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0521643554 - German Unification and the Union of Europe: The Domestic Politics of Integration Policy

Jeffrey Anderson

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## 1 A new Germany in Europe?

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On October 3, 1990, the German Democratic Republic dissolved into West Germany accompanied by formal ceremony and joyous celebration. In the same moment, the new territories joined the European Community, an event that passed with little fanfare or controversy even though something extraordinary had taken place. German unification, experienced and observed with immense hope by some and visceral unease by others, had occurred not against but within Europe, indeed *for* Europe: The Community channeled the unification process as unification in turn imparted new impulses to integration. Unification and union combined to produce an equilibration of political momentum.

To many observers, these events confirmed elemental postwar continuities.<sup>1</sup> For forty-five years after the end of World War II, West Germany's relationship to Europe resembled a virtuous circle in stable equilibrium: the Federal Republic drew economic prosperity and political legitimacy from its membership in a larger European project, which in turn gained strength from Germany's constructive engagement on the continent. The contrast with prewar Europe could not have been more stark.

And yet there is good reason to peer more closely into this comfortable and still intact fit between Germany and Europe, if only because so much of the postwar landscape has changed since the collapse of the Berlin Wall on November 9, 1989. Internationally, Cold War constraints on German foreign policy vanished with astonishing rapidity. Where once the mighty Warsaw Pact alliance stood poised on West Germany's doorstep, the settling dust now revealed a collection of fledgling democracies seeking to free themselves from a mortally weakened Soviet empire. Domestically, unification brought an additional 17 million

<sup>1</sup> But by no means all; see John Mearsheimer, "Back to the Future: Instability in Europe after the Cold War," *International Security* 15 (Fall 1990), 5–56; Kenneth Waltz, "The Emerging Structure of International Politics," *International Security* 18 (Fall 1993), 44–79; Christopher Layne, "The Unipolar Illusion: Why New Great Powers Will Rise," *International Security* 17 (Spring 1993), 5–48.

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## 2 German unification and the union of Europe

citizens into the expanded Federal Republic. Although the West Germans dictated the terms of unification to their eastern cousins, they could not prevent new wine from mixing with the old in a 1949 vintage bottle.

Since 1990 a complex pattern of continuity *and* change in Germany's European policies has emerged. Beneath broadly consistent approaches to the larger goals of integration, post-unification German policies exhibit considerable variation, from seamless continuity in trade and internal market affairs to conscious breaks with pre-1989 positions on cohesion, agricultural, and even state aid policies. The goal of this volume is to explain why this has happened. Specifically, how has the domestic politics of unification, stemming from new actors, problems, and structures, influenced German policies toward Europe? Why has continuity reigned in some areas, whereas in others significant changes, some approaching complete reversals, have been registered? What are the implications of this checkered pattern of outcomes for Germany and for Europe?

### Germany in Europe: a framework of analysis

The aim of this volume is to explain the impact of unification on Germany's European policies. As such, this volume falls in the category of "case-oriented investigations", which attempt "to account for significant historical outcomes ... by piecing evidence together in a manner sensitive to historical chronology and [by] offering limited historical generalizations which are sensitive to context."<sup>2</sup> This type of study requires an analytical framework, or what Boudon describes as a "conceptual paradigm" – an integrated system of theoretical concepts that structures complex phenomena, narrows the range of likely causes, and thereby provides a basis for constructing explanatory propositions.<sup>3</sup> The framework developed in the remainder of this chapter draws on theoretical debates in comparative and international political economy about the role of interests, institutions, and ideas.

Peter Hall observes that economic policy "is influenced most significantly, first, by what a government is *pressed* to do, and secondly, by

<sup>2</sup> Charles Ragin, *The Comparative Method: Moving Beyond Qualitative and Quantitative Strategies* (Berkeley: University of California Press, 1987), 35. For an excellent discussion of standards of explanation in comparative politics, see Alan Zuckerman, "Reformulating Explanatory Standards and Advancing Theory in Comparative Politics," in Mark Lichbach and Alan Zuckerman, eds., *Comparative Politics: Rationality, Culture, and Structure* (New York: Cambridge University Press, 1997), 277–310.

<sup>3</sup> Raymond Boudon, *The Crisis in Sociology* (New York: Columbia University Press, 1980), 159–69.

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what it *can* do in the economic sphere.”<sup>4</sup> In other words, interests and institutions matter. Interests directly shape policy responses by establishing a distribution of societal preferences that national officials take into account as they seek to build electoral coalitions capable of winning and then holding political power.<sup>5</sup> Institutions influence what governments do (or don’t do) by allocating power to some actors but not others, structuring the content and sequence of policymaking, and providing opportunities for and constraints on the state as its officials seek societal support for their policy choices.<sup>6</sup>

To Hall’s succinct formulation, one must add a third variable: shared beliefs about the way the world works and one’s place within it. Put another way, ideas matter too.<sup>7</sup> They enable actors to manage uncertainty about the expected consequences of alternative choices. Ideas can also function as cognitive maps that specify the range of possible solutions to problems, and as “frames” that provide actors with a symbolic and conceptual language to advance their causes.<sup>8</sup> In the context of strategic interaction among numerous actors, ideas frequently serve as “focal points,” helping the expectations and strategies of actors to converge when there exist several possible outcomes, each of which would improve the position of the parties involved.<sup>9</sup>

<sup>4</sup> Peter Hall, *Governing the Economy* (Oxford: Oxford University Press, 1986), 232. Emphasis in the original.

<sup>5</sup> Peter Gourevitch, *Politics in Hard Times* (Ithaca: Cornell University Press, 1986), 55–60.

<sup>6</sup> Hall, *Governing the Economy*, 233.

<sup>7</sup> Goldstein and Keohane identify three types of beliefs, ranging from the general-universal to the specific: world views, principled beliefs, and causal beliefs. To their typology, one should add a fourth category: identity beliefs, which are described by Katzenstein as “ideologies of collective distinctiveness and purpose.” Identity beliefs appear to occupy the space between principled and causal beliefs, serving as a filter for the former and a set of normative reference points for the latter. See Judith Goldstein and Robert Keohane, “Ideas and Foreign Policy: An Analytical Framework,” in Judith Goldstein and Robert Keohane, eds., *Ideas and Foreign Policy* (Ithaca: Cornell University Press, 1993), 8; and Peter Katzenstein, “Introduction: Alternative Perspectives on National Security,” in Peter Katzenstein, ed., *The Culture of National Security: Norms and Identity in World Politics* (New York: Columbia University Press, 1996), 1–32 at 6. See also Peter Hall, ed., *The Political Power of Economic Ideas* (Princeton: Princeton University Press, 1989); Kathryn Sikkink, *Ideas and Institutions* (Ithaca: Cornell University Press, 1991); and Judith Goldstein, *Ideas, Interests, and American Trade Policy* (Ithaca: Cornell University Press, 1993). For a review and critique of the ideas literature, see John Kurt Jacobson, “Much Ado about Ideas: The Cognitive Factor in Economic Policy,” *World Politics* 47 (January 1995), 283–310; and Mark Blyth, “‘Any More Bright Ideas?’ The Ideational Turn of Comparative Political Economy,” *Comparative Politics* 29 (January 1997), 229–50.

<sup>8</sup> John Campbell, “Institutional Analysis and the Role of Ideas in Political Economy,” paper presented to the Seminar on the State and Capitalism since 1800, Center for European Studies, Harvard University, October 13, 1995.

<sup>9</sup> Geoffrey Garrett and Barry Weingast, “Ideas, Interests, and Institutions: Constructing the European Community’s Internal Market,” in Goldstein and Keohane, *Ideas and Foreign Policy*, 173–206.

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Interests, institutions, and ideas are not independent of one another. Interests are typically conceptualized in material terms – that is, they arise from the position of actors in the domestic and international economies.<sup>10</sup> However, interest formulation is shaped not only by the material world, but by the realm of the possible, which is itself a function of the institutional context in which actors operate.

Similarly, ideas are bound up with both interests and institutions. Ideas that achieve political ascendance almost always are intimately tied to the interests they serve. Over time, though, the belief system may begin to serve as an independent rationale for choice, and even to reshape the very interests that originally propelled it into prominence.<sup>11</sup> Moreover, once an ascendant idea emerges through political competition, it is very likely to become institutionalized, as adherents of the belief system enact laws and create agencies to secure the policy outputs consistent with the idea. Ideational effects, mediated by institutions, will often persist long past the point where the idea ceases to command broad support and legitimacy. In fact, the institutionalized idea continues to influence politics because it serves interests – specifically, those of the individuals charged with carrying out government activities based on its principles. Interests still matter, although they are not necessarily the same ones that gave rise to the idea in the first place.

Reflecting on the main empirical questions framed above, it is unlikely that a focus on the interaction of *national* interests, *national* institutions, and *national* ideas can explain patterns of change and continuity in German policies toward Europe since 1990. The reason: Germany is literally “in” Europe; that is, it belongs to an ongoing and in many ways unique supranational venture.<sup>12</sup> The government’s policy choices are shaped by a national context that is itself embedded in a larger system of political and economic governance that embraces actors who (a) operate within institutions that are independent of the member states;<sup>13</sup> (b) hold

<sup>10</sup> See for example Ronald Rogowski, *Commerce and Coalitions* (Princeton: Princeton University Press, 1989); Helen Milner and Robert Keohane, “Internationalization and Domestic Politics,” in Robert Keohane and Helen Milner, eds., *Internationalization and Domestic Politics* (New York: Cambridge University Press, 1996), 3–24.

<sup>11</sup> Thus, it is possible to think of ideas in much the same way as Downs conceived ideology in his work on spatial party competition: as intellectual shortcuts to choice – an efficient alternative to the cumbersome task of tallying up the costs and benefits of various strategic options. See Anthony Downs, *An Economic Theory of Democracy* (New York: Harper and Row, 1957).

<sup>12</sup> This is a point made forcefully and articulately by Peter Katzenstein, “United Germany in an Integrating Europe,” in Peter Katzenstein, ed., *Tamed Power* (Ithaca: Cornell University Press, 1997), 1–48.

<sup>13</sup> Institutionalist accounts of European integration include Simon Bulmer, “The Governance of the European Union: A New Institutionalist Approach,” *Journal of Public Policy* 13:4 (1993), 351–80; and Paul Pierson, “The Path to European

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and pursue interests that are in no way purely derivative of the member states; and (c) are infused with ideas situated at the supranational level.<sup>14</sup>

In a phrase, membership in the EC/EU matters.<sup>15</sup> And as far as national policy choice is concerned, membership is most profitably conceptualized in terms of the multilayered interactions of interests, institutions, and ideas at both the national and supranational levels. This perspective expressly recognizes the permeability of national boundaries and the contingent nature of sovereignty, which is nowhere more apparent than in contemporary Europe.<sup>16</sup>

What does this mean in concrete terms? First and foremost, the analytical focus rests squarely on national decision-makers, who ultimately decide whether and how to respond to the mix of pressures, challenges, and opportunities presented to them by a multilevel environment consisting of overlapping constellations of ideas, interests, and institutions. National officials not only reflect, act, and react within this complex environment; they constitute a significant part of that environment. Consequently, they are better positioned than other actors to wield influence over process and outcomes at the level of domestic politics. So too are they positioned advantageously *vis-à-vis* domestic actors to shape the corresponding political context in Brussels.<sup>17</sup>

Integration: A Historical Institutional Analysis," *Comparative Political Studies* 29 (April 1996), 123–64.

<sup>14</sup> An example of an idea operating at the European level is the principle of "multilateralism"; see John Gerard Ruggie, "Multilateralism: The Anatomy of an Institution," in John Gerard Ruggie, ed., *Multilateralism Matters* (New York: Columbia University Press, 1993), 3–47. Another is the principle of "mutual recognition," which is based on a 1979 ruling by the European Court of Justice and basically stipulates that a product made and sold legally in one member state cannot be barred from another member state. A third example is the principle of "subsidiarity," which prescribes that "policy decisions ... be made on a level as close as possible to the one on which they are implemented while remaining consonant with the basic principles of social justice." Peter Lange, "The Politics of the Social Dimension," in Alberta Sbragia, ed., *Euro-Politics* (Washington, DC: Brookings Institution, 1991), 231. In addition to these more comprehensive principles, numerous internally coherent belief systems, attached to concrete policy areas administered by the EC/EU, permeate the supranational political process.

<sup>15</sup> Wayne Sandholtz, "Membership Matters: Limits of the Functional Approach to European Institutions," *Journal of Common Market Studies* 34 (September 1996), 403–30.

<sup>16</sup> An earlier formulation of this analytical approach can be found in Jeffrey Anderson and Celeste Wallander, "Interests and the Wall of Ideas: Germany's Eastern Trade Policy after Unification," *Comparative Political Studies* 30 (December 1997), 675–98. On sovereignty in contemporary Europe, see Thomas Biersteker, "Locating the Emerging European Polity: Beyond States or State?" in Jeffrey Anderson, ed., *Regional Integration and Democracy: Expanding on the European Experience* (Boulder: Rowman & Littlefield, 1998).

<sup>17</sup> The treaty foundations of the EC/EU privilege the member governments over domestic

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Second, explaining national policy choice in an integrating Europe requires some basic assumptions about the integration process itself and the goals and motivations of national officials.

*Assumption 1:* There are two political dimensions to the European integration process: constitutive and regulative.

Constitutive politics involves processes and outcomes that establish or amend Community rules of the game, and is largely coextensive with the high politics surrounding periodic “grand bargains” like the Treaty of Rome, the Single European Act (SEA), and the Treaty on European Union (TEU). Regulative politics, on the other hand, takes place within established, routinized areas of Community activity, such as agricultural or technology policy.

Although rule-making and rule-applying are conceptually and procedurally distinct, constitutive and regulative politics are not independent phenomena; each influences the other in complex ways. For example, obtaining agreement on the SEA in 1986 necessitated an explicit side-payment that entailed a substantial budget increase and far-reaching procedural reforms enacted two years later to Community regional policies;<sup>18</sup> in this instance, constitutive politics drove regulative politics. In turn, the 1988 reforms encouraged a flowering of regionalist sentiments and political mobilization across the Community that ultimately contributed to the creation of a new European institution – the Committee of the Regions – in the Treaty on European Union; here, regulative politics influenced constitutive politics.

Unpacking integration into its component parts is essential not only because it more accurately depicts the complexities inherent in postwar European multilateralism. It also contributes to a more refined understanding of the motivations behind the European policies of member governments. This leads to the second assumption on which this study rests.

*Assumption 2:* National officials will pursue a particular kind of “milieu goal” in Brussels – namely, to ensure that government policy objectives are consistent, both within Europe and across the national and supranational levels.<sup>19</sup>

(and supranational) actors in many areas of Community policymaking, particularly those involving the treaty framework itself. See Alberta Sbragia, “Thinking about the European Future: The Uses of Comparison,” in Sbragia, *Euro-Politics*, 257–91. Of related interest is Andrew Moravcsik, “Why the European Community Strengthens the State: Domestic Politics and International Cooperation,” paper presented at the Conference of Europeanists, Chicago, March 31–April 2, 1994.

<sup>18</sup> Gary Marks, “Structural Policy in the European Community,” in Sbragia, *Euro-Politics*, 191–224.

<sup>19</sup> On the concept of milieu goals, see Arnold Wolfers, “The Goals of Foreign Policy,” in Arnold Wolfers, ed., *Discord and Collaboration* (Baltimore: Johns Hopkins University Press, 1962); and Simon Bulmer, Charlie Jeffery, and William Paterson, “Germany’s

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National officials will avoid persistent contradictions between the constitutive and regulative goals they pursue in Brussels. In other words, if member states are to derive benefits from membership, then national preferences concerning how the larger framework of Community rules should be constructed must be compatible with national preferences on substantive policy issues, and vice versa. Where enduring incompatibilities between constitutive and regulative policy objectives surface, national officials will try to reconcile inconsistencies by adjusting the government's constitutive agenda, its various regulative agendas, or both.

Furthermore, national officials will strive to replicate or, at a minimum, secure at the European level the constellation of ideas, interests, and institutions that they find (or would find) most advantageous at the domestic level. In so doing, they seek to preserve and/or create "comparative institutional advantage" for the national economy.<sup>20</sup> Each member government conducts its European foreign policy, which entails both constitutive and regulative politics, with an eye to surrounding the national political economy with a supranational environment that is facilitative, or at a minimum not hostile.

This is not to suggest that each member government succeeds in forging Europe in its own image; an obvious contrary example is the United Kingdom, which has fared abysmally in Brussels. Nor does it imply that influence is just a one-way street; as national officials pursue their supranational objectives, they open up their countries to the effects of European-level institutions, ideas, and interests.<sup>21</sup> Indeed, there are

European Diplomacy: Shaping the Regional Milieu," paper prepared for the Forschungsgruppe Europa of the Centrum für Angewandte Politikforschung, Munich, December 1996. This assumption is consistent with Putnam's characterization of international negotiations, where participants face strong pressures to bargain in ways that are consistent across both the international and domestic tables. See Robert Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," *International Organization* 42 (Summer 1988), 427–60.

<sup>20</sup> For an extended discussion of comparative institutional advantage, a concept that originates in endogenous growth theories, see Peter Hall, "The Political Economy of Adjustment in Germany," in Frieder Naschold *et al.*, eds., *Ökonomische Leistungsfähigkeit und institutionelle Innovation. WZB-Jahrbuch 1997* (Berlin: Wissenschaftszentrum-Berlin, 1997), 293–317.

<sup>21</sup> This touches on a fierce debate in international relations over "constructivism." At issue is the causal role of institutions and norms: do they act as constraints on rational, self-interested actors (the central constructivist criticism of IR orthodoxy), or do they actually "constitute" the interests and even identities of actors (the constructivist challenge)? See i.a. Jeffrey Checkel, "The Constructivist Turn in International Relations Theory," *World Politics* 50 (January 1998), 324–48. This controversy is replicated within the Community studies literature; advocates of principal-agent theories like Moravcsik and Pollack come very close to ruling out the possibility that EC actors and institutions can influence the preferences and identities of domestic actors, a position hotly disputed by "diffusionists" like Marks and Hooghe. See for



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many instances of national governments actively seeking to expose their countries to supranational influence; witness Italy's use of the European agenda of economic and monetary union in the 1990s as leverage to push through difficult and controversial economic reforms at home.

**West Germany (1949–89)**

The soundness of these two starting assumptions is borne out by the West German experience, an unparalleled success in the creation of a supportive supranational environment for the national political economy. In this section, I review the basic elements of the German model in Europe to establish this point, and furthermore to set the stage for the ensuing discussion of the possible effects of unification.

*The West German model*

The German model has been labeled a “coordinated market economy”<sup>22</sup> that embodies a number of distinctive attributes. On the market side, West Germany featured an “articulated industrial system”<sup>23</sup> based on close relationships among firms and between firms and universal banks; these institutional linkages led managers to adopt long-term planning and investment horizons, and they conferred on the private sector the capacity to undertake sectoral adjustment in the context of industrial crisis. West German industrial relations approximated the classic Scandinavian model of neocorporatism in which comprehensive, well-organized representatives of labor and capital engaged each other in an institutionalized process of negotiated adjustment; the primary locus of activity, in contrast to Scandinavia, was at

example Andrew Moravcsik, “Preferences and Power in the European Community: A Liberal Intergovernmentalist Approach,” *Journal of Common Market Studies* 31 (December 1993), 473–524; Mark Pollack, “Obedient Servant or Runaway Eurocracy? Delegation, Agency, and Agenda Setting in the European Community,” Working Paper No. 95–10, Center for International Affairs, Harvard University, 1995; and Gary Marks, Liesbet Hooghe, and Kermit Blank, “European Integration from the 1980s: State-Centric v. Multi-Level Governance,” *Journal of Common Market Studies* 34 (September 1996), 341–78. What is fodder for scholarly conflict in international relations is more or less conventional wisdom in comparative politics, where scholars have long accepted the notion that institutions and ideas can influence and even “constitute” the preferences and identities of actors.

<sup>22</sup> David Soskice, “The Institutional Infrastructure for International Competitiveness: A Comparative Analysis of the UK and Germany,” in A. B. Atkinson and R. Brunetta, eds., *Economics for the New Europe* (Basingstoke: Macmillan, 1991), 45–66.

<sup>23</sup> Andrew Shonfield, *Modern Capitalism: The Changing Balance of Public and Private Power* (Oxford: Oxford University Press, 1969), 247.



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the sectoral and plant level, giving the German system a decentralized cast.<sup>24</sup>

The West German state was similarly decentralized. Territorially, this took the form of administrative federalism, in which the states (Länder) enjoyed significant autonomy in relation to the federal government, were responsible for implementing federal legislation, and participated directly in the national legislative process through the upper house, the Bundesrat. Functionally, decentralization flowed from the independence of the Bundesbank,<sup>25</sup> as well as the autonomy of individual national ministries, which was anchored in the constitution and enhanced by the recurrence of coalition government in the Federal Republic. The tendency of the West German constitutional order to generate many centers of authority and power contributed to several trademark characteristics of the German policy process – specifically, concertation, consultation, and power-sharing.<sup>26</sup>

These institutional arrangements rested on a broad and deep ideological consensus about the relationship between state and market. Agreement over fundamentals manifested itself in numerous ways, including the high level of policy continuity despite frequent partisan turnover in government, as well as the generally depoliticized manner in which policy was carried out. The consensus was permissive in that it granted policymakers considerable leeway to formulate concrete policy alternatives and to debate their relative merits with vigor, but at the same time it imposed well-understood and accepted limits on both public and private actors.

At the core of this belief system, dubbed the “social market economy,”<sup>27</sup> was a set of consistent yet flexible principles that assigned primacy to the market, defined not as the perfect competition lionized in economics textbooks or in American political discourse, but in terms compatible with Germany’s distinctive brand of “organized

<sup>24</sup> Kathleen Thelen, *Union of Parts: Labor Politics in Postwar Germany* (Ithaca: Cornell University Press, 1991), 43; Andrei Markovits, *The Politics of the West German Trade Unions* (New York: Cambridge University Press, 1986); Fritz Scharpf, *Crisis and Choice in European Social Democracy* (Ithaca: Cornell University Press, 1991), 119.

<sup>25</sup> For a study of the Bundesbank in comparative perspective, see John Goodman, *Monetary Sovereignty: The Politics of Central Banking in Western Europe* (Ithaca: Cornell University Press, 1992).

<sup>26</sup> This clearly impressed Shonfield, who notes the coherence of German economic policymaking despite the large number of competing centers of power generated by the constitution. His explanation – coherence results from an “irrepressible administrative instinct to centralize authority” – is unsatisfactory, conjuring up tired cultural stereotypes. Shonfield, *Modern Capitalism*, 271.

<sup>27</sup> The phrase was coined by Alfred Müller-Armack, *Wirtschaftslenkung und Marktwirtschaft* (Hamburg: Verlag für Wirtschaft und Sozialpolitik, 1948).

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capitalism.”<sup>28</sup> The primary task of the state was to uphold the self-regulating economic order by establishing a facilitative framework of rules and regulations (*Ordnungspolitik/Rahmenpolitik*). The state also bore a social responsibility to lessen the dislocation that inevitably accompanies the workings of the market. This entailed comprehensive welfare programs as well as a variety of industrial and regional policies designed to ease the hardship visited on individuals and regions by sectoral adjustment.<sup>29</sup>

To say that West Germany sustained a market-oriented political economy is to make a relative statement. Like its EC neighbors, the Federal Republic subsidized industry.<sup>30</sup> Like its neighbors, it engaged in sectoral policies that were difficult to justify on anything other than political grounds; aid to the coal industry and agriculture stand out as prime examples. But unlike its EC neighbors, the Federal Republic subsidized less, in a less interventionist manner, and with conscious orientation to market principles.<sup>31</sup>

Thus, the ideology of the social market economy entailed much more than *laissez-faire* in *Lederhosen*. The state was assigned responsibilities and tasks that took it well beyond the nightwatchman state lionized by neoclassical economists and American business. Nevertheless, the postwar German state fell short of its interventionist and at times

<sup>28</sup> Christopher Allen, “The Underdevelopment of Keynesianism in the Federal Republic of Germany,” in Peter Hall, ed., *The Political Power of Economic Ideas* (Princeton: Princeton University Press, 1989), 263–89.

<sup>29</sup> For a comprehensive overview of German industrial policy, see Roland Sturm, *Die Industriepolitik der Bundesländer und die europäische Integration* (Baden-Baden: Nomos Verlagsgesellschaft, 1991). Brief but insightful discussions can also be found in Peter Katzenstein, *Policy and Politics in West Germany: The Growth of a Semi-Sovereign State* (Philadelphia: Temple University Press, 1987), 101–04; and Josef Esser and Wolfgang Fach (with Kenneth Dyson), “‘Social Market’ and Modernization Policy: West Germany,” in Kenneth Dyson and Stephen Wilks, eds., *Industrial Crisis: A Comparative Study of the State and Industry* (New York: St. Martin’s Press, 1983), 125.

<sup>30</sup> For a comprehensive, comparative overview of West German subsidy and non-tariff barrier practices, see Herbert Giersch, Karl-Heinz Paqué, and Holger Schmieding, *The Fading Miracle: Four Decades of Social Market Economy in Germany* (New York: Cambridge University Press, 1992), 227–36.

<sup>31</sup> Giersch, Paqué, and Schmieding argue that despite the aggregate level of subsidies doled out by the government, most of which is directed at sunset industries on the basis of social rationales, Germany belonged to the liberal camp in the EC. Giersch, Paqué, and Schmieding, *The Fading Miracle*, 227 and 235. Other scholars have remarked on the high level of consistency between economic ideology and practice in West Germany; see Kenneth Dyson and Stephen Wilks, “Conclusions,” in Dyson and Wilks, *Industrial Crisis*, 252; Michael Porter, *The Competitive Advantage of Nations* (New York: The Free Press, 1990), 378; Kenneth Dyson, “West Germany: The Search for a Rationalist Consensus,” in Jeremy Richardson, ed., *Policy Styles in Western Europe* (London: George Allen and Unwin, 1982), 24.