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# Introduction

For the first half of the twentieth century, Europe was the most turbulent region on earth, convulsed by war, economic crisis, and social and political conflict. For the second half of the century, it was among the most placid, a study in harmony and prosperity. What changed?

Two narratives commonly emerge in answer to this question. The first focuses on the struggle between democracy and its alternatives, pitting liberalism against fascism, national socialism, and Marxist-Leninism. The second focuses on the competition between capitalism and its alternatives, pitting liberals against socialists and communists. In both cases, liberalism triumphed. Democratic capitalism proved the best form – indeed, the "natural" form – of societal organization, and once Western Europe fully embraced it, all was well.

This account obviously contains some truth: The century did witness a struggle between democracy and its enemies and the market and its alternatives. But it is only a partial truth, because it overlooks a crucial point: Democracy and capitalism had been historically at odds. Indeed, this was one point on which classical liberals and traditional Marxists agreed. From J. S. Mill to Alexis de Tocqueville to Friedrich Hayek, liberals have lived in constant fear of the "egalitarian threats of mass society and democratic . . . politics, which, in their view, would lead, by necessity, to tyranny and 'class legislation' by the propertyless as well as uneducated majority." Karl Marx, meanwhile, expressed skepticism about whether the bourgeoisie would actually allow democracy to function (and workers to take power), but felt that if they did, democracy might contribute to bringing about an end to capitalism – a potential, of course, that he, unlike his liberal counterparts, welcomed.<sup>1</sup> The story of the twentieth century, and the reason that its second half was so different from its first, is thus to a large degree the story of how capitalism and democracy were rendered

<sup>&</sup>lt;sup>1</sup> Clas Offe, "Competitive Party Democracy and the Keynesian Welfare State: Factors of Stability and Disorganization," *Policy Sciences*, 15, 1983, 225–6.

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978-0-521-52110-9 - The Primacy of Politics: Social Democracy and the Making of Europe	e's
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compatible, so much so that we now see them as inextricably linked and as the necessary and sufficient preconditions for social stability and progress.

In practice, this rendering entailed a dramatic revision of the relationship that existed among states, markets, and society up through the early twentieth century; it meant creating a capitalism tempered and limited by political power and often made subservient to the needs of society rather than the other way around. This was as far a cry from what liberals had long advocated (namely, as free a rein for markets and individual liberty as possible) as it was from what Marxists and communists wanted (namely, an end to capitalism). The ideology that triumphed in the twentieth century was not liberalism, as the "End of History" story argues; it was social democracy. This book tells its story.

# Capitalism

Before delving into this story, it is worth stepping back a bit to remind ourselves of how contested the relationship among states, markets, and society has been since the onset of capitalism. Most people today take capitalism so much for granted that they fail to appreciate what a recent and revolutionary phenomenon it is. Although trade and commerce have always been features of human societies, only in the eighteenth century did economies in which markets were the primary force in the production and distribution of goods begin to emerge. As these markets spread, they transformed not only economic relationships but social and political ones as well.

In pre-capitalist societies, markets were embedded in broader social relationships and subordinated to politics. Thus, the institutions, norms, and preferences of traditional communities governed markets' reach and operation. From the most traditional societies up through Europe's mercantalist age, decisions about the production and distribution of goods were made not by markets but by those with social and political power. Although markets existed, they were strictly constrained and regulated:

[N]ever before [modern capitalist] time were markets more than accessories of economic life. As a rule, the economic system was absorbed in the social system... and [w]here markets were most highly developed, as under the mercantile system, they throve under the control of a centralized administration which fostered autarchy both in the house-holds of the peasantry and in respect to national life. Regulation and markets, in effect, grew up together. The self-regulating market was unknown; indeed the emergence of the idea of self-regulation was a complete reversal of the trend of development. It is in light of these facts that the extraordinary assumptions underlying a market economy can alone be fully comprehended.<sup>2</sup>

With the advent of capitalism, in other words, the traditional relationship among states, markets, and society was reversed as the needs of markets came to determine the nature of communal life and the limits of political power; in

<sup>2</sup> Karl Polanyi, The Great Transformation (New York: Beacon Press, 1957), 68.

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essence, under capitalism, "society [became merely] an adjunct to the market."<sup>3</sup> This is a dynamic, of course, with which any contemporary observer of globalization is familiar, but it did, in fact mark a dramatic historical departure: It was only with the triumph of capitalism in Europe beginning in the late eighteenth and nineteenth centuries that many critical decisions about how people lived their lives were left to the mercy (or lack of it) of impersonal economic forces.

For individuals, capitalism meant an end to a world where one's position and livelihood were defined primarily by membership in a particular group or community, and the transition to a system where identity and sustenance depended on one's position in the market.<sup>4</sup> The shift from traditional to modern societies had, of course, immense liberating potential for individuals: It meant the possibility of a world where one's life chances were not strictly defined by communal identity or family background. It also meant, however, that the web of ties and responsibilities that had tied individuals to their fellows and society more generally was sundered.<sup>5</sup> One critical consequence of this tearing asunder of traditional relationships was that whereas in pre-capitalist society an individual's basic sustenance might be guaranteed as "a moral right of membership in a human community,"<sup>6</sup> under capitalism the threat of starvation – the "economic whip of hunger" – became a necessary and even desirable part of societal arrangements, the ultimate incentive to play by the rules of the game.

Communal life was also up-ended. Throughout Western history, it had been widely believed that societies could be held together only by some shared vision of the public good. It was for precisely this reason that thinkers throughout Western history had long worried about the harmful effects of the pursuit of material gain. Thus Plato had Socrates say in *The Republic* that "the more men value money the less they value virtue," while the Apostle Paul argued, "the love of money is the root of all evils."<sup>7</sup> Capitalism aggravated these tendencies, this argument goes, since in addition to encouraging avarice and amoralism,

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<sup>&</sup>lt;sup>3</sup> Ibid., 52. Also, idem, "The Economy Embedded in Society," in idem, *The Livelihood of Man* (New York: Academic Press, 1977), Harry Pearson, ed., and Allen Morris Sievers, *Has Market Capitalism Collapsed? A Critique of Karl Polanyi's Economics* (New York: Columbia University Press, 1949), 19.

<sup>&</sup>lt;sup>4</sup> Polyani, *The Great Transformation*, 73. See also Santhi Hejeebu and Deidre McCloskey, "The Reproving of Karl Polanyi," *Critical Review*, 13, 3–4, 1999, and J. R. Stanfield, *The Economic Thought of Karl Polanyi* (New York: St. Martin's Press, 1986).

<sup>&</sup>lt;sup>5</sup> Marx and Friedrich Engels memorably criticized this shift in the *Communist Manifesto*: "The bourgeoisie, wherever it has got the upper hand, has put an end to all feudal, patriarchal, idyllic relations. It has pitilessly torn asunder the motley feudal ties that bound man to his 'natural superiors,' and has left remaining no other nexus between man and man than naked self-interest." "The Communist Manifesto," reprinted in Robert Tucker, ed., *The Marx-Engels Reader* (New York: W. W. Norton, 1978), 475.

<sup>&</sup>lt;sup>6</sup> George Dalton, *Essays in Economic Anthropology Dedicated to the Memory of Karl Polanyi* (Seattle: University of Washington Press, 1965), esp. 2–3. See also Sheri Berman, "Capitalism and Poverty," *World Policy Journal*, 22, 5, Spring 2006.

<sup>&</sup>lt;sup>7</sup> Jerry Z. Muller, *The Mind and the Market* (New York: Alfred Knopf, 2002), 4–5.

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market-based societies distracted people from the common purposes and higher ends to which life should be devoted. With the transition to capitalism, selfinterest took precedence over communal interest, and temporary and shifting relationships of contract and exchange became the primary bonds between citizens. It is hard for us today to remember how truly revolutionary a transformation this was:

To insist that society is and always has been nothing more than the sum of individuals, that the common end can only be achieved by maximizing individual interests, that the economy is, by definition, a mechanism governed by economic motives for the satisfaction of economic needs, that religious [and moral] standards are at best irrelevant to the economic enterprise, at worst detrimental – this mode of reasoning... is a peculiarly modern way of thinking, patently at variance with the beliefs most people lived with for most of history.<sup>8</sup>

Perhaps the most influential discussion of this shift was by Ferdinand Tönnies in his path-breaking Gemeinschaft und Gesellschaft (Community and Society).9 Here Tönnies argued that there were two basic forms of social life: that which existed before capitalism and after. In the precapitalist world, community reigned supreme. Commitment to the public or communal good was the highest value, and common views and an instinctual, unquestioned sense of social solidarity bound citizens together.<sup>10</sup> Or as another observer noted, "In traditional societies, the principle of social cohesion was part of the very structure of society. Hierarchies and distinctions, as well as equivalences, bound men together organically. The social bond was perceived as natural."11 The spread of markets, in contrast, destroyed the traditional elements holding together communal life and created a type of social organization where self-interest rather than communal interest reigned supreme. As Tönnies famously noted, "In community people remain essentially united in spite of all separating factors, whereas in society they are essentially separated in spite of all uniting factors."12 "Re-creating through political means the social unity which modernization has

- <sup>8</sup> Gertrude Himmelfarb, *The Idea of Poverty: England in the Industrial Age* (New York: Alfred Knopf, 1984), 23–4.
- <sup>9</sup> Ferdinand Tönnies, *Gemeinschaft und Gesellshaft* (Leipzig: Fues, 1887). Not everyone, of course, agreed with such views. See, most importantly, Adam Smith's discussion of "self-interest properly understood" in both *The Theory of Moral Sentiments* (New Rochelle, NY: Arlington House, 1969) and *The Wealth of Nations* (New York: R. R. Smith, 1948).
- <sup>10</sup> One should not, as Tönnies and others had a tendency to do, romanticize pre-capitalist life. The "public" or "communal" good was not one that people got to vote on; it was determined by tradition and, for the most part, suited best the needs of the most powerful. Nonetheless, what is important to note here is the powerful sense that communities took precedence over individuals and that, although unequal, all members of a community had certain responsibilities toward each other.
- <sup>11</sup> Pierre Rosanvallon, *The New Social Question: Rethinking the Welfare State* (Princeton, NJ: Princeton University Press, 2000), 11.
- <sup>12</sup> Quoted in Muller, *The Mind and the Market*, 230.

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destroyed" has thus been, as we will see, one of the main challenges facing modern societies.<sup>13</sup>

In short, the transition to capitalism brought a tragic irony: "At the heart of the Industrial Revolution of the eighteenth century there was an almost miraculous improvement in the tools of production, which was accompanied by catastrophic dislocations in the lives of the common people" and the organization of human communities.<sup>14</sup> These dislocations were so radical and destabilizing that they prompted an almost immediate backlash: an effort to limit the reach of markets and protect society from their destabilizing consequences. Thus began what Karl Polanyi called a "double movement," a battle between opposing principles that would shape modern life from that point forward:

[O]ne was the principle of economic liberalism, aiming at the establishment of a self-regulating market, relying on the support of the trading classes, and using largely laissez-faire and free trade as its methods; the other was the principle of social protection aiming at the conservation of man and nature as well as productive organization, relying on the varying support of those most immediately affected by the deleterious action of the market ... and using protective legislation, restrictive associations, and other instruments of intervention as its methods.<sup>15</sup>

This dialectic came to a head in the 1920s and 1930s. With economic collapse and social chaos threatening much of Europe, publics began to renew their demands for the stability, community, and social protection that modern capitalist societies seemed unable to provide. At this point fascism and national socialism charged onto the stage, offering a way out of the downward spiral, a new vision of society in which states put markets in their place and fought the atomization, dislocation, and discord that liberalism, capitalism and modernity had generated. For many fascism and national socialism thus represented "real but barbaric solution[s]" to the contradictions and problems of market society.<sup>16</sup> The fascist and National Socialist cures, of course, were worse than the original disease, and Europeans emerging from the tragedy of the interwar years and the Second World War confronted the challenge of creating a world in which the market's reach and excesses could be controlled and people's longing for social solidarity could be satisfied – without the sacrifice of democracy and the trampling of freedom that fascism and Nazism brought in their wake.

Just such a system, of course, is precisely what emerged during the postwar period. And although it is most often understood today as a modified or "embedded" form of liberalism, this is a dramatic misreading of both its

<sup>&</sup>lt;sup>13</sup> Samuel Huntington, *Political Order in Changing Societies* (New Haven, CT: Yale University Press, 1968), 73.

<sup>&</sup>lt;sup>14</sup> Muller, The Mind and the Market, 33.

<sup>&</sup>lt;sup>15</sup> Polanyi, The Great Transformation, 132.

<sup>&</sup>lt;sup>16</sup> E.g. Ibid. Also Fred Block and Margaret Somers, "Beyond the Economistic Fallacy: The Holistic Science of Karl Polanyi," in Theda Skocpol, ed., *Vision and Method in Historical Sociology* (New York: Cambridge University Press, 1984), 61, and John Lewis, Karl Polanyi, and Donald Kitchen, eds., *Christianity and the Social Revolution* (London: Victor Gallancz, 1935).

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roots and nature. In fact, rather than some updated form of liberalism, what spread like wildfire after the war was really something quite different: social democracy. By the end of the Second World War, social democracy had already been busy for a decade winning its first major political victories on Europe's northern periphery. Rejecting the economism and passivity of liberalism and orthodox Marxism, and eschewing the violence and authoritarianism of fascism and national socialism, social democracy was built on a belief in the primacy of politics and communitarianism – that is, on a conviction that political forces rather than economic ones could and should be the driving forces of history and that the "needs" or "good" of society must be protected and nurtured – and represented a non-Marxist vision of socialism. It was the most successful ideology and movement of the twentieth century: Its principles and policies undergirded the most prosperous and harmonious period in European history by reconciling things that had hitherto seemed incompatible – a well-functioning capitalist system, democracy, and social stability.

If this sounds surprising or overblown, it is perhaps first and foremost because, as noted previously, we have forgotten how unprecedented an achievement the postwar order was. Many, particularly in the United States, assume the natural compatibility of capitalism, democracy, and social stability when in fact they have historically not gone together. This lack of perspective is reflected in social scientific research as well. We have many excellent analyses of the constituent elements of Europe's postwar political economies. We know a lot, for example, about how and why democracy developed in Europe and elsewhere<sup>17</sup>; the nature and development of welfare states<sup>18</sup>; and the evolution, logic, and

<sup>17</sup> The literature of the development of democracy in Europe and elsewhere is huge. This book will in particular build on the work of scholars such as Barrington Moore and Gregory Luebbert, who have argued that there are fundamentally different paths to modernity, Barrington Moore, *The Social Origins of Dictatorship and Democracy* (Boston: Beacon Press, 1993), and Gregory Luebbert, *Liberalism, Fascism or Social Democracy* (New York: Oxford University Press, 1991).

This book will also address the much debated question of which socioeconomic groups and political actors should be seen as the fundamental bearers of democratic aspirations. In particular, it will argue against those who overemphasize the role of middle classes and liberal parties as opposed to workers and parties of the left, but it also takes issue with those who view the aspirations of workers and leftist parties as a unified whole. As we will see, it was only a very particular part of the socialist spectrum – the revisionist and social democratic part – that wholeheartedly stood behind the democratic project in the late nineteenth and early twentieth centuries. On the role of workers and parties of the left in the struggle for democracy, see Geoff Eley, *Forging Democracy: The History of the Left in Europe* (New York: Oxford University Press, 2002), and Dietrich Rueschmeyer, Evelyn Huber Stephens, and John Stephens, *Capitalist Development and Democracy* (Chicago: University of Chicago Press, 1992).

<sup>18</sup> The literature on the development of European welfare states is also huge, and accordingly this book will address only certain parts of it directly. So, for example, it will only in passing engage the debates concerning the origins or correct characterization of welfare states. E.g., Peter Baldwin, *The Politics of Social Solidarity* (New York: Cambridge University Press, 1990); Gøsta Esping-Andersen, *Three Worlds of Welfare Capitalism* (Princeton, NJ: Princeton University Press, 1990); Peter Flora and Arnold Heidenheimer, eds., *The Development* 

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consequences of Keynesianism, planning, and other tools of economic management.<sup>19</sup> What we have thought less about is the postwar order's overall historical role and philosophical significance.<sup>20</sup> This book will therefore build on the existing literature on Europe's twentieth century political economies but also go beyond it. In addition to chronicaling the "back story" of the postwar order, I will argue that this order must be understood as a solution to the problems unleashed by capitalism and modernity. During the nineteenth and first half of the twentieth centuries, the liberal, Marxist, and fascist/national socialist solutions to these problems were tried and found wanting. Once the catastrophe of the Second World War was over, a new order began to emerge based on an understanding of the relationship among states, markets, and societies that differed radically from that advocated by liberals, Marxists, and fascists/national socialists. Based on a belief that political forces should control economic ones and aiming to "re-create through political means the social unity which modernization has destroyed,"21 this order was, as we will see, a fundamentally social democratic one.

If one reason why social democracy's key role in twentieth century history has been obscured is that we have for the most part not thought about the postwar order holistically and historically, a second is that few scholars or commentators have given social democracy itself either the respect or in-depth ideological analysis it deserves. As a result, a force that has altered the course of European politics in the past and could do so again in the future remains strangely obscure.

of Welfare States in Europe and America (New Brunswick, NJ: Transaction, 1981); Evelyn Huber and John Stephens, *Development and Crisis of the Welfare State* (Chicago: University of Chicago Press, 2001); Isabela Mares, *The Politics of Social Risk* (New York: Cambridge University Press, 2003). Instead, the book focuses on the larger question of how to best understand the role or function played by welfare states in postwar political economies and builds upon the work of the "power resources" school and others who have written on the overall political and social implications of the welfare state. E.g., Gøsta Esping-Andersen, *Politics Against Markets* (Princeton, NJ: Princeton University Press, 1985); Walter Korpi, *The Democratic Class Struggle* (London: Routledge and Kegan Paul, 1983); idem, *The Working Class in Welfare Capitalism* (London: Routledge and Kegan Paul, 1978); Rosanvallon, *The New Social Question*; John Stephens, *The Transition from Capitalism to Socialism* (Chicago: University of Illinois Press, 1986).

- <sup>19</sup> Carlos Boix, Political Parties, Growth and Inequality (New York: Cambridge University Press, 1998); John Goldthorpe, ed., Order and Conflict in Contemporary Capitalism (New York: Oxford University Press, 1984); Peter Gourevitch, Politics in Hard Times (Ithaca, NY: Cornell University Press, 1986); D. A. Hibbs, The Political Economy of Industrial Democracies (Cambridge, MA: Harvard University Press, 1987); Alexander Hicks, Social Democracy and Welfare Capitalism (Ithaca, NY: Cornell University Press, 1999).
- <sup>20</sup> But see Mark Blyth, Great Transformations: Economic Ideas and Institutional Change in the Twentieth Century (New York: Cambridge University Press, 2002); Charles Maier, "The Two Postwar Eras," American Historical Review, 86, 2, April 1981; T. H. Marshall, Class, Citizenship and Social Development (New York: Anchor Books, 1965); Offe, "Competitive Party Democracy and the Keynesian Welfare State."
- <sup>21</sup> Huntington, Political Order in Changing Societies, 73.

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One reason for this neglect is a simple confusion of terms. During the late nineteenth and early twentieth centuries, many socialists adopted the label "social democrat" to differentiate themselves from other socialists who did not accept democracy. But these figures often agreed on little beyond the rejection of an insurrectionary or violent route to power, making their grouping of limited analytical use. Thus in Germany, for example, both Karl Kautsky and Eduard Bernstein claimed the social democratic label, even though they espoused dramatically different versions of socialism. Today the situation is similar, with a wide range of individuals and very different political parties identifying themselves as social democratic and having little in common save some vaguely leftist sentiments and a fervent desire not to be identified as communist.

Modern scholars, meanwhile, have often failed to appreciate social democracy's ideological distinctiveness. Most work on the subject in recent decades adopts one of two perspectives. The first, often espoused by critics, sees social democracy as an unstable halfway house between Marxism and liberalism, cobbled together from elements of incompatible traditions. In this view, social democrats are socialists without the courage of revolutionary conviction or socialists who have chosen ballots over bullets.<sup>22</sup> The second perspective, often held by supporters, sees the movement as an effort to implement particular policies or uphold certain values. In this view, social democrats are basically the champions of the welfare state, "equality," or "solidarity."

Each of these views contains some truth, but both miss the larger picture. This book will argue that social democracy is far more than a particular political program. Nor is it a compromise between Marxism and liberalism. And neither should it apply to any individual or party with vaguely leftist sympathies and an antipathy to communism. Instead, social democracy, at least as originally conceived, represented a full-fledged alternative to both Marxism and liberalism that had at its core a distinctive belief in the primacy of politics and communitarianism. The key to understanding its true nature lies in the circumstances of its birth. But before we can tell its story, a few words are necessary about the study of political ideologies more generally.

## Ideology

Most contemporary political scientists tend to shun the study of ideology because they consider the concept too vague and amorphous to have a place

<sup>22</sup> Thus Vladimir Lenin fervently attacked Eduard Bernstein and other forefathers of social democracy for what he saw as their attempt to sully socialism with "bourgeois liberalism." True revolutionary socialists, he argued, recognized the "antithesis in principle between liberalism and socialism." See Lenin, "What Is to Be Done?" in Robert Tucker, ed., *The Lenin Anthology* (New York: W. W. Norton, 1975). For the notion that social democracy is distinguished by its belief in the possibility of a "parliamentary road" to socialism, see Adam Przeworski, *Capitalism and Social Democracy* (New York: Cambridge University Press, 1988), and idem with John Sprague, *Paper Stones: A History of Electoral Socialism* (Chicago: University of Chicago Press, 1986).

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in rigorous analysis. Political scientists prefer to work with things that can be easily observed and quantified, and ideologies do not fit the bill. Yet even the skeptics would find it hard to deny, if pressed, that ideologies exist and exert a profound influence on politics. It would be impossible to discuss twentieth century history without using terms such as "fascist," "communist," or "liberal," and one would be laughed at if one tried. The result is a gap between academic theory and political reality that calls to mind the drunk looking for his lost keys under the lamppost because that was where the light was: The barren but easily searchable areas of political life receive lots of attention, while important subjects lie ignored in the dark a few feet away.<sup>23</sup>

Some social scientists justify the lack of attention paid to ideologies because they view them as mere epiphenomena, rising and falling thanks to changes in underlying economic interests or material conditions without exerting any significant independent impact along the way. For many Marxists, rational-choice scholars, and realists, for example, ideologies are best understood as mere tools or "covers" – adopted and used by political actors for various reasons, but not determining outcomes on their own. While this may often be the case, such a blanket rejection of ideologies' import is clearly wrong. Even a cursory reading of history shows that ideologies have played an important role in driving events down paths they would otherwise not have taken. They link people who would not otherwise have been linked and motivate them to pursue political goals they would not otherwise have pursued.

Another part of the problem is that many scholars who actually study ideology have been so narrowly focused on them that they haven't paid much attention to how ideologies are affected by other factors. Intellectual historians, for example, have produced rich and fascinating accounts of the content and advocates of ideologies, but they are often less good at telling us something about where ideologies come from or how they are shaped by the wider social, political, and economic contexts out of which they spring. Yet another problem is that many students of ideology work with a sort of status quo bias, treating ideologies as preexisting parts of a landscape and focusing on how they influence actors' behavior over time. Students of culture and certain kinds of institutionalists, for example, have a lot to tell us about how ideas and norms shape decisions and behavior, but especially, until recently, they have been less good at analyzing periods of change – times when belief systems and ideologies come under attack and new ones begin to emerge.<sup>24</sup>

<sup>&</sup>lt;sup>23</sup> In recent years, political scientists have begun to remedy this situation, yet even within the new and promising literature on ideas, topics such as the rise and fall of ideologies remain relatively understudied. Sheri Berman, "Ideas, Norms, and Culture in Political Science," *Comparative Politics*, 33, 2, 2001; Mark Blyth, "Any More Bright Ideas?," *Comparative Politics*, 29, 2, 1997; Stephen Hanson, "From Culture to Ideology in Comparative Politics," *Comparative Politics*, 35, 3, April 2003.

<sup>&</sup>lt;sup>24</sup> Berman, "Ideas, Norms, and Culture in Political Analysis"; Blyth, "Any More Bright Ideas?"; Harry Eckstein, "A Culturalist Theory of Political Change," *American Political Science Review*, 82, 3, September 1988, 790; Jonas Pontusson, "From Comparative Public Policy to Political

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The starting point for a more satisfying literature is the recognition that ideologies exist at the juncture of theory and practice, with one foot in the realm of abstract ideas and the other in everyday political reality. They have their greatest impact when they can seamlessly relate the one to the other, offering adherents both a satisfying explanation of the world and a guide to mastering it.

Even if a perfect fit does emerge between an ideology and its environment, it rarely lasts for long. The political, social, or economic landscape changes, and the ideology becomes less useful. Sometimes it can be tinkered with or updated to suit the new conditions; sometimes it just stagnates, opening the way for an alternative to vault into prominence and power. The story of each period of ideological hegemony, therefore, truly begins with the decline of its predecessor.

Ideologies, in other words, rise and fall through a two-stage process. In the first stage, existing ideologies are questioned and tarnished, opening up a political space that competitors aspire to fill.<sup>25</sup> In this phase, in other words, the perceived failures or inadequacies of the reigning intellectual paradigm(s) create a *demand* for new ideologies. Once a political space has begun to open, the second stage of the process begins, as some political actors start to develop and embrace alternative approaches. In this phase, that is, a *supply* of new ideologies begins to appear, with contenders competing for mindshare and political power.

This book will trace such patterns over time, treating the fate of twentieth century ideologies as an extended case study. During the late nineteenth and early twentieth centuries, Western European nations underwent massive change. New social groups increased in size and power; old political patterns and forms of social organization began to crumble; economies were transformed. These developments led many across the continent to question existing political ideologies and search for new ways of understanding and responding to the rapidly evolving world around them. The crises that buffeted the continent during 1910s through 1940s accelerated the process of reconsideration. Two world wars and a massive depression discredited many of the institutions, organizations, and approaches that had long dominated European politics, giving added impetus to the ideological reexamination and reformulation that was already under way.

Economy," *Comparative Political Studies*, 28, 1, April 1995; William H. Sewell, Jr., "A Theory of Structure: Duality, Agency and Transformation," *American Journal of Sociology*, 98, 1, July 1992. However, there has been some real progress of late in this regard. See Rawi Abdelal, *National Purpose in the World Economy* (Ithaca, NY: Cornell University Press, 2001); Blyth, *Great Transformations*; Craig Parsons, *A Certain Idea of Europe* (Ithaca, NY: Cornell University Press, 2003); Paul Pierson, *Politics in Time* (Princeton, NJ: Princeton University Press, 2004).

<sup>25</sup> Peter Gourevitch, *Politics in Hard Times* (Ithaca, NY: Cornell University Press, 1984); Ernst B. Haas, *When Knowledge Is Power* (Berkeley, CA: University of California Press, 1990); Stephen Krasner, "Approaches to the State: Alternative Conceptions and Historical Dynamics," *Comparative Politics*, 16, January 1984; Bo Rothstein, "Political Institutions," in Robert E. Goodin and Hans-Dieter Klingemann, eds., *A New Handbook of Political Science* (NewYork: Oxford University Press, 1996).

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