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Hegemonic Decline, West European Unification
and the Future Structure of the Core*

Volker Bornschier

Sociological Institute
University of Zurich
Ramistrasse 69
CH-8001 Zurich
Switzerland

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Abstract

This paper queries the applicability of hegemonic cycle theories to the emerging structure in the core of the world political economy and argues that we are likely, following this period of relative decline in American hegemony, to witness the emergence of hegemonic social practices in the absence, however, of a hegemonic state. Contrasting new beginnings with past patterns, we will suggest arguments why history will not be repeated.

Drawing on our research on the Single European Act (SEA), we argue that the bargain struck between the Commission of the European Union and West European transnational corporations, which culminated in the SEA, represents more than a decisive step towards economic and political union. We see it, more significantly, as embodying Europe's response to its declining position through an attempt to articulate a new societal model capable of successfully replacing the disarticulated post-WWII Keynesian social-welfare model, and of competing with the Japanese and American societal models.

In the future, it is very unlikely that power among the actors in the Triad will be so unevenly distributed as to permit the rise of a new hegemonic state. While it would seem, judging from historical experience, that the presence of a hegemonic state was functionally necessary for the establishment of hegemonic social practices in the core, we argue that another mechanism has now moved to the forefront. Due to pressures generated through increasing economic globalization, linked to demands associated with the quest for legitimacy on the part of democratic governments, we foresee, following a period of increased economic competition, the convergence of social practices around a single societal model.

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Contents

Introduction

1 Societal models as hegemonic social practice

- About societal models and the meaning of hegemonic transition

2 Structures and mechanisms generating social processes

- The world market for protection
- The relative strength of states, transnational business and citizens
- The difference between a hegemonic social practice (hegemony) and a hegemonial state (hegemon)

3 Explaining the Single European Act (SEA)

- The triggers for the relaunch and the actors involved
- Evidence from our empirical studies
- The elite bargain and the quest for legitimacy
- The EU on its way to a new societal model

4 An emerging hegemony without a hegemon

- Systemic change: six arguments why history will not be repeated
- Competition in the core and future prospects for convergence

Introduction

The 1970s and 1980s witnessed the decline of social practices embodied in what we term the Keynesian societal model in core countries. This crisis of the last societal model went together with a relative decline in US hegemony. The coincidence of these two processes notwithstanding, we should not confound the sequence of societal models -- hegemonic social practices -- with the rise and decline of hegemons along the lines suggested by hegemonic cycle theories. Our main thesis in this paper is that we are moving toward a new societal model in the core countries but without a corresponding hegemon.

In section 1 we spell out our notion of hegemonic transition in the sequence of societal models which we have studied in

detail elsewhere. In section 2 we outline structures and mechanisms that generate social processes. The concept of the world market for protection (WMfP), which regulates behavior, is briefly sketched and variables are introduced which affect the functioning of this central mechanism of the world system. These variables are the relative strength of states, the relative strength of transnational business and the relative strength of citizens. Since these are variables they may lead to a systemic change and thus affect the functioning of core structure and competition. We will use these considerations to underpin our forecast of the

[Page 1]

beginning of a new hegemonic social practice without a hegemon.

At the end of this section we come to a clarification of the difference we propose between the notion of hegemonic social practice in the core (or a common societal model) and a hegemonial core state (hegemon). It is true that in the past two centuries hegemons have been decisive for the emergence of new societal models and Britain and the USA are two cases in point. These two historic examples of hegemons, however, were exceptions due to the very unequal relative state strength at the core and the functioning of the WMfP in their respective epochs. Our conclusion is that similar conditions, and therefore a new hegemon, are unlikely to reoccur.

In section 3 we summarize some of our studies on the qualitative change in West European unification as initiated by the Single European Act through which the European Community embarked on its way to political union, i.e. the European Union. Why do we spend a whole section on this issue? The relaunch of the Community which resulted in deepening political union is, as our research suggests, the response to the crisis of the former hegemonic social practice (Keynesian model), of the relative decline of US

[Page 2]

hegemony and of the emergence of a new player in the core - Japan. At the same time, the Community's response of moving towards political union changed the very distribution of relative state strength in the core and resulted in a much more balanced power structure compared to that of the pre mid-1980s.

Whereas theories of hegemony or world leadership suggest that concentration and deconcentration of resources in the core fluctuate in a regular and cyclical way, we suggest that this is not a timeless mechanism. Since the regulating framework has, as we argue, fundamentally changed, the present deconcentration of resources in the core is not an intermediate step in the cycle towards new concentration and thus the structural basis for a new hegemonic state or group of states.

In section 4 we then summarize six arguments on the basis of our considerations which suggest that a new hegemon is

unlikely to emerge again. At the end of that concluding section we briefly address competition within the Triad and suggest that it is likely to eventually result in a convergence towards a common new societal model. No new hegemon will be responsible for this but it will occur rather as a result of the new way in which the world market for protection functions.

[Page 3]

Part 1

Societal Models as Hegemonic Social Practice

In order to approach the question of hegemonic transition, we need first to specify our meaning of hegemony, which in our view entails a consideration of societal models and of those mechanisms that govern and generate social processes. In the evolutionary conflict theory outlined and applied elsewhere (Bornschier 1988) the focus is on societal models, these being the central units of social transformation. At a general level, societal models comprise the predominant basic consensus at a certain point in time as well as the institutional arrangements created to settle conflicts between leading values representing human aspirations (equality, security and efficiency, which is understood as self-determination and economic progress), and demands that arise from vested power. However, once established, a societal model does not persist forever without undergoing change as contradictions arise within it and its coherence, or problem-solving capacity, begins to decrease. Rather, it runs through a particular career with the following stages: formation, unfolding, repletion, dissolution and eventually decay and displacement by a new societal model. It is in this sense that we use the term 'transition' of societal models.

[Page 4]

Evolution is a feature of this process of transition. Yet, rather than being a continuous linear phenomenon, evolution must be understood in terms of long cyclical waves of structural construction and destruction. In each single wave another, new societal model is spelt out. This model interlaces interpreted leading values, that is normative theories, with two encompassing institutional complexes that differ in their functional logic: the technological style and the politico-economic regime. Technological style refers to the type of productive and administrative organization. The politico-economic regime refers to that cluster of institutions which regulate social behaviour, build consensus, implement compromises and manage conflict. This notion therefore encompasses the shaping of the nation state and the world market.

The central institutions of the modern times -- the market,

the firm, the nation state and the educational system -- are shaped by a societal model, related to each other and "wrapped into a package". The social frame of reference of these processes is taken to be the world system rather than particular, territorily bounded societies. This is because these social processes are embedded in the capitalist system, a system understood as a world-encompassing arena of market and inter-state competition. An important point to note is that it is not only firms that engage in market

[Page 5]

competition. In addition, governments of states can also be said to be competing in a market for optimal location in the world economy -- an economic competition outside the narrower realm of that classical form of interstate conflict, politico-military rivalry. A 'world market for protection' regulates the interlacing of the political and economic sphere (of which more below).

In this theory, societal models are evolutionary stages in the development of the core societal type which spread to other societies in the last century. In spite of the considerable success of the early proponents of the capitalist project (Venice in the 14th and 15th, and North Holland in the 16th and 17th centuries), it remained confined for centuries to certain adjoining regions in what was still a very differentiated European social system. Only in the 18th century, when leadership shifted to England, did the breakthrough of the Industrial Revolution result in substantial adaptive pressure upon other societal models. This meant that other European societies were forced to incorporate the economically and politically superior institutions if they did not want to risk being outdone in the competition for core position. Thus, the French Revolution of 1789, and even more so the liberal uprisings of 1830 and 1848, resulted in the constitution of a group of societies that promoted the project of a single Western societal type.

In an evolutionary perspective, the historical success of this type of societal model is linked to its constitution as

[Page 6]

a market society, and to the decentralization of political power into the hands of differentiated and competing centers. The key strength of market society is its ability to delegate a large part of the ever-present calls for distributional fairness and justice to the 'impersonal' market. The result is that the separation of political power, and its control, can exist without a rigid pattern of enforced 'truth'. In short, we consider the institution of market society and this separation of political power to be the two defining elements of the Western societal type. Together with the constitutional state, they represent the underlying social contract which has been renegotiated at various times since 1830. These different societal models, each the product of the evolutionary transformation of the core type, can be outlined as follows:

(1) The liberal societal model of the founding era was formed after the liberal uprisings of 1830-48 and began to dissolve in the 1860s.

(2) The class-polarized model of the imperialist era originated following the widening of political participation and the extension of compulsory education in the 1880s, and dissolved after the turn of the century.

(3) The societal model of the re-allocative market economy and welfare state era, which integrated quasi-corporatist and Keynesian elements in varying degrees, originated among

[Page 7]

pioneering states (Sweden, USA, Switzerland) in the early 1930s and began to spread after WW11. Since the late 1960s, it has begun to dissolve and has, since the early 1980s, actually entered a phase of decay in certain countries (in particular the United Kingdom and the USA).

Before going on to examine the ways in which the theoretical construct of societal models can aid us in coming to a clearer understanding of hegemony, there remain a few words to be said about societal models. We mentioned that societal models encompass three spheres; normative theories, politico-economic regime and technological style. What remains is to clarify this point further by describing each of these spheres in turn which, for heuristic purposes, we will do in relation to the last societal model.

Normative theories. The swing in doctrines relating to economic policy was very important in the shift from the previous societal model. The emerging normative theory at the time, which sought to solve perceived existing economic and social problems, may be summarized in the following manner: The state could be regarded as the solution to the pressing problems that were seen to be the result of both a world economic crisis and the advent of a new technological style. However, state intervention was not only constructed as the solution to underconsumption through the stimulation of growth. At the same time, normatively fixed state

[Page 8]

intervention also permitted the integration of reformist socialism into the new societal model through the stated policy goal of redistribution. So constructed, solidarity and redistribution, two socialist demands, were no longer in fundamental conflict with a liberal position. In other words, the new guiding principles of state economic policy in the welfare state era legitimized solidarity and redistribution as virtues, the pursuit of which would stimulate economic growth.

However, the neoliberal and monetarist uprisings of the 1970s undermined this basic consensus regarding the role of the state, and therefore by definition the normative theories upon which this role had been based. A new motto was introduced: less state intervention - more freedom.

Politico-economic regime. The dominant normative theory of the neocorporatist-Keynesian societal model with its interventionist guiding principles created the possibility for a class pact to ensure economic stability, social pacification and growth, thus promising a "democratization" of wealth. This societal model was therefore characterized by two new linkages within the politico-economic regime: first, a new linkage between the economy and the state and second, a new linkage between capital and labor. In a comparative perspective, the extent of cooperation and

[Page 9]

linkage of interests has differed among core countries, but the basic model was the same. One thus finds different degrees of neocorporatist policy-making, i.e. of intermediation of organized interests coordinated by the state, within different countries.

Technological style. Procedural changes (in manufacturing and organizational processes) in the chemical industry were originally the key element of the technological style of the neocorporatist-Keynesian model. Using new production processes it became possible to produce the key industrial factor of energy (in the form of oil) at diminishing relative prices over a long period. In addition, there were significant innovations in the shaping of formal organization. Mention should be made here of "scientific management", the division of labor and the reorganisation of large corporations. Here, the growth of the enterprise was conditional upon a far-reaching separation of ownership and control which in turn led to changes in the composition of the economic elite. By redistributing income and positions in favor of the distinctly enlarged middle classes, the new organization created mass demand which reinforced mass production and the diffusion of the technological style. Finally, the new style offered a new mix of consumer and industrial goods.

[Page 10]

The 1970s heralded the advent of a new technological style integrating and linking new productive, distributive and administrative elements. This style was articulated during the 1980s by successively substituting the material and energy intensity of the former style by information intensity. The resulting advance in productivity was a consequence of cheap (and ever cheaper) micro-electronics and digital telecommunications. Computers became the new key

product and chips the new raw materials. By changing the shape of organisations, the structure of jobs and the patterns of consumption, the new style will go on to alter the appearance of social life - the end result being changes possibly even more dramatic than those having resulted from the former technological style.

Part 2

Structures and Mechanisms Generating Social Processes

An important question is of course 'what regulates behavior in the structure so far described'? Social order and the ensuing institutional structure are in fact a lot less discretionary than it may appear at first sight. The principles postulated by this theory -- liberty, equality, security, and power -- are partially incompatible and it is therefore possible to imagine a large number of potential social constructions which could link these conflicting

[Page 11]

principles to one another. Indeed, as a consequence of this fact very different new projects are often experimented with after the decay of a hegemonic societal model. However, the theoretical perspective put forward here considers that success in global competition will accrue to societal models that optimize legitimacy in comparison to their competitors and challengers, and therefore will limit the range of societal models possible at any given time. The mechanism constituting this disciplinary force is addressed by the theory of the world market for protection.

The World market for protection (WMfP)

The basic concept underlying the WMfP argument is that social order -- what we term protection -- is a collective good, albeit a territorially bounded one. Along these lines, we argue that governments, understood as political undertakings (Hintze 1929), produce and sell this utility (protection) to capitalist enterprises as well as to the citizens under their rule. A given state has to compete for the mobile capital, capital which in turn dictates the conditions under which it is willing to help state power to develop (Weber 1923: 288f). The theorem of protection rent (Lane 1979) in its original form can therefore be approached from either the point of view of states or of capitalist enterprises:

(i) a state will be the strongest if it can combine moderate taxing with effective support favorable to innovation and investment; and,

[Page 12]

(ii) a capitalist enterprise will prosper most if it can choose to be, or if it is fortunate enough to be situated in, a network of economic transactions effectively protected at cost.

Advantages thus accrue to both sides: higher returns due to protection at cost provide rents for capitalists and enhance their accumulation capacities, and for the state successful accumulation and higher returns provide a larger resource basis for its strength. We add to this the further point that

(iii) it is not the capitalist state *_per se_* which is most favorable to economic success, but rather the one that best reconciles the capitalist profit logic with the claims for legitimacy that arise from citizens, based on demands for security, equality and efficiency. This is what we term the 'extended protection rent theorem' which forms the core of the world market for protection theory (cf. Bornschier 1988, 1989; forthcoming, chapter 3).

To summarize this point, positions in the world system are not rigidly and lastingly fixed, and the world market for protection functions as a selective mechanism determining the relative position of competing states. In order for a state to preserve or attain core status it has been, during the evolutionary process of Western society, necessary for governments to respond to legitimacy demands, or at least to perform better in this respect than other competitors and challengers have.

[Page 13]

Relative strength of states

Returning to the point raised earlier that the frame of reference for social processes is the world-system, we note that a structural feature relevant to these processes is the distribution of power capabilities among states. By 'power' we mean here a state's ability to collect economic resources and thus enhance its own resource base. A very unequal distribution of that relative strength means that military capability, as well as the ability to affect the world market for protection, is unequally distributed.

This structural constellation may translate into the possibility of leadership by a hegemon. However, such a hegemonial position is not generated alone by coercion, but also by consent. This because hegemons perform certain tasks or services, in particular the provision of security and the regulation of the world political economy.

An important point to note, especially in terms of theorizing about future possibilities, is that in the past a dominant position of a state in the capitalist process was not necessarily linked to that state fulfilling the role of a hegemon. Venice, North Holland, and Britain - at least

before the Georgian transition (Modelski 1990) - were dominant in the emerging world economy and were the defenders of the principles of Western society. But, they had no leadership role as did Britain in the 19th or the USA in the 20th century. The reason for this is that competitors and challengers were not of the same type of societies.

[Page 14]

The fact that in the second half of our century only democratic market economies compete in the core makes the reaction to the forces of the WMfP much more immediate and direct than it was in the past. This point needs reiterating. Recall that the world market for protection rewards those states that best serve the capitalist profit logic while at the same time successfully responding to the legitimacy demands placed upon them by citizens. In a democracy therefore, the speed at which a state's inability to respond positively to such legitimacy demands is registered increases significantly.

As well, in this age of highly mobile capital, failure to serve the capitalist profit logic is also quickly punished, not simply via the traditional effects of a depressed economy, but also often by significant capital outflows and therefore longer term threats to the stability of the national economy. As well, a worsening economy in turn compounds a state's perceived and real inability to respond to legitimacy demands. Thus, in a democracy the disciplinary nature of the world market for protection functions much more directly than in the past.

And in the case where all the competitors for core positions are democratic, this means that the core of the world political economy is much more responsive to the influence of the world market for protection than was previously the case.

Relative strength of transnational business

Another aspect of structure which affects the mechanism of the WMfP is the relative strength of business vis-a-vis

[Page 15]

states, as mentioned above. Here we focus on transnational corporations and their strength relative to states in general (i.e., to public power). Since transnationals have the opportunity to shift business from one state to another, they in fact have more power to affect state behavior than local business normally has. By looking at the relative proportion of business controlled by transnationals in the world economy, we get an indication of the relative strength of business vis-a-vis states in general.

Of course, transnationals differ across sectors and time in the degree to which they rely directly on state-generated business opportunities. For example, transnationals in the knowledge and organization-based industries are less dependent on direct state intervention than transnational banks

or finance firms, thus increasing their power in the world market for protection vis-a-vis states.

Since transnationals in knowledge and organization-based businesses are dominant in the world economy, we can speak of economic globalization. In historical perspective, economic globalization at the end of this century is quite a new feature which (i) strengthens big business vis-a-vis states and which (ii) produces much more direct and immediate reactions of the WMfP, as well as tipping the balance in favor of transnational business at the expense of national business.

Relative strength of citizens

As another aspect of structure we would like to introduce the relative strength of populations vis-a-vis states and
[Page 16]

firms. The strength of people depends upon the degree to which they have a say in politics (i.e., the extent of democracy) and the degree to which unions are free to articulate the interests of their members. The higher the relative strength of people, the less delayed will be government's and business' reaction to people's demands. Again, this has the effect of speeding up the mechanism of the WMfP. Note however, that the mechanism still works, only with much greater delay, if people are only able to express their preferences indirectly.

In addition to formal democracy and unionization, education (universal values) and networks of civil society strengthen the cause of the people, although these opportunities may be unequally distributed. Even under such conditions, the power of states and firms vis-a-vis the citizenry is always substantial, since they distribute the means of subsistence -- pay as well as welfare provisions.

In a transnationalized or even globalized world, people would appear to be handicapped in pressing their claims since they lack the resources for organizing effectively at a transnational level. While there is certainly much truth in this observation, this should not lead us to discard the impact people can and do have. Because people normally act by means of influencing state behavior, it follows that, under conditions of democracy, they must also directly affect the parameters of the world market for protection as well.

[Page 17]

The arguments sketched so far imply that the WMfP at the end of this century functions much more directly than it did at any other time in the history of the capitalist system. We will use these arguments later to underpin our thesis of a new beginning without a hegemon. In the next step we introduce the conceptual differences between hegemonic social practice and a hegemonial state, differences upon which our thesis relies.

The difference between hegemonic social practice (hegemony) and a hegemonial state (hegemon)

The theoretical point we would like to establish here is the distinction between hegemony described in terms of a set of social practices which are dominant, and a hegemon, i.e. an actor, (in this case a state) which dominates within this structure.

Historically, a hegemon has been functionally necessary to create an hegemonic order. It is our thesis however that the role of 'hegemon' today has been replaced by the WMfP so that an hegemonial state is no longer necessary to enforce the normative, technological and politico-economic regimes of a hegemony. This function is, and will increasingly be, carried out by the WMfP itself.

According to Cox (cited after Parker 1992: 33), hegemony can be described as;

[Page 18]

"an order within the world economy with a dominant mode of production which penetrates into all countries and links into other subordinate modes of production. It is also a complex of social relationships which connect the social classes of different countries. World hegemony is describeable as a social structure, an economic structure and a political structure; and it cannot be simply one of these things but must be all three" (Cox 1983, 171f.)

In our view it is the order embedded within these structures, the combination of which we term a societal model, which is hegemonic. Of course, hegemonic practices and the role of a hegemon can go together, but we argue they do not necessarily have to.

The Keynesian societal model is a case in point for a hegemony which is inextricably linked to a hegemon - to the USA, which installed this order world-wide after it had arisen domestically during the New Deal era. After two world wars the two challengers for economic leadership, Germany and Japan, were virtually destroyed, and the USA's allies exceptionally weakened. In addition, the USA was the only power able to contain the counter-core project of the USSR. In this constellation it became possible for the USA to take over the role of a Western "Schutzmacht" and produce, immediately following the war, half of the world product. Therefore, the new societal model of the Keynesian era did not spread by imitation but rather was, throughout the core, a creation of the USA.

[Page 19]

In a similar manner, Britain's hegemonial position, which peaked in the mid-19th century, was also the result of the previous military defeat of its main contender, France. As

well, Britain's superior industrial performance triggered the liberal revolutions on the Continent. Germany, the emergent challenger, was not yet united and Russia had been defeated in the Crimean war. The power structure was therefore highly skewed in favor of Britain, and as a result its position as the hegemon remained unchallenged for decades.

Both the British and the American examples demonstrate that these hegemonic positions were exceptional, and they therefore only provide a poor guide for assessing the future structure of the core. Our theory holds that strong hegemonies may arise in the absence of a hegemon if the WMfP operates more directly. Since globalization and democratization have altered structural conditions significantly, this can be predicted for the future. Of course, the continued thrust of globalization and democratization is not to be taken for granted. In our theory they are variables, not constants, which affect the functioning of the WMfP (see "The relative strength of business" and "The relative strength of citizens"), and therefore changes in their trajectories will necessarily alter the outcome predicted here. Before discussing our prediction more extensively, we address West European unification.

[Page 20]

Part 3

Explaining the Single European Act (SEA)

In this third part of our paper, we shall argue that both the decay of the Keynesian societal model as well as the decline of the US position as hegemon triggered West European unification. By this very process a new actor was created, from that moment on participating on more equal terms with others in core competition. Our research on the Single European Act (SEA), through which the EC embarked on its way to political union, will be reported in detail elsewhere (Bornschiefer 1994; Bornschiefer forthcoming, Bornschiefer and Fielder forthcoming). Here we summarize only the major findings and arguments of our research.

We believe that the impetus for the relaunching of the European integration process came from transformations at the level of the world political economy, in particular the fact that for decades Europe has no longer been the center of the world political economy.[1] Following the First World War, the European powers were forced to relinquish this role to the United States (which, however, only assumed this role from the Second World War onwards). Thus, the European powers took their place behind the US as number two and were startled when, due to the hegemonic decline of the USA, the usual stability of the world economic structure was no longer guaranteed. Furthermore, the impressive rise of Japan

resulted in even the most powerful of European states being relegated to number three position in the world political economy.

[Page 21]

The triggers for the relaunch of the European intergraton project and the actors involved

Among the previous work on the new European Community which was created by the SEA (Sandholtz and Zysman 1989, Hoffmann 1989, Moravcsik 1991, Keohane and Hoffmann 1991, Cameron 1991, George 1993) only few authors have stressed the influence of transnational forces in the institutional rebuilding of the EC.

Sandholtz and Zysman (1989) have pointed to the transformation of the world economy as a necessary condition for the revival of the European project. We hold that a second necessary condition concerns the cyclical career of societal models. As we argued earlier, the Western societal model began to disintegrate towards the end of the 1970s. Former hegemonic societal doctrines like Keynesianism were replaced by monetarist and supply-side oriented ones after the World Summit Conference in Bonn in 1978. In 1982, the new doctrine was anchored in the OECD paradigm for a new economic policy for the Western World. The old technological style, characterized by the Fordist mass production paradigm, had reached its limits already in the early 1970s. Furthermore, the political shifts in the USA, Great Britain and Germany at the beginning of the 1980s destroyed the unquestioned position of the former politico-economic regimes of the post-war era. The concept of the transition of societal models - in hegemonic social practices - offers us the possibility of explaining the recasting of the EC as a move towards a vision of a renewed social contract in Western Europe, and therefore the beginning of the articulation of a new societal model.

[Page 22]

In brief then, the disintegration of the Keynesian societal model and the decline of the position of the USA as hegemon operated together. In combination they offer an explanation of the integrational momentum of the EC.

At another level, the relaunch of the EC must also be seen as an answer to contradictions inherent in the interventionist role of the state - which was an ideological and concrete cornerstone of the neocorporatist-Keynesian societal model. State economic intervention can only be free of major interstate conflict if it is embedded in, and curbed by, international regimes. One important pillar of this coordination was the dollar-gold exchange regime of Bretton Woods. However, in 1971 the United States, which had at one time established this system, was no longer in a position to defend the dollar.

From an institutional viewpoint, this means that the hegemon

abdicated the moment President Nixon gave up the exchange system by "suspending" the obligation to maintain the US dollar-gold parity. By 1973, when the European countries were forced to switch to floating, the system of fixed exchange rates broke apart completely and the disciplinary pillar of coordinating economic policies no longer existed. The important, even irrevocable, clasp had broken, because the USA was no longer willing to guarantee the international exchange system.

The process of European integration which is linked to these developments can be explained, we believe, through the theory of the world market for protection. It suggests that the motives of the leading European corporations and political entrepreneurs for a new deal hinged upon their desire to improve their competitive position relative to the United States and Japan.

[Page 23]

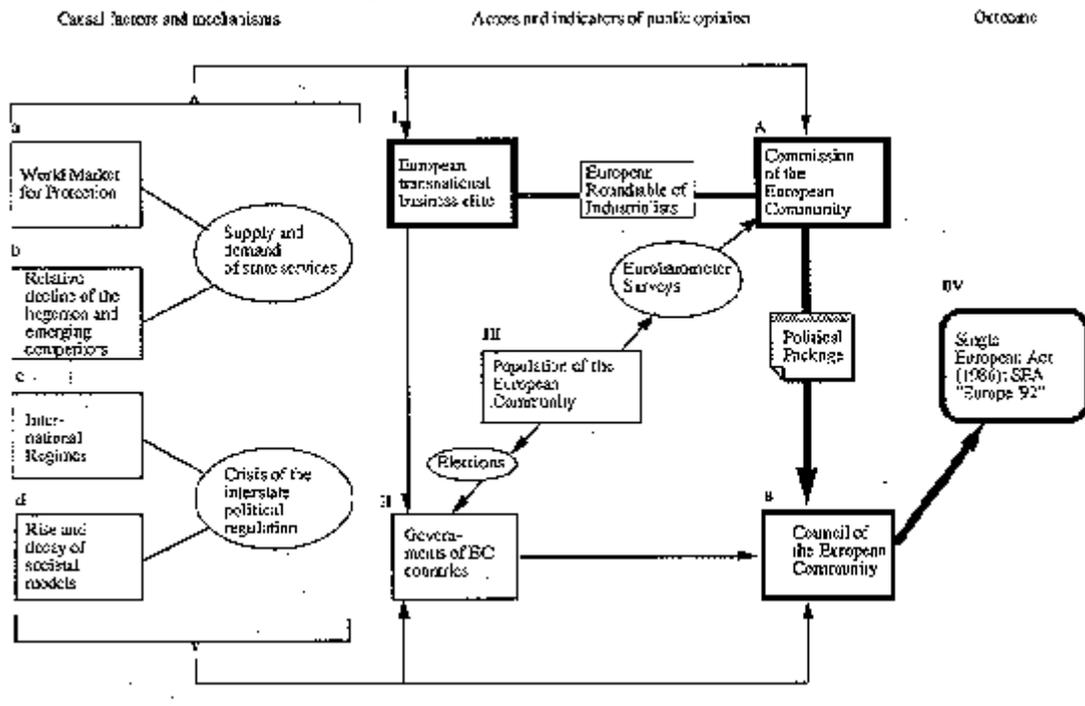
The competitive disadvantages of Europe as an industrial site were first felt directly by European transnational corporations. After the economic crisis of the 1970s, the United States as well as Japan recovered with greater ease than Europe. The USA, despite its loss of competitiveness, was able to take advantage of its huge and rather homogeneous internal market; and Japan enjoyed the advantage of elaborated strategic planning, which had already been an essential factor in Japan's extraordinary post-war rise. Interestingly, it was the "planned economy" (albeit a mild and very flexible version), tied to capitalistically inspired business and an orientation to long-term strategic goals, that made Japan big. It was not laissez-faire.

The argument from the theory of the world market for protection then in this case reads as follows: the European transnational corporations directly [2] and indirectly [3] demanded that the political entrepreneurs in Europe provide them with the combined advantages their rivals were enjoying in the United States and Japan. This demand created the start of a new state project along the following lines: a large homogeneous market combined with strategic planning, particularly with regard to the ever more important production factor of technology.

The WMfP mechanism emphasizes also a "demand-side" oriented explanation for the starting point of the relaunch of integration, one that overcomes the shortcomings of a mere "supply-side" explanation which stresses the relative autonomy of the EC Commission as a supranational political entrepreneur.

Our explanation so far developed is schematically represented in Figure 1.

[Click to View Figure 1 \(19k gif\)](#)



Such a transnational and

[Page 24]

supranational institutionalism argument in explaining the recast of the EC has been challenged by Moravcsik (1991) who advocates a neorealist or intergovernmental institutionalist explanation. He claims that the SEA can be best explained by simply considering the national interest of the three big member states, Germany, France and Britain. These three are said to have converged upon the lowest common denomination of their national preferences in producing the integration project. Furthermore, Moravcsik stresses that it was the heads of governments who took the lead in the negotiations and produced the break-through that is manifested in the SEA.

Evidence from our empirical investigations

Our analysis of documents has clearly revealed that the Commission was the institution making the proposals and formulating initiatives, not the governments and not the European Council, even though the Council is the (legal) decision-maker in the Community. Furthermore, evidence gathered through interviews conducted with witnesses, with members of the Commission and the European Roundtable of Industrialists point to the fact that the negotiations were not shaped by the threat of expulsion of Britain by France and Germany, as claimed by Moravcsik. Nor was evidence found which suggests that the agreement was the result of lowest-common denominator bargaining (indeed, in this case the

lowest-common denominator would have been to do nothing, which was obviously not the result of the negotiations).

[Page 25]

Rather, all the evidence points to support for the thesis that the 1992 project was originated by the EC Commission in cooperation with European transnational business. European industry, particularly through the European Roundtable of Industrialists, gave vital support to the work of the Commission and also contributed to the proposals made by the Commission by making sure that the needs and interests of European business were known. Why should governments have gone through with the creation of a single market if it was needed by no one? Transnational European big business needed it, as industrialists were fully aware of the fact that they had no hope of remaining competitive with the United States and Japan without it.

Documentary analysis as well as our elite interviews strongly support our hypothesis (see Figure 1) and at the same time cast serious doubt upon the explanation offered by Moravcsik.

The elite bargain and the quest for legitimacy□□

Let us recap the explanation so far developed. At the beginning of the 1980s the following constellations were apparent. The Western societal model had decayed during the 1970s. Europe was confronted with Japan's success in mastering the world economic crisis and it was challenged by America's experiment under President Reagan to rescue its world economic position -- at that time the experiment appeared viable for large parts of business. At this moment the "demand" of transnational European business and the

[Page 26]

"supply" of the supranational EC Commission met and provided the preconditions for a relaunch with a new politico-economic regime.

For Western Europe the elite bargain between the transnational corporations and the EC Commission as a supranational political entrepreneur combines the idea of the liberalization of the European market with new kinds of state services at the West European level -- the two strategic advantages enjoyed by the EC's two main rivals -- in order to prepare for the post-hegemonial competition within the Triad.

The EC project is, however, in no way a late offspring of "Reaganomics". The emerging EC-state strengthens not only the supply side of the economy, but also the demand side, insofar as the diffusion of the new technologies receive specific attention in order to support the increasing group of users and to offer socially created flanking measures to train and re-train workers and users beside supporting research. This is also proclaimed by Pandolfi's reorganization of the European Research Promotion policy

which is seen as moving away from supply side measures to the demand side. Furthermore, the emerging EC-state is sensitive to social cohesion, unlike Reagan's reconstruction attempt which reminded many of Victorian-like capitalism. Social networks in the EC -- despite several growing holes -- have in no way been folded up over the last dozen years or so.

Indeed, a core element of the impetus represented by the SEA is the strengthening of solidarity on an EC scale. Core

[Page 27]

elements of the normative theory of the Community are cohesion and convergence. This points to an expansion of the welfare state on an EC scale.

The European model of the welfare state has been a specific strength of the West European states during the post-war era. How then can the disintegration of this old model explain the transfer of this specific strength to the EU level? Neither the West European states nor the EU are following the socially regressive American deregulation model of Reagan and Bush.

We have argued that the Commission took up the demand by transnationals for a larger market and greater strategic planning. Our previous arguments may give rise to a false impression, namely that the Commission is therefore only acting as "Gesamtkapitalist" for the European transnationals (the agent of the transnational European capitalist class) and has no self-interest.

The additional hypothesis

Political actors and their representatives must legitimize themselves. The situation of the EU Commission concerning this need is very precarious. Even if the European Parliament is to be somewhat strengthened by the SEA, classic democratic legitimization is still only achieved indirectly through the democratically appointed and controlled representatives of the member states in the Council.

[Page 28]

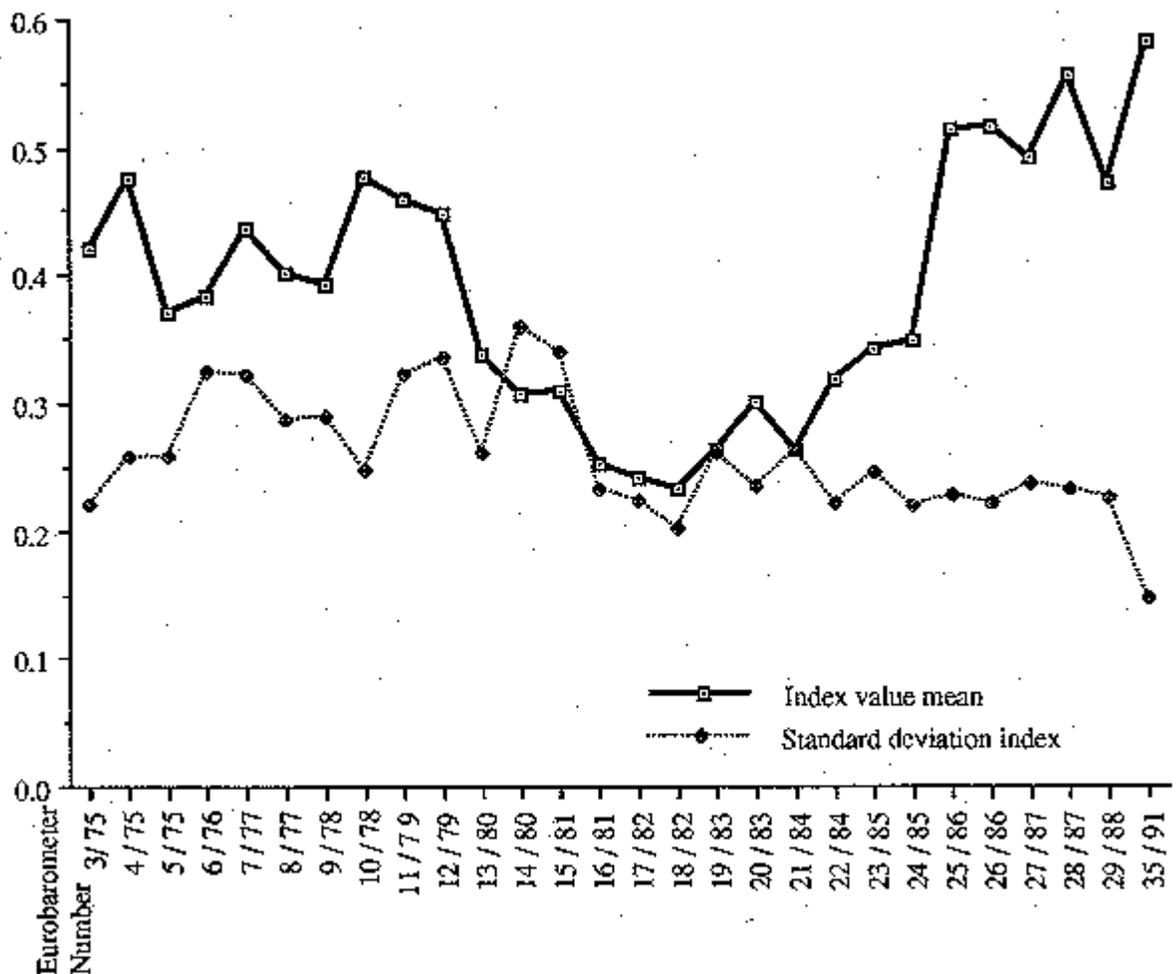
This situation, even before the SEA, weakened the Commission as it simultaneously strengthened the Council. As a result, the political ambitions of the Commission are blocked. However, at an earlier point the Commission began, through the means of opinion polls (Eurobarometer), to make direct contact with the citizens of the EC and find out what their views on political questions were. Since 1972 under the auspices of the Commission, a twice-yearly survey of the opinions of EU citizens has been conducted.

This polling of opinions has a considerable political function for the Commission insofar as the Commission endeavours to legitimize its policies with reference to the popular acceptance of the Community project. The results of

these polls are utilized politically on a daily basis. According to a quotation in the Commission's brochure "Citizen's Europe" [4]

More than half (53%) of the citizens of the 12 member states feel themselves to be at times or often Europeans. This comes from a 1991 Eurobarometer survey. The feeling of not only belonging to one country, but also of being European, is increasing in all of the member states of the European Community.

However, at the end of the 1970s and beginning of the 1980s support for the EC sank to a long term low and remained there until 1984 (Niedermayer, 1991). At the same time, differences between countries in the levels of support for the EC decreased continuously, representing a standardization of opinion across member states. These trends are illustrated in Figure 2, which was constructed by Felix Keller from our EC-project (Keller, unpublished work). [5]



Technical Note on Data for Figure 2:

Country Specific Index Values of Support for European Integration

Die exakte Frage des Eurobarometers lautete wie folgt: "Ist allgemein gesehen die Mitgliedschaft (des Landes der Befragten) eine gute Sache - eine schlechte Sache - oder weder gut noch schlecht." Die Antworten wurden in vier Kategorien codiert: 1. eine gute Sache 2. weder gut noch schlecht 3. eine schlechte Sache und 0. weiss nicht, keine Antwort.

Nach Niederrnayer (1991) empfiehlt es sich nicht, eine einzelne Kategorie der Frage isoliert zu betrachten, um die Unterstutzung in der Bevölkerung zu messen. Nach seiner Anweisung wurde deshalb ein Index entwickelt, der alle Antwortkategorien berucksichtigt, wobei die Antwortverweigerung zur Kategorie 2 (weder gut noch schlecht) codiert wurden. Die Indexwerte entstehen durch die Differenz der positiven und negativen Antworten uber der Anzahl möglichen Antworten ($[Kategorie\ 1 - Kategorie\ 3] / [Kategorie\ 1 + Kategorie\ 2 + Kategorie\ 3]$). Der Index hat eine maximale Spannbreite von - 1 bis zu + 1. Er nimmt den Wert von -1 ein, wenn alle Antworten negativ sind und den Wert von +1, wenn alle positiv ausfallen. Der Wert 0 bedeutet Indifferenz. Dieser Indexwert wurde für jedes Land zu jedem Zeitpunkt auf Basis der Eurobarometerbefragung errechnet und einer einfaktoriellen Varianzanalyse unterzogen, die den Index als abhngige Variable und den Messzeitpunkt als Klassifikationsvariable besitzt. Die daraus resultierenden Werte - Mittelwerte und Standardabweichung - lassen sich als Masse der zentralen Tendenz der Indexwerte, respective der Streuung (Homogenitat bezughch der Landerunterschiede) interpretieren.

[Page 29]

At the end of this period, in which the so-called Eurosclerosis was reflected in the mood of the public, the Commission began to make the pact more palatable to the citizens. And indeed there are elements in the political package of the Commission that cannot be explained solely in terms of the interests of transnationals. Rather, they express the Commission's need for legitimization. In June of 1984 the project "Citizen's Europe" was launched through an ad-hoc commission (formally set up by the Council), and already by 1985 an important symbol followed

-- the European Passport.

With the assumption of Jacques Delors, who was the socialist Finance Minister under Mitterand, of the presidency of the Commission, the social dimension had arrived. Since then, Delors has made "Europe '92: The Social Community" his political platform: "More social equality in Europe - a lively and humane society, is what the EC is seeking for its 340 million members." [6]

After launching the political package, which not only included the interests of the European transnationals but also the legitimacy ones of the Commission and which was then paragraphed in to the Single European Act, public support among the citizens of the Community sharply increased, as the poll results in Figure 2 illustrate.

The EC on its way to a new societal model

Single elements of the post-Keynesian policies -- which together will form part of the emerging future politico-economic regime of Western societies -- were pioneered in the
[Page 30]

USA (deregulation) and in Japan (strategic planning and management of key productive factors, especially technology, under the auspices of the state). But the EU seems to be quite successful in adapting them and, more important, to innovatively reshaping and extending them by a more harmonious combination of supply with demand side policies and by cushioning social side effects.

The Europe 92 target launched in the mid-1980s can be seen as a sort of cleansing process to remove Europe's neocorporatist crust without abandoning the strategic European advantages of a legitimizing welfare state. While Japan reaps strategic advantage from "lean production" (a term popularized by Womack et al, 1990), similar future advantages of the EU may stem from a "lean state" project -- a cornerstone of the emerging new politico-economic regime (Bornschiefer 1994). In the case of the EU, the weak but nevertheless emerging future policy is much more likely to recombine cultural and institutional traditions with new challenges in its policies than the competitors across the Atlantic and Pacific. The particularity of this lean state is related to the absence of much of a polity in the EC's past.

Part 4□□

An Emerging Hegemony Without a Hegemon

The hegemonic transition of which the EC's relaunch is part will not produce a new hegemon similar to those we know from the British and American examples. Why not? When we maintain that a future hegemonic state or even group of

states within the core is unlikely, we base our arguments on
[Page 31]

systemic change being brought about through the new way in which the world market for protection functions. This mechanism was introduced above in our brief discussion of the structures and mechanisms generating social processes.

Systemic Change

A necessary condition of hegemony or leadership is, according to "hegemonic stability theory," a very unequal distribution of resources among the actors within the WMFP. This structural condition is converted into hegemony when accompanied by the agreement of the other powers who authorize the hegemon to provide collective security and to regulate the world political economy.

Two examples are commonly referred to when discussing hegemony, and we will have cause to refer to them as well below. The first is that of Britain, which reached its peak in 1850, and that of America, which reached its peak in 1950. Both these examples illustrate the exceptional character of hegemonic positions within the last two hundred years, and therefore speak against any mechanistic extrapolation of the theory of the rise and fall of hegemonic core powers into the future. Indeed, we will argue that a similar configuration is unlikely to reoccur in the foreseeable future. The following considerations lead us to this conclusion:

(1) One can, on the basis of previous experience, argue that the global war cycle is a mechanism which, by producing victors and vanquished, could lead to a significant inequality in power between core powers in the future. Such a consideration, however, represents a failure to appreciate
[Page 32]

the fact that systemic conditions have fundamentally changed -- today, all competing core powers are democratic. This is, in the first place, a completely different circumstance in which to initiate a new societal model. What follows from this? A regularity, or one could even say a law, in the social sciences states that democracies do not wage war with one another. This point has recently been further substantiated by Bruce Russett (1993, 1994).

(2) In the past, economic advantages could accumulate as a result of a superior social order in a particular society, and over time give rise to a considerable imbalance in economic power. In the future this will only reoccur with great difficulty due to globalization and the democratization of the core as referred to above. Societies today learn much more quickly from one another because the effects of the mechanism of competition for a superior social order have grown so much stronger.

(3) The balance of power has long been a powerful mechanism in checking the ambition of one power seeking to

dominate others. In the future however, this mechanism will be even more effective. Western Europe's innovation in competition among the core powers is that since the SEA of 1986, the European Union has, so to speak, increased state power through the fusion of different national states in the same way as companies increase their market power through merger. The result of this course of action will be that Western Europe is destined to become a serious player in the Triad. At the same time, this will also have the effect of, to some degree, balancing the division of power in the core.

(4) In the heyday of British and American hegemony, their respective solid militarily-underpinned leadership role was functionally important in the defence of the principles of Western society. This was the case because the most

[Page 33]

important challenger to their power was, more or less, hostile to these principles. In contrast to these historical constellations, the principles of Western society are today firmly anchored in nearly two dozen societies.

(5) A substitute for the services of a hegemon in the creation and maintenance of collective goods (in particular international regimes) has for some time now been in sight. The social basis for this replacement is a globally-oriented civil society along the lines of the Trilateral Commission (Gill 1990). Trilateralism as a method of conflict resolution was practised under both Presidents Ford and Carter, and world economic summits have, since the mid-1970s, been instruments for conflict settlement through the mutual personal exchange of information and negotiation (Putman and Bayne 1985). The unexpected breakthrough in the effort to regulate world trade, and the creation of the World Trade Organisation in December 1993, are indications that, even in a multi-polar world, cooperation and the settlement of disputes is possible in the absence of a hegemon to guarantee the order. This is clearly in contrast to the position which, falsely, is put forward in other theories of hegemonic stability.

(6) Lastly, since the victory of the market over its historical adversary the command economy, the provision of security by a hegemon is no longer as necessary as it once was. Threats from a new potential counter-core (Islamic Fundamentalism with increasing state power and oil as a weapon), or from the remains of the one-time socialist counter-core states (possibly China, or also Russia following a successful coup) will be confronted under the leadership of America acting as a sort of world sheriff supported by all the other core powers and the UN. America's

[Page 34]

continuing impressive military might will be transformed into a specialized security role for the whole core. This is however different from what is understood by the term hegemon - a state that possesses clearly superior power in all realms.

In sum, although we are on the way to a new hegemonic societal model in the core it is very unlikely that a hegemon will reoccur. We experience a hegemonic transition without a new future hegemon.

Competition in the core and future prospects for convergence

The revitalization of capitalism after the decay of the former Soviet Empire will lead to a global hegemony of capital backed by powerful transnationally oriented actors -- firms, professional as well as administrative elites. In this structure ordinary people act only indirectly and express their preferences via state regulation. This may seem today to be an insignificant consideration. But one should not forget that paying attention also to the interests of ordinary people was the King's road of capitalist development. All societies once leading in that sequence, starting with Venice, offered more opportunities for their people (see Bornschier 1988; Modelski 1990). This will continue in the future because legitimacy is a productive factor.

[Page 35]

For the immediate future three competing submodels will continue to coexist at the core. This means that the new hegemonic social practice starts in a weak form. We conclude the paper by discussing the prospects for convergence in the more remote future.

The emphasis on deregulation in the case of the USA is coupled with a weak welfare state and the problems of military overhead. But beside its excellent innovative record, the USA has a rich democratic tradition and a remarkable record in integrating many cultures. It is, as Modelski (1990: 251) coins it, a "most active workshop of political practice, itself a microcosm of world society." In this respect, Japan performs less well, and the EC can compete only in terms of multiculturalism. In any case, the speculation about a "bigemony" (Bergsten 1987) between Japan and the USA as a kind of "Pax Amerippon" fails to recognize that the two systems that would have to pull together represent in many respects two extremes as regards societal organization.

Japan's mercantilist path combines market forces with strategic planning of the state through which visions (information society) are created, however, only for their own society and hardly for world society as a whole. Japan shares with Western Europe the emphasis on social "Ausgleich", consensus and neocorporatist practices which are -- except for the short New Deal intermezzo -- absent in America. Furthermore, Japan is leading with respect to "lean production", the management philosophy of the new technological style.

However, Japan's success in this respect cannot simply be

projected into the future. In a world in which software is becoming more and more important, the current high

[Page 36]

performance is only of limited value. What is needed is cultural opening as an instrument for the next round of competition. Otherwise this competitor will become merely the best technician who, however, never shows the way.

Despite the present weakness of the EU economy both vis-a-vis Japan and the USA, Western Europe is not entering a lost race. Except for its precarious position with regard to future key industries (see Bornschier, 1994), EU-Europe combines most of the advantages of its competitors. Its project is to combine a large single market with strategic planning and social "Ausgleich" and to establish a truly multicultural society with a lean state at the federal level. EU Europe has made the move, and the conditions regarding the combination of market with strategic planning and social "Ausgleich" are better than in the United States for historical reasons.

It is always difficult to foresee the future, but it seems reasonable to predict that core competition will, in the longer run, translate into convergence towards the West European model. Such a convergence would also imply that North America and Japan-centered South East Asia will imitate regional projects of the EC-type -- a process that is already under way (e.g. the North American Free Trade Association/NAFTA, Asean Free Trade Area/AFTA, Asia-Pacific Economic Cooperation/APEC)

Such a convergence would not only strengthen the future hegemony, but it could also provide a vision for the vast rest of world society. But even then EU-Europe would not act as a hegemon in that structure. Times have changed and history does not reoccur in a mechanistic way.

[Page 37]

Notes

1. "Relaunching" is used here to refer to the renewed efforts taken towards the widening and, in particular, the deepening of the European Community which resulted in the Single European Act.
2. Directly, i.e. towards the Commission via the European Round Table of Industrialists.
3. Indirectly, i.e. via their national governments.
4. Commission 1992, Luxembourg, Amt fur amtliche Veroffentlichungen der Europaischen Gemeinschaften, ISSN 03 79-3141, Kat.-Nr. CC-74-92-281-DE-C.
5. The basis of this analysis corresponds to the conception of "diffuse" support for a political system developed by Easton (1965). Such support is established in all Eurobarometers, see Technical Note on Data in Figure 2.

6. From Kommission (Hg.): Europa '92. Die Soziale Gemeinschaft. Informationen über sozialpolitische Programme und Initiativen. Für Arbeitnehmer und Verbraucher. November 1990, p. 2.

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