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The Nation-State and the Market

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Abstract: This article aims to examine the historic relationship between the nation-state and the process of "marketization" of society. A central conclusion of his article is that the present neoliberal consensus, which has succeeded the now defunct socialdemocratic consensus, does not just represent a change of policy but a structural change, which expresses the present internationalised phase of the market economy. In this context, the recent proposals made by socialdemocrats and their fellow-travellers in the green movement for the enhancement of the civil society, or the promotion of protectionism, are shown to be both a-historical and utopian.

Introduction

The aim of this article is to show that today's decline of the nation-state, which is particularly obvious within the European Community, that is, the very place where the nation-state historically emerged, is closely linked to the present internationalised phase of what I will call the *marketization process*. This is the historical process that transformed the socially controlled economies of the past into the *market economy* of the present. The article also attempts to show that the rise in this century of what I will call *statism*, in other words, the period of active state control of the economy and interference with the self-regulating mechanism of the market, was a historically brief interlude to the process of marketization. The *statist phase* of this process lasted for only about half a century and was followed by the present rolling back of state control over the economy within the framework of the *neoliberal consensus*. In particular, statism, in its Western social democratic form, represented a doomed attempt from the start to set effective social constraints on the process of marketization. This implies that the socialists' and ecosocialists' current rhetoric about enhancing *civil society* is just another dream: the marketization process is, within the capitalist institutional framework, irreversible. In other words, once a market economy is established, its own grow-or-die dynamic tends to undermine any serious effort to create self-protective mechanisms for society against the hegemony of the market and transforms society itself into a *market society*.

In this context, present nationalist conflicts in Eastern Europe represent a transitional phenomenon marking the full integration of the countries concerned into the world capitalist market. In other words, they represent an earlier phase in the marketization process —a process that was partially interrupted in these countries by the advent of "actually existing socialism". At the same time, the void created by the decline of statism in Western Europe has not been filled by a process that empowers communities. The decay, therefore, of communities and community values, which was enhanced by the current acceleration of the marketization process, combined with the drastic rise of unemployment and the decline of the welfare state following the collapse of the social democratic consensus, could go a long way to explain the present flourishing of neoracism.

Finally, a methodological point. My emphasis on market relations and the corresponding use of some new terms implies an attempt to differentiate the analysis that follows from both the orthodox and the marxist approaches, as well as the various green hybrids. The well-established failure of marxist economics, in particular, to interpret today's twin crises (the ecological crisis and the growing gap between the North and the South) makes it imperative for radical greens to develop such a new approach. In this sense, the article that follows could be seen as a contribution to the development of a socio-ecological approach in interpreting economic history. The conclusions derived from this interpretation are then used to put into a historical context the relationship between the evolution of the market economy and nationalism.

I will start with a brief discussion of the long historical period preceding the emergence of the capitalist market. I will then continue with a discussion of the marketization process within the context of the following suggested periodization:

a. the rise of the European nation-state and the marketization of the economy;

b. the statist phase of the marketization process; and

c. the present internationalised phase.

Finally, I will attempt to set into the above historical context the present nationalist conflicts in Europe and the rise of neoracism.

Pre-Capitalist Markets and the Absence of Nation-States

The process of marketization is a process that tends to reduce all citizens to mere buyers and sellers and to transform all goods and services, including human labour and land, into commodities which are exchanged through the market. However, although the market today permeates all aspects of life, from family life to culture, education, religion, etcetera, it can easily be shown that, despite the fact that markets have existed for a very long time, the marketization of the economy is a new phenomenon, which emerged in the last two centuries.

Thus, as Karl Polanyi notes in his classic book *The Great Transformation*:

Previously to our time no economy has ever existed that even in principle was controlled by markets.... [A]lthough the institution of the market was fairly common since the later Stone Age, its role was no more than incidental to economic life.... [W]hile history and ethnography know of various kinds of economies, most of them comprising the institution of markets, they know of no economy prior to our own, even approximately controlled and regulated by markets[1].

In fact, as the same author points out,

All economic systems known to us up to the end of feudalism in Western Europe were organised either on the principles of reciprocity or redistribution or householding (i.e., production for one's own use) or some combination of the three[2].

The motives, therefore, that ensured the functioning of the economic system derived from custom, law, magic, religion —but not gain; markets, up to the end of the Middle Ages, played no significant role in the economic system. Even when, from the sixteenth century on, markets became both numerous and important, still, they were strictly controlled by society, under conditions that, as described ably by Pëtr Kropotkin, made a self-regulating market unthinkable:

The internal commerce was dealt with entirely by the guilds not by the individual artisans-prices being established by mutual agreement.... [A]t the beginning external commerce was dealt with exclusively by the city and it was only later that it became the monopoly of the merchants guild and later still of individual merchants.... [T]he provisioning of the principal consumer goods was always handled by the city, and this custom was preserved in some Swiss towns for corn until the middle of the 19th century[3].

As a rule, both ancient and feudal economic systems were rooted in social relations, and non-economic motives regulated the distribution of material goods. The goods of everyday life, even in the early middle ages, were not regularly bought and sold in the market. This, combined with the fact that prior to the Industrial Revolution neither labour nor land were *commodified*, makes it clear that the marketization process had not begun before the rise of industrial capitalism. Thus, it was only at the beginning of the last century that a self-regulating market was created which, for the first time in human history, established the institutional separation of society into an economic and a political sphere. Under neither tribal, feudal nor mercantile conditions was there a separate economic system in society[4].

Still, economic liberalism projected backwards the principles underlying a self-regulating market onto the entire history of human civilisation, distorting, in the process, the true nature and origins of trade, markets and money, as well as of town life. However, almost all anthropological or sociological assumptions contained in the philosophy of economic liberalism have been refuted by social anthropology, primitive economics, the history of early civilisation and general economic history. For instance, there is no evidence on which to base the assertions that to expect payment for labour is "natural" for humans (AEven in the Middle Ages payment for work for strangers is [sic] something unheard of[5]), nor that the motive of gain is "natural". The same applies to another crucial assumption of economic liberalism that markets, as well as money, would spontaneously arise if humans were left alone. In fact, both markets and money do not arise from within the community but from without[6]. Trade itself does not rely on markets, and even medieval commerce developed from the beginnings under the influence of export trade rather than local trade and was inter-communal in character rather than trade between individuals. Furthermore, local markets had no tendency to grow[7] a fact that implies that, contrary to liberal (and marxist) received wisdom, there is nothing "inevitable" about the marketization of the economy.

Similarly, there is no inevitability whatsoever concerning the related, and parallel to the marketization process, rise of the modern nation-state, which marxists[8] see as part and parcel of "modernity" and progress. In fact, as Bookchin observes, Aif we bear in mind the large number of municipal confederacies that existed in Europe during the 11th century and in the centuries that followed it, the certainty so prevalent in modern-day historiography that the nation-state constitutes a "logical" development in Europe out of feudalism can only be regarded as a bias[9]. Thus, although the state appeared some 5500 years ago in Egypt, when the creation of an economic surplus made economic inequality possible, nation-states had not started to develop until the fourteenth to sixteenth centuries. In fact, it was not until the end of the seventeenth century that the present form of the nation-state and nationalism emerged. And this was not without considerable resistance from the free cities of the era and rebellious villages

The idea of a "nation", as Bookchin also points out[10], was alien to the ancient mind, and people owed their strongest allegiances to their kin group and to their community or perhaps region; a Greek "nation", for instance, never developed among the Greek *polei*; similarly, the great empires of the ancient world were not "nations" in any sense of the term. Even in the Middle Ages, as April Carter argues, although some monarchies did indeed have their national territories and made claims to sovereign power within them, these monarchies were just part of European Christendom, so that Athere was little of a national stateÕindeed there was little of any sort of stateÕin the territorial regnum of the Middle Ages; it was a paradise of Estates rather than the pattern of state[11].

The inescapable conclusion is that the concentration of power, which followed the rise of the nation-state and the market economy, had nothing inevitable about it. The rise of the former was, historically, the outcome of military violence, whereas that of the latter was the result of economic violence, that is, of the huge economic inequality which inevitably followed the drastic restriction of social controls over the market during the period of the emergence of mechanised mass production. In this way, a historic reversal took place regarding the role of the state and the market with respect to the process of concentration of power (political and economic) in the hands of the ruling elites. Before the start of the marketization process, it was mainly through political —in the broad sense— means (conquest, confiscation, expropriation, slavery, religious power) that power became concentrated. The role of the state in particular was decisive in this process, whereas that of the market was not significant. However, once the marketization process had been set in motion, it was mainly through economic means (the market itself) that power was accumulated, whereas the state simply legitimised this process. That is why, today, the elimination of the concentration of power presupposes not just the abolition of the state (as some anarchists argued in the past) nor just the abolition of the primary role of the market (as marxists believed) but the creation of the conditions leading to a direct and economic democracy, that is, to a process that tends to abolish the concentration of both political and economic power[12].

The Rise of the European Nation-State

and the Marketization of the Economy

The *market economy*, that is, the economy which is regulated by market prices, in the sense that the fundamental economic problems (WHAT, HOW and FOR WHOM to produce) are "solved" through the price mechanism, did not actually "evolve" out of a feudal era but literally exploded, particularly in England, during the eighteenth and especially nineteenth centuries[13]. The control of the economic system by the market, according to Polanyi, Ameans no less than the running of society as an adjunct to the market: instead of economy being embedded in social relations (as in the past), social relations are embedded in the economic system[14] The crucial element that differentiates the market economy from all past economies (where markets were also self-regulating, since all markets tend to produce prices that equalize supply and demand) was the fact that, for the first time in human history, a self-regulating *market system* emerged —a system in which markets developed even for the elements of production, that is, labour, land and money. Competition, which was the motor force of the new system, implied that the *grow-or-die* principle characterised its dynamics. These same dynamics imply that the market system cannot be but a world system, although this does not mean that some type of evolutionary process can explain the move to a world market economy and its transformations, as some Marxists attempt to do[15].

The marketization of labour and land were particularly significant. Under the guild system, working conditions as well as the wages of the workers were regulated by society, that is, by the custom and rule of the guild and the town. The same applied to land: the status and function of land was determined by legal and customary rules (whether its possession was transferable or not and if so under what restrictions, for what uses, etc.). It was exactly the removal of labour and land from social control that has led to the creation of new forms of domination and, at the same time, has destroyed the traditional fabric of the guild workers' communities, village communities, the old form of land tenure and so on. For instance, the principle of freedom from want was equally acknowledged in every type of social organisation up until the beginning of the sixteenth century:[16] the individual in a primitive society was not threatened by starvation unless the whole community starved. Hunger, which was a necessary element of a self-regulating market, presupposed the liquidation of organic society.

Contrary to what liberals and marxists assert, the marketization of the economy was not just an evolutionary process, following the expansion of trade under mercantilism. Here, however, we should distinguish between the three main forms of trade, that is, *foreign trade*, which involved the exchange of goods (usually luxuries) not available in a region; *local trade*, which involved the exchange of goods that did not bear carrying because of their weight, bulkiness or perishable nature; and *internal* or *national trade*, which involved similar goods from different sources offered in competition with one another. It was only the latter form of trade that was competitive in nature, in contrast to the other two that had a complementary character. Furthermore, it was national trade that played an instrumental role in the marketization process, since it was its expansion that resulted in the "nationalisation" of the market, rather than the expansion of foreign or local trade.

But, if modern markets did not evolve out of local markets and/or markets for foreign goods, the question arises as to what factors could explain the marketization process. Here, the nation-state, which was just emerging at the end of the Middle Ages, played a crucial role: first, by creating the conditions for the "nationalisation" of the market (mercantilist phase) and, second, by freeing the market from effective social control. The emergence therefore of the nation-state, which preceded the marketization of the economy, had the effect not only of destroying the political independence of the town or village community but, also, of undermining their economic self-reliance. At the ideological level, the formation of national states was accompanied by the rise of nationalism: in other words, a new ideology, which attempted to create an identification between the individual and the abstract entity of the state, in place of the former identification of it with the community.

Still, the fact that the state usually played a crucial role in the marketization process, and that, during the nineteenth century in particular, many of the newly formed nation-states were involved in a systematic effort to establish and protect a domestic market economy, does not imply a strict causal relationship. In other words, it would be wrong to attribute a cause and effect relationship to the rise of the nation-state and the rise of the "national economy". Whilst it is true that the victory of the nation-state over confederal forms of organisation, and the consequent rise of nationalism, usually, favoured the expansion of a market economy, in other cases, as Bookchin points out, it simply led to state parasitism and outright regression[17].

As regards the mercantilist phase, it should be noted that before the commercial revolution, trade was not national but municipal or inter-community in character, bringing towns and villages together in regional networks and local markets but not in national ones. The newly emerging nations were merely political units consisting, economically, of innumerable self-sufficient households and insignificant local markets in the villages. Therefore, it was not surprising that the formation of a national or internal market was resisted by the fiercely protectionist towns and municipalities, while only wholesalers and rich merchants were pressing for it. Nor was it surprising that it was only by virtue of deliberate state action in the fifteenth and sixteenth centuries that the "nationalisation" of the market and the creation of internal trade were achieved[18].

The nationalisation of the market was followed in the sixteenth and seventeenth centuries by further state action, the outcome of which was to undermine to an even greater extent the political and economic independence of the cities and to ruin village communes. This action involved the confiscation, or "enclosure" of communal lands —a process that was completed in Western Europe by the 1850s[19]. The effect was not only to destroy community links in towns and villages but also to create the foundations for the marketization of the economy, as both labour and land were now being released, in plentiful quantities, to be bought and sold in the emerging labour and land markets. Still, mercantilism, with all its tendency towards commercialisation, never attacked the institutional safeguards which protected labour and land from being *marketized*. The social controls on labour and land, which, under feudalism, took the form of custom and tradition, were simply replaced, under mercantilism, by statutes and ordinances. Therefore, the "freeing" of trade performed by mercantilism merely liberated trade from localism; markets were still an accessory feature of an institutional setup regulated more than ever by society. Up until the Industrial Revolution, there was no attempt to establish a market economy in the form of a big, self-regulating market.

In fact, it was at the end of the eighteenth century that the transition from regulated markets to a system of self-regulated ones marked the "great transformation" of society, that is, the move to a market economy. Up until that time, industrial production in Western Europe, and particularly in England where the market economy was born, was a mere accessory to commerce. The use of machines in production and the development of the factory system reversed this relationship. The marketization of land, labour and money, which were crucial elements in the industrial process, was therefore, as Polanyi described it,

the inevitable consequence of the introduction of the factory system in a commercial society.... [T]he fiction of their being produced as commodities became the organising principle of society.... [H]uman society has become an accessory to the economic system.... [T]he transformation implies a change in the motive of action on the part of the members of society: for the motive of subsistence that of gain must be substituted. All transactions are turned into money transactions.... Prices must be allowed to regulate themselves[20].

One could therefore speculate that only a drastic change in the economic structure of Western European society at the time of the Industrial Revolution could have averted the marketization of society —a change that would have made the use of machines, in conditions of large-scale production, compatible with the social control of production. But such a change would have required a social revolution to accompany the Industrial Revolution. As such a revolution did not materialise at the time, what followed was inevitable. Factories could not secure continued production unless the supply of "factors of production" (especially, labour and land) was organised. But in a commercial society, the only way to organise their supply was to transform human activity and natural resources into commodities, whose supply did not depend on the needs of human beings and the ecosystem respectively, but on market prices.

From then on the logic of the system created its own unstoppable dynamic. Those controlling production had to be efficient in order to survive the competition within a market-controlled system of production. Efficiency, in turn, depended on two main factors: first, on investing in new techniques and products and the massive expansion of production, that is, on economic growth; second, on securing a free flow of "labour" and "land" at a minimum cost. The first factor fueled the grow-or-die dynamic that has characterised capitalist production for the last two centuries and has led to the present ecological crisis. The second factor implied the need to *commodify* labour and land as much as possible.

But, as Polanyi points out:

labour and land are no other than the human beings themselves of which every society consists and the natural surroundings in which it exists; to include labour and land in the market mechanism means to subordinate the substance of society itself to the laws of the market[21].

As soon, therefore, as a market economy was established, a ceaseless social struggle started. Schematically, this is the struggle between those controlling the economy (production and distribution) and the rest of society. Those controlling the economy aimed at marketizing labour and land as much as possible, that is, at minimising and at best eliminating all social controls on them so that their free flow —at a minimum cost— could be secured. At the theoretical and ideological level, this tendency was expressed by *economic liberalism*, which sought to establish a self-regulating market using laissez-faire and free trade as its methods. On the other hand, those not involved in controlling the economy aimed at maximising social controls on labour and land, that is, at maximising society's self-protection against the perils of the market economy, particularly unemployment and poverty. At the theoretical and ideological level, this tendency was expressed by *state socialism* (in the broad sense), which sought to conserve humans (but not nature, because socialism also identified Progress with economic growth and development) as well as productive organisation, using protective legislation, trade unions, and so on, as its methods. This struggle constituted the central element of European history, from the Industrial Revolution to date.

Thus, as soon as the physical mobility of labour was established in England in 1795, almost immediately a political and industrial working class movement emerged and, as a result of its pressure, factory laws and social legislation were introduced. However, all these institutional amendments were incompatible with the self-regulation of the markets and the market economy itself. This incompatibility led to a counter-movement by those controlling the capitalist economy in England, which ended up with the establishment of a competitive labour market (1834) and the extension of freedom of contract to the land (between 1830 and 1860). The 1830s and the 1840s were characterised by an explosion of legislation repealing restrictive regulations and an attempt to establish the foundations of a self-regulating market, that is, free trade, a competitive labour market and the Gold Standard (a system of fixed exchange rates where the value of a currency was fixed to the value of gold).

In fact, the Gold Standard (adopted by Britain as early as 1821, to be followed by France and the United States in the 1850s and Germany in 1870, and becoming universal in 1880), with its supposedly automatic adjustment mechanism, was a central element in this process. The aim of the Gold Standard was to create an international stable environment for world trade, similar to the domestic stable environment that had already been established for national trade, in other words, to extend the domestic market system to the international field by fixing the value of currencies. A pure gold standard would require countries to give up central banking, as Ludwig von Mises advocated, since central banks' action represented a form of intervention in the workings of a self-regulating system. This was particularly so if central banks, in their action, were guided by political (in the broad sense) criteria, expressing society's self-protection against the workings of the market mechanism. However, such a pure form was never applied. Instead, the system historically was associated with the creation of new token currencies based on the sovereignty of the central banks of issue. The national currency, in turn, played a crucial role in establishing the nation-state as the decisive economic and political unit. Thus, both the currency and the central bank were not just expressions of a new nationalism but necessary prerequisites to cushion the effects of the gold standard on a country's income and employment.

Still, the attempt to establish pure economic liberalism, in the sense of free trade, a competitive labour market and the Gold Standard, did not last more than 40 years, and by the 1870s and 1880s protectionist legislation was back. It was also significant that not just England, but France and Prussia as well, passed through a period of free trade and laissez-faire, followed by a period of anti-liberal legislation with respect to public health, factory conditions, social insurance, public utilities and so on. In fact, by the beginning of the twentieth century, social legislation of some sort was in place in almost every advanced capitalist country[22].

If, therefore, at the beginning of the nineteenth century the ruling philosophy was internationalist, in the form of liberal nationalism (free trade, etc.), by the 1870s liberal nationalism started turning into national (or nationalistic) liberalism, with an emphasis on protectionism and imperialism abroad. The consequence of such protectionist pressures was that by the end of the Depression of 1873-86, which marked the end of the first experiment with pure economic liberalism, Germany had already established an all-round social insurance system and high tariff walls (the United States had established even higher tariff walls), despite the commitment to free markets. Thus, during the first phase of the marketization process, the aim to liberalise the markets had the paradoxical effect of leading to more protection: either because of pressure by those controlling production to be protected from foreign competition, or because of pressure by the rest of society to be protected against the market mechanism itself.

Both types of protectionism had the effect of undermining the marketization process, as we shall see in more detail in the next section. Therefore, as stressed by Polanyi, it was the collapse of pure liberalism which set the foundations for the near collapse of the market economy itself in the 1930s and opened the way for the rise of statism. As W. L. Goldfrank described Polanyi's thought on the matter:

As nations became more enmeshed in the world market, the more powerful ones turned to social legislation, tariffs and other forms of protectionism to blunt the effects of unequal exchanges. From protectionism and imperialism it was a short step to world war and from the misguided post-war attempt to restore the Gold Standard it was a short step to depression[23].

By the same token, both types of protectionism contributed to the rise of nationalism —a movement that was very much in ascendance during the second part of the last century, especially among the "latecomers" to nationhood, Germans and Italians. In other words, the need for nation-states did not just arise from the fact that the existence within a country of a variety of commercial and industrial laws was becoming an intolerable obstacle to their developing industry and expanding trade, as Engels argued in connection with the creation of the German nation-state. To the extent that the nation-state was seen, after its victory over the alternative confederal forms of organisation, as the only social form that could provide effective protection for labour and land against the detrimental effects of the domestic market and for domestic capital against foreign competition, the rise of nationalism cannot be seen as separate from the emergence of the market economy. In conclusion, the emergence of nationalism was as "inevitable" as the emergence of the nation-state and the market economy. Nationalism cannot be seen as Aan inevitable dimension of modernity[24], unless viewed within a specific problematic that assumes that the only feasible course for history was the one that was actually taken.

The Statist Phase of the Marketization Process

Protectionism, both at the domestic and the international level, undermined the market economy that had been established in the nineteenth century and, in fact, led to its near collapse in the twentieth. It undermined, first, the domestic market economy by distorting the price mechanism and obstructing the self-regulation of markets so that eventually Aunadjusted price and cost structures prolonged depressions, unadjusted equipment retarded the liquidation of un-profitable investments, [and] unadjusted price and income levels caused social tension[25]. It undermined, secondly, the world market economy by leading to colonial rivalry and competition for markets still unprotected. As a result of protectionist policies, the world economy, on which the nineteenth century balance-of-power system had rested, started disintegrating. This inevitably led to the collapse of the system itself because, as Polanyi has persuasively shown[26], the "100 years' peace" (1815-1914) crucially depended on two freedoms: the freedom of trade and the freedom of capital. Therefore, once colonial rivalry started having its effect on both freedoms, the first world war became inevitable.

But it was not only the balance-of-power system that collapsed as a result of protectionist policies. The Gold Standard system, on which the stability of exchanges crucially depended, also could not stand the pressures of protectionism. The precondition for its adjustment mechanism to work efficiently (i.e., the mechanism which supposedly eliminates imbalances in the balance of payments among the countries taking part in the system) was that adjustment should be achieved through changes in "nominal" variables (prices, wages, interest rates) rather than through the much more socially and economically painful changes in "real" variables (production, employment). However, protectionist measures, either at the domestic level (e.g., social insurance legislation) or the international level (e.g., tariffs) had the effect of distorting wages and prices and therefore obstructed the efficient functioning of the adjustment mechanism.

As interference with the market self-regulation mechanism became more frequent in the 1920s[27], both for political reasons (to reduce social tension in the aftermath of the 1917 Russian revolution[28]) and strict economic reasons (to protect the value of currencies), the inevitable outcome was the collapse of the Gold Standard system in the 1930s, which was crucial for the rise of statism. In fact, the abandonment of the Gold Standard was a necessary condition for the expansion of the economic role of the state. This is so because deficit budget policiesÕa basic tool of statismwere not compatible with the Gold Standard since it required the domestic economic policy be subordinated to achieving an external balance. For instance, during the Great Depression, countries with deficits in the balance of payments were forced by the system to suffer further deflation in order to achieve external balance. This took place at the very moment that millions of people were unemployed, and domestic expansionary policies rather than deflationary policies were necessary to reduce unemployment!

The breakdown of the Gold Standard was, in effect, reflecting the world economy's disintegration, which had been in progress since the beginning of the century, as a result of the serious distortions introduced to the free functioning of the markets by anti-liberal legislation (factory laws, unemployment insurance), trade unions and so on. To the extent that society's self-protection against the market economy was successful, the market economy itself was devitalised and eventually almost collapsed in the 1930s, during the Great Depression. The outcome of the disintegration of the world economy and of the collapse of the Gold Standard was that all major countries entered a period of active state interference to control the economy; in other words, they entered the period of statism —an event that marked a new phase in the marketization process which was, one may argue, the logical conclusion of protectionism.

The extreme example of statism was of course Stalinist Russia, where, for the first time since the establishment of the market economy in the nineteenth century, a conscious attempt was made to reverse the marketization process. It was in the 1930s that the collectivisation of farms removed land from the market. This development, in turn, may also be attributed to the disintegration of the world economy, resulting in its inability to absorb Russia's agricultural surplus and the consequent Russian inability to base industrial development on imports of machinery from the West. Furthermore, the introduction of the 5-year plans removed from the market most important economic decisions. Still, these decisions did not come under the jurisdiction of society at large. The concentration of political and economic power at the hands of the communist party bureaucracy, in combination with the non-abandonment of the wage system, meant that the effect of socialist statism in the countries of "actually existing socialism" was just a change in the personnel of the ruling elite, rather than the elimination of the elite itself. In other words, the place of capitalists in the ruling elite who controlled, *indirectly* through the market system —the economic process (i.e., what, how and for whom to produce), was simply taken over by bureaucrats, who controlled it *directly* —through the central planning system.

However, it was not just Russia (to be followed after the second world war by several other countries on the periphery and semi-periphery of the capitalist system) that introduced statism. In the period between the mid-1930s and the mid-1970s, active state interference to control the market mechanism was the norm all over the capitalist world. Although the forms of statism in the West were not as comprehensive as in the East, still the aim, especially in the postwar period, was similar. In other words, the aim was not just to help the private sector flourish (as, for example, is the case with Clintonomics) but rather to supplant the private sector itself, especially in the areas where the private sector has failed to cover the needs of the whole population —mainly, with respect to the provision of social services (health, education, social insurance, public utilities). Here, it would be useful to distinguish three main sub-periods: the period from about 1933 up to the second world war, the war period itself and the postwar period, up to about the mid-1970s.

The foundation for statism was set in the interwar period during the Great Depression, which, following the 1929 crash, pushed the market economy into a general crisis. During this period, several countries introduced various degrees of statism to recover from the Great Depression. The most drastic form, within the capitalist framework, was introduced in Nazi Germany. Well before the German economy was converted to a war footing, there was Aconsiderable supersession of the free market[29], which took the form of budget deficit policies financed by the creation of new money, price and wage controls, state direction of private investment and so on. Even in the bastion of free enterprise, the United States, Roosevelt's New Deal involved actively promoting the devaluation of the dollar, state interference in determining prices and wages, large construction projects, as well as increased employers' contributions to the social security fund. The same pattern of drastic state intervention and interference with the pricing mechanism (in place of the relatively neutral state role in the economy —typified by balanced budget policiesthat liberal orthodoxy required) was repeated in several other countries at the time (France, Sweden, etc.).

All cases of state interventionism in the prewar period were successful in the broad objective of saving the market economy from collapse; still, the method used was utterly anti-liberal, as its aim was not to enhance the marketization process but, instead, to constrain it. Furthermore, almost all cases were successful in the narrow objective of expanding production and employment without creating other problems, such as inflation. Was this a proof that, after all, an effective social control of the market is feasible, as social democrats have always maintained? A further examination of the conditions under which the above success was achieved indicates that the answer to the question has to be definitively negative.

Thus, one should not forget that the period under consideration was quite an exceptional one, that is, a period when the market economy itself was threatened with extinction. The fact, for instance, that "business confidence" was at its lowest could go a long way in explaining the much more tolerant attitude of those controlling production towards measures encroaching on their economic power and profits. In fact, it was only when -and as long as —state interventionism had the approval of those controlling production that it was successful, as the following examples clearly show.

In the United States, it was the initially tolerant stand of capital towards Roosevelt's budget deficit policies that resulted in the significant contribution of those policies to the early phases of the recovery (1934-36). It was, also, the US capitalists' change of mind, once recovery was under way, which resulted in a renewed pressure to balance the federal budget and, consequently, to a new recession (1937-38)[30].

In Germany, the significant success of Nazi economic policies (despite the much higher degree of statism involved, which included direct interference in the investment and pricing decisions of individual firms) was due to the fact that, as Bleaney puts it, Ahe Nazis were accepted by business as infinitely preferable to revolution, a faith which they promptly justified by the abolition of trade unions and all other political parties[31].

On the other hand, in France, where the Popular Front Government of the Left attempted a drastic form of statism involving social reforms (cuts in working hours, mandatory paid holidays, etc.) and income redistribution in favour of the working classes, the attempt ended up in failure. Although unemployment was reduced drastically, inflation accelerated sharply, as those controlling production passed cost increases on to the consumers, whereas the government was unable to impose effective price controls. Furthermore, no significant recovery was achieved afterwards; as a result of the socialist nature of several of the reforms, the Front's policies were greeted by the familiar tactics of the flight of capital abroad and the refusal to invest domestically.

The conclusion is that the success or failure of prewar statism did not depend on strict economic factors (as liberals and marxists usually assume) but on political factors, that is, on whether the expansion of the state's economic role enjoyed the support or not of those controlling production, or what is euphemistically called `business confidence".

Though the Nazi form of statism and its implied attack against the market economy was to find an inglorious end under the ruins of the Third Reich, the form of statism that developed in the West was luckier: it flourished for another 30 years or so after the end of the war. And, in fact, there were significant differences between the Nazi and Western forms of statism. Thus, whereas the former was of a "nationalist" character, mainly due to political and military considerations, the latter was much more internationalist[32]. In effect, the postwar model of international statism in the West was an evolution of the prewar model. But let us take up the story again.

During the war itself, statism, as one could expect, reached new heights. State planning, although necessitated by the war effort, had the side effect of showing the peacetime possibilities of conscious social control of the economy. This "demonstration effect", combined with the radicalisation of the electorate in the West (following the failure of the market economy in the 1930s and the defeat of fascism in the war) gave a new impetus to statism. Britain, which, since the Industrial Revolution and up to date, has always played the role of the "marketization barometer", set the foundation for the welfare state, that is, the form of statism that was to mark postwar history, up to the middle of the seventies.

The Beveridge Report, whose explicit aim was Ato establish social security for all, from the cradle to the grave[33], was published in 1942 and represented a conscious effort to check the side effects of the market economy, as far as covering the basic needs (health, education, social security) was concerned. Two years later, a coalition government dominated by the Conservatives inaugurated what has been called the *social-democratic consensus* and published a White Paper on *Employment Policy*, which committed the government (a commitment observed by governments of all persuasions up to the rise of neoliberalism) to full employment policies through aggregate demand management, that is, through manipulation of the market. In effect, what this commitment meant was the formal recognition of the fact that the market was not capable of self-regulation, at least as far as the level of production and employment was concerned. Similarly, "maximum employment" was recognised as the main policy objective by the US Employment Act of 1946. Comparable institutional changes took place all over the advanced capitalist world in the late 1940s, so that one may conclude that this period marks the beginning of the social-democratic consensus, which was to last for about a quarter of a century.

However, the social-democratic consensus that emerged in the postwar period was not just a conjunctural change, as sometimes argued, but a structural change with significant implications at the economic, social and political levels (that I will consider here) as well as at the ideological, cultural and theoretical levels. The consensus itself was obvious not only at the political level, where conservative parties were succeeding social-democratic ones, without changing in its essentials (despite some spasmodic privatisations of nationalised industries in Britain) the new socioeconomic role of the state with respect to the market (political consensus); it was also evident at the social level, where there was an explicit or implicit agreement of capital and organised labour (or at least its trade union leadership) on the state's new role (social consensus).

At the economic level, the social-democratic consensus was founded on modern industrial society, which, at its postwar peak, was characterised by mass production, big production units, bureaucratic organisation and mass consumption. The state's economic role was crucial in a process of intensive accumulation that relied mainly on the enlargement of the domestic market. This involved not just an indirect role in influencing the level of economic activity through fiscal policy and the welfare state, but also direct action on the production side of the economy through nationalised enterprises and public investment. As the degree of internationalisation of the economy during this period was relatively small and therefore the state's "degrees of freedom" in implementing a national economic policy were much more significant than today, the new state role was both feasible and desirable. To the extent, therefore, that the postwar investment boom was continuing, the budget deficits, which inevitably followed, did not create any further problems in the accumulation process.

At the social level, the social-democratic consensus had been associated with conditions of relative job security, enlargement of the labour market (following the mass entry of women into production during the postwar boom) and belief in a future of continuous economic growth and expansion of the welfare state. The above factors, combined with the fact that the working class was still numerically strong, had led to the emergence of a strong trade union movement which, through its bureaucratic leadership and particularly through its unofficial organisations (shop stewards and so on), exercised significant influence in controlling the market. Furthermore, within this climate, a series of strong liberation movements emerged among women, students and ethnic minorities. A crisis of social institutions was in progress, and large social groups were questioning the very foundations of the modern hierarchical society: the patriarchal family, the authoritarian school and university, the hierarchical factory or office, the bureaucratic trade union or party.

The social consensus relied on the explicit or implicit agreement between capital and trade unions, and/or the political parties representing their interests, aiming at the reproduction of the *mixed economy*, that is, of the economic system that expressed the social-democratic consensus. The consensus involved a state commitment to secure high levels of employment and a "social wage" (in terms of free social services), in exchange for a trade union commitment to check workers' demands, so that the increase in real wages (increase in wages minus the rate of inflation), did not exceed the rise in productivity. The agreement was usually formalised in the form of *wage and price controls*, which, throughout the period of the social-democratic consensus, had played a significant role in checking inflation without encroaching on profits.

At the political level, the social-democratic consensus was actively supported by social-democratic parties and trade unions and enjoyed the tolerance of capital and its political representatives. The Old Left was also part of this consensus (explicitly or implicitly), whereas parties and organisations that supported aims which were incompatible with the above institutional framework sought outlets in extra-parliamentary opposition, alternative cultures, or even in urban guerrilla tactics in a hopeless and self-contradictory attempt to function as catalysts for radical social change.

Finally, at the theoretical level, following the glorious postwar victory of Keynesianism (i.e., the social-democratic reformist trend within the orthodox economics profession) over the conservative neoclassical trend (i.e., the dominant economics paradigm during the earlier phase of the marketization process up to the war), the social-democratic consensus was firmly established among social scientists as well. The main elements of the new orthodoxy, which covered both economic theory and economic policy, were macro-economic control of the market by the state in order to achieve the objectives of full employment, maximum economic growth and, to a certain extent, the redistribution of income in favour of weaker income groups.

In concluding, one could argue that what Polanyi meant by the term *Great Transformation* was to some extent achieved during the period of the social-democratic consensus. Thus, the market system, largely, ceased to be self-regulating. Although land was never taken out of the market, both labour and money were put under significant social controls. As regards labour, first, not only the level of employment, but the conditions of work and the basic wage itself, were left to be determined outside the market, that is, by fiscal policies, and *wage and price controls* designed within the context of tripartite agreements between labour, capital and government. Also, as regards money, although neither investments nor savings were taken out of the control of the market, still, both directing investments and regulating the rate of savings became government tasks.

Finally, after the abandonment of the Gold Standard in the 1930s, which as an automatic adjustment mechanism was incompatible with any form of statism, the value of currencies was left to be determined by foreign exchange markets. Although the system of flexible currencies was more compatible with statism (because it allowed more freedom for state interventionism in the economy), still, it was incompatible with the expansion of foreign trade (because of the uncertainty created in international exchanges).

The system therefore was promptly abandoned immediately after the war, and a new system of *managed flexibility* was established under the Bretton Woods Agreement of 1944. The new system was intended to match the requirements of both statism and free trade and was therefore designed as a compromise between the Gold Standard and the system of flexible currencies. In other words, the Bretton Woods system was intended to provide an international monetary system that would have constituted a compatible foundation for the international statist model that had already emerged in the prewar period. However, despite the fact that the Bretton Woods system initially succeeded in this aim, in the end, the contradictions within it, and especially the fact that it enshrined the dominance of the US dollar, brought about its downfall at the beginning of the 1970s a fact that contributed significantly to the demise of statism itself.

The Present Internationalised Phase of the Marketization Process

The postwar period of statism was associated with an unprecedented capitalist boom[34]. Leaving aside the controversial issue of whether a causal relationship may be established between the expansion of the state's economic role and the boom[35], there is little doubt that statism played a very important role in keeping unemployment, directly or indirectly, at unprecedented low levels[36], throughout the period under consideration. At the same time, the welfare state expanded rapidly, and by the early 1970s about one-fifth of the Gross Domestic Product in advanced capitalist countries (apart from Japan) was spent on social expenditures[37].

Still, despite the expansion of statism at the *national* economic level, the marketization process at the *international* level continued uninterrupted and set the foundations of the present internationalised phase, which is associated with the neoliberal consensus. The internationalisation of the economy was actively encouraged by the advanced capitalist countries, both at the world level (GATT rounds of tariff reductions) and at the regional level (the European Economic Community [EEC], European Free Trade Association [EFTA]). The old nationalist rivalries that characterised the first half of the twentieth century and led to two world wars were swiftly overcome, in view of the expansion of "actually existing socialism" and of the national liberation movements in the Third World. Thus, commercial rivalries between major capitalist nations were replaced by a rapid expansion of trade (mainly between themselves) so that, by the early 1970s, one-sixth of manufacturing products consumed in Europe were imported from abroad[38]. Since then, the internationalisation of the economy has accelerated further[39]. Growing internationalisation implies that the growth of the market economy today relies increasingly on the expansion of the world market rather than on that of the domestic market, as before —a fact that has very significant implications with regard to the state's economic role.

Thus, as the accumulation of capital in today's internationalised market economy depends much more than before on the world market, the state's role in enhancing domestic demand is not as important as in the past. At present, competitiveness plays a much more significant role with respect to accumulation and economic growth than direct expansion of domestic demand through government spending. Competitiveness, under conditions of free trade, is crucial, not only with respect to an increasingly export-led growth, but also with respect to import penetration that ultimately leads to domestic business closures and unemployment. In this context, the prevailing conditions on the supply side of the economy, in particular those relating to the cost of production, become critical. This is why squeezing the cost of production, both in terms of labour cost and in terms of employers' taxes and insurance contributions, is so important. But squeezing the cost of production involves a drastic reduction in statism.

The expansion of statism during the period of the social-democratic consensus led to a rapid increase in the cost of production, especially in those countries where the economic role of the state was more pronounced (e.g., Sweden). A significant part of the rise in the cost of production was a result of the expansion of statism, both directly and indirectly: directly, because the expansion of the welfare state meant a growing burden on employers' contributions and taxes[40]; indirectly, because, under the conditions of near-full employment which prevailed during the statist phase of the marketization process, organised labour could press successfully for wage rises that exceeded significantly the increase in productivity. This became a particularly painful problem (for those controlling capitalist production) in the period 1968-73, when a massive strike movement not actually controlled by the trade union bureaucratic leadership led to a fast rise in wages and a corresponding encroachment of profits[41].

Thus, the cumulative effect of not letting the labour market be free to determine the levels of wages and employment, as a market economy requires, was the crisis of the early 1970s. In other words, the crisis, contrary to the usually advanced view, was not mainly due to the oil crisis but to the fact that the degree of internationalisation of the market economy achieved by then was not compatible anymore with statism: first, because the nation-state's effective control of the economy had become almost impossible as a result of the relatively free movement of commodities and capital that left multinational corporations free to undermine those national economic policies which were incompatible with their own objectives; second, because the expansion of statism itself had certain built-in elements leading to an inflationary crisis. Such elements were:

a) that the rapid rise of state spending —to finance the expansion of the state's social and economic role— was faster than the rise of state revenue[42]. This is a fact easily explained by the notorious reluctance of professional politicians to shift a bigger part of the tax burden onto the high income groups. The inevitable outcome was worsening budget deficits, which usually were covered through the creation of (inflationary) money.

b) that employers, in order to minimise the impact on profits due to “excessive” wage rises (i.e., wage rises exceeding the rises in productivity), successfully passed a significant part of the increased labour cost on to the consumers in the form of higher prices. The oligopolistic structure of late capitalism made such an operation relatively easy, and the oil crisis provided the appropriate pretext.

The inflationary crisis at the beginning of the 1970s was accompanied by the establishment of a new trend of rising unemployment. Thus, apart from the conjunctural rise in unemployment, due to the counter-inflationary measures taken by governments, structural unemployment became important as well, as a result of the technological changes (the information revolution) that marked the move of the market economy to a postindustrial phase. That meant a drastic fall in the number of workers in manufacturing[43] a fact with important implications on the strength and significance of trade unions and social-democratic parties[44].

Thus, the economic crisis of the early 1970s, which was exacerbated by the collapse of the Bretton Woods system and the return to the uncertainties of flexible currencies, led to the rise of the neoliberal movement. This movement, which first emerged among the economists in academia (the Chicago School, resurrection of Hayek and so on) and later on spilled over among professional politiciansespecially in the United Kingdom and the United States —represented a powerful attack against social-democratic statism. Statism (in the form of nationalisations, full employment policies and the welfare state) was accused of leading to a tripartite system of economic power (the state, trade unions and capital) which was undermining private capital's hegemony. The ultimate neoliberal aim was, therefore, to enhance the power of those controlling the economy, through drastically reducing social control over the market. The main methods used to achieve this aim have been the following ones:

a. *Deregulation and liberalisation of markets*. Thus, as regards the labour market, first, which is the main target of liberalisation, many important controls are being lifted (for instance, minimum wage legislation), and others are being drastically amended (e.g., controls on part-time work, weakening of unfair dismissal protection) to make labour more “flexible”, that is, more amenable to market conditions (“hire-and-fire culture”). The weakening of these controls, combined with the abandonment of the full employment state commitment and the anti-trade union legislation, implies that the effects of the technological changes, which had led to structural unemployment, have not been offset by effective state action; instead, it was left to the market forces to sort the problem out. Furthermore, neoliberal policies, by restricting the state sector, have contributed directly to the rise of unemployment. As a result, unemployment has become massive, and it is expected to rise further in the foreseeable future, whereas poverty and inequality have also grown proportionately along with the deregulation of the labour market[45]. Second, money markets have also been liberalised, particularly international markets. For instance, exchange controls have been lifted and, as a result, huge amounts of money move around in search of speculative gains, creating, in the process, havoc in foreign exchange markets. This has in particular undermined the EEC's efforts to create a common currency. Finally, as regards the commodities market, the degree of liberalisation of the goods and services markets that is being introduced by the latest round of GATT talks is unprecedented and has already caused significant social unrest, as seen in France in particular.

b. *Privatisation of state enterprises*. Such privatisations not only reduce the size of the state sector but at the same time create new opportunities for private capital. Furthermore, the spreading of share ownership is promoted as a kind of "popular capitalism", despite the fact that, as the British experience has shown[46], the concentration of capital is further enhanced by privatisation.

c. *Reduction of the welfare state into a safety net and parallel encouragement of the private sector's expansion into social services* (health, education, pension schemes and so on). This not only leads to the marketization of sectors of the economy that used to be under state control, but it also further reduces the "social wage" and makes labour even more "flexible" to market conditions.

d. *Redistribution of the tax burden in favour of high income groups, at the expense of low- and mid-income groups*. The explicit aim is to create "incentives" for the economic elite to save and invest, whereas the implicit aim is to increase post-tax profits and spread the cost of the safety net.

The neoliberal consensus has very important implications at the economic, political, social, ideological and cultural levels. At the economic level, the new consensus does not mean that the state has no more economic role to play. One should not confuse liberalism/neoliberalism with laissez-faire; as I mentioned above, it was the state itself that created the system of self-regulating markets, and some form of state intervention has always been necessary for the smooth functioning of the capitalist system. The state is called today to play a crucial role with respect to the supply-side of the economy and, in particular, to take measures to improve competitiveness and to train the working force to the requirements of the new technology. Therefore, the type of state intervention which is not incompatible with the marketization process not only is not discouraged but, instead, is actively promoted by the neoliberal consensus, especially by the "progressive" elements within it (Clinton administration, social-democratic parties in Europe). So, it is not true that the neoliberal consensus has killed off the baby of the social-democratic consensus, that is, the mixed economy, as it is usually assumed. In fact, it did something worse. It redefined the content of the mixed economy so that it can better serve the interests of the economic elite and reproduce, on the threshold of the twenty-first century, the same conditions of inequality and social injustice that prevailed in the beginning of the nineteenth!

However, it should be stressed that today it is not the nation-state as such that is called to play the above role with respect to the supply side of the economy. The internationalised phase of the marketization process implies the creation of huge economic blocks, within the context of which the economic role of the individual nation-state is being progressively downgraded in favour of supra-ational institutions. This applies, in particular, with respect to the EEC, where the relevant process has already begun. But it also applies with respect to the North American

Free Trade Agreement (NAFTA) and the still informal Far Eastern block (Japan, Korea, Taiwan, Malaysia, Thailand, Hong Kong, Singapore).

In fact, the same economic aims that had brought about the emergence of the neoliberal consensus have, also, led to the creation of these blocks. The basic aim is the improved competitiveness of the sections of capital which are based on each block. This improvement is expected to come about both on account of the enlargement of the "domestic" goods market, as well as that of capital and labour markets. As regards the goods market, first, the larger size makes improvements in productivity much easier, mainly, because of the possibility of pooling resources on research and development. Second, as regards the capital and labour markets, additional opportunities to squeeze the cost of production, especially labour cost, are created because of the possibility of greater movement of labour and capital. This is so because —contrary to what orthodox economic theory suggests neither free trade nor mobility of capital and labour eliminate wage differentials[47]. Instead, mobility of capital creates opportunities to invest in areas of low cost, whereas mobility of labour puts pressure on the wages of high-income countries. Indeed, if integration within the tight framework of the nation-state has proved unable to eliminate strong regional differences, which still persist after decades of statehood, one could easily imagine the likely effect of integration within the framework of a much more loosely connected supra-national block[48].

In Europe, in particular, the complete liberalisation of the goods markets within the EEC block, combined with the liberalisation of labour and money markets, creates —for the first time in historya vast economic area where an automatic system, similar to the Gold Standard system, could now function successfully. Indeed, this is the main aim behind the European Economic and Monetary Union (EMU). If we substitute the European Currency Unit (ECU)the projected common EEC currency for gold, Europe will operate under a contemporary Gold Standard system when the EMU is completed. The reason why such a system is now in a better position to function more successfully than in the past is that the basic factor that led to the collapse of the Gold Standard has been eliminated, that is, the various restrictions on the movement of goods, labour and capital. Such restrictions, as we have seen, represented society's self-protection mechanisms against its marketization and led to the near collapse of the market economy itself. Since the neoliberal consensus has eliminated most of these restrictions, a historic opportunity has been created for the marketization process to be completed. The internationalised phase has therefore much better chances of success than the first marketization phase. Of course, there is a price to be paid. The acceleration of marketization in countries like Thatcher's Britain has led to a dramatic increase in inequality at the country level, and one can expect exactly the same to happen at the block level, where advanced capitalist countries would share a common currency and a central bank with semi-peripheral ones[49].

With hindsight, it is therefore obvious that Polanyi was wrong in thinking that the rise of statism in the thirties was evidence of the utopian character of the self-regulating market and of the existence of an Aunderlying social process[50] which leads societies to take control of their market economies. In fact, statism proved to be a relatively brief interlude in the marketization process. In this sense, Polanyi's «Great Transformation» was a transitional phenomenon related to the failure of the first attempt to internationalise the markets —a failure that was due not to the supposedly utopian character of the marketization of society, as Polanyi thought, but rather to the fact that the objective conditions for the completion of this process had not as yet been created during the first phase of marketization, in the nineteenth century. On the other hand, today, the four institutions on which, according to Polanyi, the first phase rested, are being restored.

These are the self-regulating market, the balance-of-power system, the liberal state and the international Gold Standard. At present, statism is in retreat everywhere, and many state regulations with respect to the market have been abolished. In Europe, the emergence, at the end of the century, of the independent European central bank that will replace the individual central banks will mark, in effect, the end of the nation-state at the economic level. Furthermore, a balance-of-power system is being established, within the framework of a United Nations controlled by the major capitalist countries. Also, the liberal state is presently omnipresent. Finally, a kind of European gold standard mechanism, in the form of a common currency, may reasonably be expected to be in place by the end of the century.

At the social level, the explicit "one nation" aim of the social democratic consensus is being replaced by the implicit "two-thirds society" aim of the neoliberal consensus. The neoliberal aim is associated with the fear of unemployment and uncertainty concerning the ability to adequately cover basic needs (health, education, housing). This uncertainty has contributed significantly to the retreat of radical currents within the feminist movement, the withdrawal of students from public life, the withering away of the labour movement and so on. At the same time, the hope invested in the Green movement has already faded, since the dominant trends within it do not challenge the fundamental institutions of the market economy but, instead, either adopt the social-democratic ideology of enhancing the civil society, or resort to environmentalism. As a result, the hierarchical structures and institutions which were challenged in the era of the social-democratic consensus now see their status enhanced. Still, as regards the social scope of the new consensus, there is a significant difference with respect to the scope of the social-democratic consensus. Thus, whereas the latter usually relied on the explicit agreement of capital and trade unions and frequently took the character of a broad social consensus, the neoliberal consensus usually is explicitly adopted only by the high- and mid-income groups (which directly benefit from it) and never takes the character of a broad social consensus.

At the political level, the economic crisis of the market economy created the preconditions for the spectacular rise of the New Right movement. In contrast to the Old Right that was founded on political philosophy, tradition and hierarchy, the New Right's foundations are economic "science", individualism and the blind belief in the market forces[51]. Individualism takes on a new meaning, since its aim is the citizen's liberation from "dependence" on the welfare state.

Thus, the liberatory demands of the 1960s for a society of self-determination are distorted by neoliberals and reformulated as a demand for self-determination through the market. In an ironic turn of history, state socialism's failure to create effective mechanisms for the self-protection of society against the market is now used as a case for the market!

At the same time, the structural changes in the active population mentioned above tend to create corresponding changes in the structure of the electorate, which are compatible with the neoliberal consensus. In the postindustrial society, a new class of specialised and well paid workers in high-tech sectors has emerged, which, together with a significant part of those in full-time employment in the expanding services sector, constitute the electoral clientele of the neoliberal consensus. The same social groups make up, also, the majority of the "two-thirds society". These groups are hostile to any expansion of statism and are increasingly attracted by the ideology of the private provision of services like health, education and pensions. The remaining "one-third" consists of the unemployed, part-timers, low-wagers, in other words, all those constituting the new "under-class", who either abstain altogether from the electoral contest or support extreme right-wing movements.

Following these changes in the structure of the electorate, social democratic parties have attempted to attract new voters by "modernising" themselves, according to the guidelines of the neoliberal consensus. They therefore adopt several `radica

principles of neoliberalism (distribution of shares to workers, consumer's right of choice, etc.), with the expressed aim of liberating the "civil society" from statism! Thus, the social-democratic parties in government (France, Spain) or in opposition (Britain, Germany) have already adopted the main elements of the neoliberal consensus (privatisations, liberalisation of markets, abandonment of the full employment commitment through direct control of economic activity, downgrading of the welfare state) to which they usually try to add a "social dimension". The pathetic social-democratic attempt to add such a dimension to the new EEC treaties is a case in point. Even in Sweden, which for a long time had played the role of a model for social democracy, the neoliberal consensus was formalised in the Autumn of 1992. Thus, in the middle of a serious crisis threatening the Swedish crown and the market economy itself, conservatives and social democrats agreed on a series of measures leading to a substantial downgrading of the welfare state.

The upshot of these changes in Europe was the "Americanisation" of the political process. In place of the traditional contest between, on the one hand, social-democratic parties supporting the case for further expansion of the state's role and, on the other, conservative parties praising the advantages of the market economy and attempting to slow down statism, European electoral contests have now become beauty contests between the leaders of bureaucratic parties, characterised by minimal programmatic differences and a common objective: state-craft, that is, the management of power.

Finally, at the ideological level, the neoliberal consensus is dominant. The conservative liberal tradition in the social sciences, particularly in economics, has now become the orthodoxy againÕafter a brief historical interval when the Keynesian statist ideas were prevalent. Social scientists have adopted en masse the liberal "market paradigm" whereas most ex-marxists, after the collapse of actually existing socialism, have adopted various forms of "social-liberalism", which are fully compatible with the neoliberal consensus. Equally compatible with the neoliberal consensus is the postmodernist movement which, by assigning equal value to all traditions of social organisation, ends up with a general retreat to conformism and an implicit (if not explicit) acceptance of the marketization of society[52].

In concluding, it is therefore obvious that the rise of neoliberalism is not a conjunctural phenomenon, as social democrats present it, but that it represents the completion of the marketization process that was interrupted by the rise of statism. The fact that neoliberal policies are supported today by both conservative and social-democratic parties, in government or in opposition, and that the basic elements of neoliberalism have been incorporated into the strategies of the international institutions which control the world economy (IMF, World Bank) as well as in the treaties that have recently reformed the EEC (Single Market Act, The Maastricht Treaty) makes it plainly evident that we are faced with a neoliberal consensus which has replaced the defunct social-democratic consensus. Furthermore, the breakdown of "actually existing socialism" in the East and the collapse of social democracy in the West —as a result of the shrinking of its electoral clientele— have created the political conditions for the completion of the marketization process. This does not just mean a return to pure nineteenth-century liberalism. It means the maximisation of the role of the market and the minimisation of social controls over it to secure maximum "efficiency", in the sense of profits and growth.

So, after the failed attempt to introduce a self-regulating economic system in the last century, a new synthesis is attempted today. The new synthesis, although it has exactly the same objective as before, attempts to avoid the extremes of pure liberalism, by combining essentially self-regulating markets with various types of safety nets and minimal controls that do not affect the self-regulation process.

Therefore, the crucial question today is whether the protection of human life (which implies the satisfaction of, at least, all basic human needs) as well as the effective protection of the environment are compatible with the marketization process or whether, instead, the whole market system has to be put away. If we accept the case for incompatibility that I tried to support above, one may conclude that the aim to create effective self-protection mechanisms for society through enhancing the *civil society* (as social democrats, ecosocialists and others suggest) is even more utopian than the previous attempt to achieve the same aim through enhancing the state: any attempt to enhance autonomous social institutions (trade unions, municipalities, etc.) within the framework of the market economy is futile, as long as it does not seek to transcend the market economy itself. The reason is that any such attempt will be incompatible with the requirements of competitiveness (of the country, or the economic block, concerned).

In other words, in the present internationalised phase of the marketization process, the need to minimise the socioeconomic role of the state is no longer a matter of choice for those controlling production. It is a necessary condition for survival. This is particularly so for European capital that has to compete with capital blocks which operate from bases where the social-democratic tradition of statism was never strong (the United States, the Far East). But, even at the planetary level, one could seriously doubt whether it is still possible to enhance the institutions of civil society within the context of the market economy. Granted that the fundamental aims of production in a market economy are individual gain, economic efficiency and growth, any attempt to reconcile these aims with an effective "social control" by the civil society is bound to fail since, as historic experience with the statist phase has shown, social control and market efficiency are irreconcilable objectives[53]. By the same token, one could reasonably argue that the central contradiction of the market economy today is the one arising from the fact that any effective control of the ecological implications of growth is incompatible with the requirements of competitiveness, which the present phase of the marketization process imposes.

Also, the very fact that even neoliberals talk today about the need to combine the civil society with the free market is an indication of the direction towards which the neoliberal consensus is moving at the moment. Thus, following the extremities of Thatcherism and Reaganomics, which led to an explosion of unemployment and poverty at socially intolerable levels, neoliberals seem to adopt the supposedly "radical" demand (which today attracts social democrats, ecosocialists and others) for the enhancement of the civil society.[54]

Finally, the same arguments above may be used against the case for a "new protectionism" recently put forward by some currents within the Green movement[55]. The demand for a new protectionism, within the existing framework of the market economy, is both ahistorical and utopian. It is ahistorical because it ignores the structural changes that have led to the present neoliberal consensus and the internationalised phase of the marketization process. It is utopian because it disregards the fact that any effective attempt to intervene with the system of the market economy in the form of protectionism (either of the "old" or the "new" variety) is bound to be inefficient and non-competitive and, as such, against the logic and the dynamics of the system itself. Furthermore, it is utopian because it assumes that the "greening" of trade, or the IMF/World Bank, or capitalism itself, is just a matter of persuading people about the evils of the free trade "ideology", so that pressure can be put on governments to change their policies, rather than actually changing the political and economic structures, that is, the market economy itself, through a transitional program leading to an ecological society[56].

Nationalism in Europe Today

The above survey of the historical relationship between the nation-state and the market in advanced capitalist countries (a separate analysis is needed in order to examine the same relationship in the periphery) leads to the conclusion that it may be possible to establish a loose, inverse correlation between marketization and nationalism. Although, of course, complex phenomena like nationalism can in no way be attributed exclusively to one factor, even such an important one as the economic factor, still one cannot fail to notice that in previous phases of marketization, when the nation-state was playing an important economic role, nationalism was rising. This applies to the first phase of marketization, when protectionism was rampant, as well as to the phase of statism in the interwar period, particularly the nationalist form of statism (Germany, Italy, etc.). On the other hand, in the present internationalised phase of the marketization process, where the economic role of the nation-state is withering away, nationalism is, also, receding. Although this is true today with respect to the EEC countries only, sometime in the next century, it could be true for most of America and Asia.

Thus, in Europe, the birth place of the nation-state and of nationalism, a dual process has been set in motion. In Western Europe, there is a movement towards a federal supra-national state, which reflects the fact that the core EEC countries have already entered the highest phase of the marketization process. In fact, Western Europe is in a transitional period, in which the economic structure of each nation-state has already been internationalised, whereas the political structure, formally at least, still has the form of a nation-state. On the other hand, Eastern Europe is, also, in a transitional period, which is however qualitatively different from that in the West. The marketization process in Eastern European countries was violently interrupted by the advent of "really existing socialism". Therefore, the state in these countries plays today the same role that it played in Western Europe in the past century, when it was involved in the process of establishing the system of free markets. Under these conditions, the role of the nation-state is critical and this fact could be a significant factor in explaining the rise of nationalism in these countries. In a sense, the present nationalist conflicts mark the full integration of the countries concerned with the world capitalist market. Once the marketization process has been completed and the countries concerned are fully integrated in this system (as the periphery of Western Europe), one can expect not just the withering away of nationalist conflicts in this area, but also the active participation of these countries in the emerging European supra-national state.

In concluding, the crucial choice today is not, as in the past, internationalism versus nationalism. Nationalism, in the framework of the newly emerging economic blocks, is meaningless. Not only in the sense of political and economic autonomy but also in the sense of cultural autonomy. Cultural nationalism in an electronic environment, where 75 percent of the international communications flow is controlled by a small number of multinationals[57], is almost devoid of any meaning. In other words, cultural imperialism today does not need, as in the past, a gunboat diplomacy to integrate and absorb diverse cultures. The marketization of the communications flow has already established the preconditions for the downgrading of cultural diversity into a kind of superficial differentiation akin to a folklorist type.

So, the real question is what form of association of the peoples living in each block can provide the institutional framework for political, economic and cultural autonomy. With reference to the European unification, we may classify as follows the main proposals:

a. The proposal for a *Commonwealth of nation-states*. This is supported by the European right wing, from the extreme nationalists of Lepen in France to the Thatcherite neoliberals in Britain. Their aim is the continuation of the nation-state within the framework of the internationalised market economy. The supporters of this proposal are obviously unable to realise that today's transition to a new phase in the marketization process has created a fundamental incompatibility between the political structure of the nation-state, which characterised the first phase of the marketization process in the last century, and the present internationalised economic structure.

b. the proposal for a *European Federation*. This is supported by the political representatives of the neoliberal consensus, that is, by the liberal and social-democratic parties and their fellow travelers in the Green movement. Their aim is the federation of the present states and the concentration of political and economic power phased into the hands of federal organs (the European Commission, European Parliament, European Central Bank and so on). Although this proposal is more realistic than the Commonwealth proposal and it is likely to materialise by the end of the century, it should be stressed that it fully adopts the "grow-or-die" dynamic of the market economy. In fact, the only aim of the liberals supporting this proposal is to create a political structure which is compatible with the internationalised economic structureÕin other words, to create the best possible conditions for the cutthroat competition with the other economic blocks, which are expected to be fully in operation by the beginning of next century. On the other hand, social democrats (and those ecosocialists who support this proposal), see in the federation the development of a kind of European civil society that will protect society from the market. However, the same reasons which led to the failure of statism are bound to lead to the failure of the proposed international statism as well. The institutional framework that is being established by the Single Market Act and the Maastricht Treaty clearly incorporates all the fundamental principles of the neoliberal consensus, as I attempted to show elsewhere[58]. The market logic therefore assigns an obviously utopian character to the social-democratic rhetoric on the civil society.

c. The proposal for a *Confederation of socialist states*. This is supported by socialists who have remained outside the "modernised" Left and still see that the old socialist ideal of social justice is completely incompatible with the institutional framework of the newly emerging Europe[59]. According to this tendency, under today's conditions of internationalisation, a confederation is the only form of unification that allows for the continuity, at the European level, of the welfare state and the commitment to full employment, without sacrificing national autonomy. Still, this proposal does not take into account the historical evidence, which conclusively shows that the attempt to concentrate political power, in order to reduce the market concentration of economic power (social democracy in the West) or eliminate it altogether (actually existing socialism in the East), has proved to be futile and totalitarian, respectively. In other words, those making this proposal cannot see that the response to the concentration of economic power is not a matching concentration of political power but a radical dispersion of both. Also, as this proposal identifies growth with Progress, it does not take into account the interdependence between the concentration of economic power and growth, which has led to the present rupture of society and nature.

d. The proposal for a *Confederation of autonomous regions*. This proposal, which reflects the views of social ecology, starts from the belief that the only way to secure social and individual autonomy, at the political, economic and cultural levels, is by re-integrating society and economy, in other words, by creating institutions that would support a direct and economic democracy[60].

Thus, the same principle that could apply as to the decision-taking process within confederations of communities, that is, coordination through confederal *administrative* councils of mandated, recallable and rotating delegates, could, also, apply as regards the Confederation of regionsÕprovided that a genuine principle of subsidiarity would determine the type of decisions taken at each level. This is in contrast to the EEC's principle of subsidiarity that delegates to the local decision-taking bodies all unimportant decisions.

What differentiates the above proposal for a confederation of regions from the usual Green proposal for a "Europe of regions", or from the ecosocialist proposal of Aautonomous regions within a unified European continent[61], is not that it assumes away the nation-state (which is phased out anyway within the EEC framework), but rather that it assumes away the concentration of political and economic power which results from the separation of the polity from the economy within the framework of the market economy and indirect democracy. In other words, the proposal aims at the elimination of the concentration of power, which results, first, from organising politics within a framework of political structures based on parliamentary democracy, and, second, from organising the economy within a framework of economic structures based on the market economy. As I attempted to show above, the objectives that mainstream Greens, ecosocialists and others usually mention (ecological balance, full employment, redistribution of income and wealth, radical change in the amount and pattern of production and consumption, protectionism, etc.), presuppose an effective social control of the market economy and, therefore, are incompatible with the logic and dynamics of the market economy.

The very fact that, at present, some varieties of the confederal solution attract several "identity movements" in Western Europe (from the Flemish to the Lombards and from the Scots to the Catalans) is not, of course, accidental. Despite the fact that these movements see the confederal solution as the best means to preserve their cultural identity, still, they also express, *in a distorted way*, the demand for individual and social autonomy. The distortion arises from the fact that the marketization of society undermines community values which historically have marked the essence of communities (reciprocity, solidarity, cooperation) in favour of market values (competition, individualism). Therefore, in the framework of the market economy, the demand for cultural autonomy is not founded on community values but, instead, on market values, in other words, values that encourage tensions and conflicts with other cultural communities. Finally, the current neoracist explosion in Europe is directly relevant to the effectual undermining of community values by neoliberalism, as well as to the growing inequality and poverty following the rise of the neoliberal consensus.

The establishment of an ecological society, based on direct and economic democracy, does not imply the automatic disappearance of cultural tensions, which could be expected to continue for a long period of time after the establishment of such a society. Still, one could reasonably assume that a society aiming at the elimination of the concentration of power will involve a significant qualitative change in the relations between communities, similar to the change to be expected in the relationships between individualsÕa change that should be conducive to the minimisation of cultural tensions.

Thus, a new movement, which aims at substituting a process that leads to a confederation of autonomous regions for the present process which leads to a federal supra-national state, and a confederation of communities for the decaying nation-state, could render nationalist conflicts superfluous. Furthermore, it could also lead to a truly “alternative” Europe, in place of the Europe of the markets and the multinationals that is being built today by the neoliberals, the social democrats and their fellow travelers in the Green movement.

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[1] Karl Polanyi, *The Great Transformation, the Political and Economic Origins of Our Time* (Boston: Beacon Press, 1944/1957), pp. 43-44.
[2] Polanyi, *The Great Transformation*, pp. 55-56.
[3] Pëtr Kropotkin, *Selected Writings on Anarchism and Revolution* (Cambridge and London: Massachusetts Institute of Technology, 1970), p. 231.
[4] Polanyi, *The Great Transformation,* p. 71.
[5] R. H. Lowie, quoted in Polanyi, *The Great Transformation*, p. 270.
[6] *See* for anthropological evidence, Polanyi, *The Great Transformation,* pp. 274-76.
[7] It would be natural to suppose, at first glance, that a merchant class grew up little by little in the midst of the agricultural population. Nothing, however, gives credence to this theory. Henri Pirenne, *Medieval Cities*, quoted in Polanyi, *The Great Transformation*, p. 275.
[8] In the marxist view, the nation-state is a stage in the historical development, a stage, which ‘by promoting the progress of industrialisation’ reates the necessary conditions for socialism. Marx himself supported fully the Aunity of great nations which, if originally brought about by political force, has now become a powerful coefficient of social production, Karl Marx & Frederich Engels, *Selected Works* (Moscow: Progress Publishers, 1968), p. 293.
[9] Murray Bookchin, *Urbanization Without Cities* (Montréal: Black Rose Press, 1992), p. 156.
[10] Bookchin, *Urbanization Without Cities*, pp. 131-32.
[11] Ernest Barker, quoted in April Carter, *The Political Theory of Anarchism* (London: Routledge, 1971), p. 30.

[12] *See* Takis Fotopoulos, AThe Economic Foundations of an Ecological Society, *Society and Nature*, Vol. 1, No. 3 (1993), pp. 1-40.
[13] Bookchin, *Urbanization Without Cities*, p. 201.
[14] Polanyi, *The Great Transformation,* p. 57.
[15] *See,* e.g., Immanuel Wallerstein, *The Capitalist World Economy* (Cambridge, Massachusetts: Cambridge University Press, 1979), Ch. I.
[16] Polanyi, *The Great Transformation,* p. 163.
[17] Bookchin, *Urbanization Without Cities*, p. 146.
[18] Polanyi, *The Great Transformation,* pp. 63-65.
[19] Kropotkin, *Selected Writings*, pp. 246-53.
[20] Polanyi, *The Great Transformation*, p. 75 & pp. 41-42.
[21] Polanyi, *The Great Transformation,* p. 71.
[22] *See* Nicholas Barr, *The Economics of the Welfare State* (London: Weidenfeld & Nicolson, 1987), Ch. 2.
[23] W. L. Goldfrank, «Fascism and the Great Transformation,» in Kari Polanyi-Levitt, ed., *The Life and Work of Karl Polanyi* (Montréal: Black Rose Press, 1990), p. 90.
[24] E. Gellner, *Nations and Nationalism* (London: Oxford Press, 1983), quoted in Nicos Mouzelis, ANationalism, *TO BHMA* (16 May 1993).
[25] Polanyi, *The Great Transformation*, p. 218.
[26] Polanyi, *The Great Transformation. See*, in particular, pp. 233-34.
[27] Polanyi, *The Great Transformation*, Ch. 1.
[28] According to D. Moggridge, AThe General Strike in Britain (1926) removed the possibility of widespread reductions in money wages and costs, if only because attempts at reductions were too expensive socially and economically. Quoted in Victor Argy, *The Postwar International Money Crisis* (London: Allen & Unwin, 1981), p. 17.
[29] Michael Bleaney, *The Rise and Fall of Keynesian Economics* (London: Macmillan, 1985), p. 66.
[30] Bleaney, *The Rise and Fall of Keynesian Economics*, pp. 41-52.
[31] Bleaney, *The Rise and Fall of Keynesian Economics*, p. 75.
[32] Polanyi derives the same conclusion as regards the two types of statism, although within the context of a different problematic. Polanyi, *The Great Transformation*, p. 245.
[33] *UK, Social Insurance and Allied Services (The Beveridge Report), Cmd. 6404* (London: HMSO, 1942).
[34] The average annual rate of growth of per capita income in advanced capitalist countries was 3.8% in 1950-70 versus 1.4% in 1820-1950. Also, capital accumulation was 5.5% in 1950-70 versus 2.9% in 1870-1913 and 1.7% in 1913-50. A. Maddison, *Phases of Capitalist Development* (London: Oxford University Press, 1982), p. 91.
[35] *See* for a discussion of the relevant evidence, Bleaney, *The Rise and Fall of Keynesian Economics*, Ch. 4.
[36] The average percentage rate of unemployment in advanced capitalist countries fell from 5.7% in 1870-1913 and 7.3% in 1913-50 to 3.1% in 1950-70. Bleaney, *The Rise and Fall of Keynesian Economics*, p. 92.
[37] Ian Gough, *The Political Economy of the Welfare State* (London: Macmillan, 1979), Table 5.2, p. 79. Indicative of the rapid growth of the welfare state during this period is the fact that social expenditures in Britain, which had risen from 4% of the GNP in 1910 to about 11% in the interwar period, had reached an average of about 25% in the early 1970s. Table 5.1, p. 77.
[38] Thus, whereas import penetration (imports as a percentage of production of manufacturing plus imports) within Europe was only 6% in 1937 and 1950, it increased to 11% in 1963 and 17% in 1971 significantly higher than the 1913 level of 13%. Philip Armstrong et al., *Capitalism Since World War II* (London: Fontana, 1984), Table 10.3, p. 215.
[39] The average annual rate of growth of imports in the group of the 7 more advanced capitalist countries increased by almost 40% between 1965-1980 and 1980-90 (from 3.9% in 1965-80 to 5.4% in 1980-90). *World Development Report* 1992 (New York: World Bank), Table 14, p. 244.
[40] In Britain, for instance, total taxes as a proportion of company profits (excluding national insurance contributions) increased from about 44% in 1955-59 to 48.6% in 1967-70. Andrew Glyn & Bob Sutcliffe, *British Capitalism, Workers and the Profits Squeeze* (London: Penguin, 1972), Table F.1, p. 260.
[41] Actual post-tax real wages and productivity in advanced capitalist countries increased at about the same rate

from 1960 to 1968 (4%), but in 1968-73, the former increased by an average of 4.5% versus a rise of 3.4% in the latter. Armstrong et al., *Capitalism Since World War II*, Table 11.10, p. 260. As a result, the share of profits in business output fell by about 15% in 1968-73. Armstrong et al., *Capitalism Since World War II*, p. 246.
[42] In Britain, for instance, total state revenue as a percentage of the GNP increased by 9% between 1951 and 1975, whereas the corresponding figure for total state expenditures increased by 29% in the same period. Gough, *The Political Economy of the Welfare State*, Table 5.1, p. 77.
[43] In the "Group of 7" biggest capitalist economies (the United States, Japan, Germany, France, the United Kingdom, Italy, Canada), the proportion of the active population employed in manufacturing fell almost by a third between 1972-73 and 1989-90, from an average of 32% in 1972-73 to 22% in 1989-90. International Labor Organization (ILO), *Yearbook of Labor Statistics*, (Geneva: ILO, various years).
[44] In the United Kingdom, the proportion of the active population in non-manual work increased from 12.8% in 1951 to 31.9% in 1978. Nick Bosanquet, *After the New Right* (London: Heinemann, 1983), p. 126. As a result of these trends, the structure of the British electorate changed drastically, and the proportion of the manual working class fell from a half to a third of the electorate within a 20-year period (1964-83). Bob Jessop et al., 'Popular Capitalism, Flexible Accumulation and Left Strategy', *New Left Review* (Sept.-Oct. 1987).
[45] Unemployment in the "Group of 7" more advanced capitalist countries more than doubled within 10 years (from 3.4% of the labour force in 1973 to 8.4% in 1983), and it is still rising. Armstrong et al., *Capitalism Since World War II*, p. 324. Also, as regards the American myth about the creation of jobs following the deregulation of the labour market, as the *Financial Times* writer Ed Balls argues, Awhat deregulation has achieved in the US is the creation of vast numbers of low paid and frequently part-time jobs in the service sector which have become the preserve of women. Quoted by Will Hutton, *The Guardian* (13 Sept. 1993).
[46] In Britain, the number of shareholders tripled in the 1980s, after the massive privatisations of Thatcher's government. Still, the proportion of shares held individually, rather than by capitalist firms and institutions, fell from 54% in 1963 to 28% in 1981 to 20% in 1988. Christopher Johnson, *The Economy Under Mrs. Thatcher, 1979-1990* (London: Penguin, 1991), p. 168.
[47] For instance, in the EEC, despite the conditions of free trade which have been established for a number of years, the average gross hourly earnings of industrial workers (in purchasing power terms) on the periphery (Greece, Portugal) are half of those at the centre. Eurostat, *A Social Portrait of Europe* (Luxembourg: Statistical Office of the European Communities, 1991), Table 6.13, p 72.
[48] Thus, the income of the richest regions in France, Belgium, Spain, Germany and the Netherlands is double that of the poorest ones, whereas in Italy it is 2.5 times higher. Eurostat, *Basic Statistics of the Community* (Luxembourg: Statistical Office of the European Communities, 1992), Tables 2.12-2.19, pp. 56-65.
[49] This is, also, predicted by a recent economic study. Mica Panic, *European Monetary Union* (London: St. Martin's Press, 1993).
[50] Polanyi, *The Great Transformation,* p. 29.
[51] Bosanquet, *After the New Right*, p. 126.
[52] *See*, Takis Fotopoulos, "The 'Objectivity' of the Liberatory Project", *Society and Nature*, Vol. 1, No. 2 (1992), pp. 1-31.
[53] *See* also, M. Olson, *The Rise and Decline of Nations* (New Haven, Connecticut: Yale University Press, 1988).
[54] The British Institute of Economic Affairs, a neoliberal think-tank which initiated many Thatcherite ideas, has just come out in favour of "civic capitalism" based on free market ideas with an emphasis on solidarity and mutual consideration (on the lines of friendly societies, etc.). *See* David G. Green, *Reinventing Civil Society* (London: IEA, 1993).
[55] Tim Lang and Colin Hines, *The New Protectionism: Protecting the Future Against Free Trade* (London: Earthscan, 1993).
[56] *See* Fotopoulos, The Economic Foundations of an Ecological Society.
[57] As K. Gouliamos, a Canada-based professor on mass media, stresses, *TO BHMA* (9 Feb. 92).
[58] Takis Fotopoulos*, The Neoliberal Consensus and the Crisis of the Growth Economy* (Athens: Gordios, 1993), Ch. 12.
[59] *See*, e.g., Eric Heffer, AA Rallying Call for Eurosocialists, *The Guardian* (1 Nov. 1990).

[60] *See* Murray Bookchin, AThe Meaning of Confederalism, and Howard Hawkins, ACommunity Control, Workers' Control, and the Cooperative Commonwealth,in *Society and Nature*, Vol. 1, No. 3 (1993), pp. 92-105 and 55-85, respectively, for the general principles on which a confederal ecological society could be based, as well as the author's AThe Economic Foundations of an Ecological Society, already cited, for a detailed proposal of direct and economic democracy.

[61] Penny Kemp et al., *Europe's Green Alternative: A Manifesto for a New World* (London: Greenprint, 1992), p. 42.