 1972, 67, 27). It was a major step towards making the island a ‘virtual biological wasteland’ (Watts 1995, 274) – and a less-than-virtual graveyard, too, one filled with the bodies of 339,000 slaves between 1651 and 1775 (Richards 2003, 424).

Perhaps most significantly, Columbus’s invasion commenced a biogeographical watershed in planetary history: the Columbian Exchange (Crosby 1972). It gave rise to a ‘cobbled-together Columbian supercontinent’, effectively restoring Pangaea after an interlude of 175 million years (Crosby 1989, 667). The Columbian Exchange of New and Old World plants, animals and diseases would have been epoch-making even if the transition to capitalism had been stopped in its tracks. The remarkable productivity of such American crops as maize, potatoes and manioc was enough to considerably enlarge developmental possibilities for any civilization or social formation that cared to adapt them (McCann 2001; Earle 2012). When maize began its rapid diffusion across Europe in the later seventeenth century – the very moment at which proletarianization again accelerated – yields doubled or tripled those of land planted with Old World cereals (Grigg 1982, 84).

The movement of ‘exchange’ in the opposite direction – from Old to New Worlds – was one of heartbreaking misery. Old World diseases reduced the New World’s population by some 90 percent (Cook 1998; Mann 2011). That biogeographical nadir, reached by the early seventeenth century, motivates Lewis and Maslin’s (2015a) Orbis Spike for dating the Anthropocene (1610) – the consequentialist counterpart to the Capitalocene. (Here we see the possibilities of Capitalocene and Anthropocene as complementary rather than competitive optics; see esp. Lewis and Maslin 2015b.) The demographic collapse was hardly a matter of pure biology. Colonial policies, aimed at mobilizing labor directly and indirectly, facilitated the flow of invasive diseases and their murderous toll on indigenous peoples by concentrating indigenous peoples and disrupting long-established

agricultural practices and trade patterns. All reinforced an evolving sensibility in colonial policy, cash-crop agriculture, and surveying and cartographic technologies that viewed external space – in this case the Americas – as *terra nullius*, or ‘nobody’s land’, open to those who could put it to work for the good of Humanity (Seed 1995; Geisler 2015; Kolia forthcoming).

Towards provisional synthesis: the origins of the Capitalocene

World ecology was altered and in a way which, because of the social organization of the emergent European world-economy, would primarily benefit Europe

Wallerstein (1974, 44).

I will close Part I of this essay in two registers. First, briefly, I want to reprise the empirical and explanatory moments of the origins of the Capitalocene. Next, as a prelude to the arguments in Part II, I want to make a plea for more a productive conversation around the origins of ecological crisis and the rise of capitalism.

First, the early modern landscape revolution represented an early modern revolution in labor productivity. This revolution in the zone of commodification was rendered possible by a revolution in the technics of appropriating Cheap Natures, especially the Four Cheaps of food, labor, energy and raw materials. This was realized not only through the immediate practices and structures of European imperialism. More fundamentally, the ‘new’ imperialism of early modernity was impossible without a new way of seeing and ordering reality. One could conquer the globe only if one could imagine it (Ingold 1993; Pratt 1992). Here the early forms of external nature, abstract space and abstract time enabled capitalists and empires to construct global webs of exploitation and appropriation, calculation and credit, property and profit, on an unprecedented scale (Merchant 1980; Lefebvre 1991; Mumford 1934; Crosby 1997; Pickles 2004; Sombart 1915; Chaunu 1959). The early modern labor productivity revolution turned, in short, on the Great Frontier (Webb 1964), understood simultaneously in land/labor and symbolic registers. The fact that early capitalism relied on global expansion as the principal means of advancing labor productivity and facilitating world accumulation reveals the remarkable precocity of early capitalism, not its premodern character. This precocity allowed early capitalism to defy the premodern pattern of boom and bust (Brenner 1976). There would be no system-wide reversal of commodification after 1450, not even during the ‘crisis’ of the seventeenth century. Why? Because early capitalism’s *technics* – its crystallization of tools and power, knowledge and production – were *specifically organized* to treat the appropriation of global space as the basis for the accumulation of wealth in its specifically modern form: capital as abstract social labor.

This takes us to a second proposition, which turns on our interpretive frame. The three revolutions we have identified – of landscape change, of labor productivity, of the *technics* of global appropriation – suggest a way of thinking capitalist crisis world-ecologically. In the terms of this essay, that means putting nature at the center of thinking about work; putting work at the center of our thinking about nature; and setting aside the presumption that human organization of any kind (from family forms to transnational corporations) can be adequately understood abstracted from the web of life.

This entails a conversation over Cheap Nature as a system of domination, appropriation and exploitation that acknowledges the diversity of human and extra-human activity necessary to capitalist development but not directly valorized (‘paid’) through the money economy. The Four Cheaps are the major way that capital prevents the mass of capital

from rising too fast in relation to the mass of appropriated Cheap Nature. When the delivery of such Natures approaches the average value composition of world commodity production, the world-ecological surplus falls and the pace of accumulation slackens. The centrality of Cheap Nature in the endless accumulation of capital can, then, be adequately interpreted only through a post-Cartesian frame that understands value as a way of organizing nature. In this, the law of value is co-produced through the web of life. The law of value is a law of Cheap Nature.

The debate over the rise of capitalism has returned to center stage in world politics – this time in stealth form, this time around the question of nature. Arguments about global crisis under the sign of the Anthropocene have simultaneously embraced a strong narrative on the origins of ecological crisis and evaded the historical work necessary to excavate those origins. That work is one necessary condition for a fruitful debate over the entangled questions of the origins of planetary crisis and the politics of that crisis in the twenty-first century. The Anthropocene is not problematic because it asserts, drawing on a consequentialist and substantialist method, the turning point of the early nineteenth century. It is problematic because it has preconceptualized the problem: it has embraced a longstanding myth that has guided social theory and environmentalist critique. The Industrialization Thesis on ecological crisis is dangerous because it blinds us to the early modern remaking of planetary natures. Ignored by students of the transition to capitalism (but see Wallerstein 1974; Moore 2003a), the question of environmental history is central to understanding the origins of capitalism and the relevant form of crisis today. The issue is so pressing that we would do well to depart the either/or polemics that have long characterized transition and crisis debates.

Recent accounts of the origins of capitalism in the web of life have stressed different periodizations. My argument here and elsewhere has underscored the emergence of new relations of power, profit and re/production from the long sixteenth century. Malm's important study of nineteenth-century 'fossil capital' entails a different periodization (2016). The error is to see these periodizations as mutually exclusive (Altwater 2016). Fossil capital? That is surely a crucial dimension of our reality since the nineteenth century. Capital, power and nature entwine. Just as we live in the era of fossil capital, do we not also live in the era of *agrarian* capitalism – characterized by punctuated revolutions in class struggle, nature, and the productive forces, so necessary to the expanded reproduction of labor power (e.g. Bernstein 2010; McMichael 2013; Moore 2015a, ch. 10)? Are not these different interpretations premised on distinctive angles of vision? Is not the story of fossil capital one amongst several narratives necessary to grasp the history of capitalism and its present crisis? Surely we are dealing with a massive reinvention of capitalism in the nineteenth century. So too – but under very different conditions – after World War II, after 1971, and today. Let us take care – to paraphrase Lenin (1960) – to avoid 'stereotyping' capitalist development into idealized forms.

Different bundles of nature, state, class and the productive forces lead to different visions of capitalism – a banal but necessary observation important to the basic point. None of us has all the pieces of the puzzle; we need to carry forward a fundamental openness to the revision of deeply held frameworks. Our vistas are irreducibly partial – and therefore we must attend simultaneously to their openness and coherence.

Understanding capitalist origins – and the possible trajectories of twenty-first-century crisis – is treacherous work. What I have tried to show is that the spectacular images of the Industrial Revolution transmitted to us by every schoolbook cannot contain the creativity and destructiveness of capitalism. Those images must be complemented by the global transformations of human and extra-human natures – and, as we shall see in Part II – by the emergence of new ways of seeing and organizing the unpaid work of humans and

the rest of nature over the past five centuries. The stakes are too high for formulaic interpretations. We must go deeper.

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