



Contents

| | |
|------------------------------|---------------|
| List of boxes | <i>page</i> x |
| List of figures | xi |
| List of tables | xiii |
| Foreword and acknowledgments | xv |

Introduction 1

| | | |
|----------|--|-----------|
| 1 | Europe's laissez-faire system and its impact before World War I | 9 |
| | The rise of Britain and the laissez-faire system | 9 |
| | Rising modern sectors | 15 |
| | Europe's position in the globalizing world economy | 19 |
| | Rising disparity within Europe | 24 |
| | The beginning of Scandinavia's catching-up | 29 |
| | The Southern and Eastern peripheries remaining behind | 31 |
| | The challenge of globalized laissez-faire | 38 |
| 2 | Decline of laissez-faire and the rise of the regulated market system | 43 |
| | The turning point: war economy, 1914–18, postwar chaos, and the agony of laissez-faire | 45 |
| | Failed attempts to return to “normalcy” | 53 |
| | The death of laissez-faire, and extreme state regulations during the Great Depression | 58 |
| | The theory of the regulated market | 68 |
| | War economy, 1939–45 | 71 |
| | The impact of the regulated market economy: European economic performance | 76 |
| | Europe's deteriorating role in the world | 86 |
| 3 | Economic dirigisme in authoritarian–fascist regimes | 88 |
| | The origins and characteristics of economic dirigisme | 91 |
| | Functions and programs of the state | 98 |
| | Self-sufficiency, planning, and the populist welfare system | 104 |

viii Contents

| | |
|---|------------|
| Dictated regional economic integration | 118 |
| Economic results | 123 |
| 4 The centrally planned economic system | 126 |
| Marxist theoretical legacy, Lenin and the Bolshevik program | 126 |
| Forced industrialization and central planning: “socialism in one country” | 135 |
| From an isolated Soviet system to the Soviet bloc | 142 |
| The characteristics of the centrally planned economic system | 149 |
| Safeguarding and attempts to legitimize the regime | 156 |
| Regional integration system of planned economies | 157 |
| The goal and balance sheet of the centrally planned economy | 160 |
| Rapid growth and industrialization – reproduced backwardness | 163 |
| Reform attempts that failed | 169 |
| Crisis and collapse | 173 |
| 5 Managed social-market system in an integrating post-World War II Western Europe | 180 |
| The emergence of <i>Sozialpartnerschaft</i> and the mixed economy | 181 |
| Planning in mixed economies | 190 |
| The rise of the welfare state | 193 |
| Educational revolution | 204 |
| Postwar international regulations | 207 |
| Economic integration and the rise of the European Union | 210 |
| Economic growth and structural changes | 222 |
| 6 Globalization: return to laissez-faire? | 246 |
| Globalization and its impact on Europe | 246 |
| Trade and foreign capital investments, dominated by multinational companies | 247 |
| Globalization and the globalized laissez-faire ideology and system | 250 |
| The impact of globalization on Europe | 254 |
| The crisis of the 1970s and early 1980s | 255 |
| The challenge of mixed economy and welfare state | 260 |
| Globalization and inequality | 265 |
| Europe’s answer to technological revolution and globalization | 271 |
| Europe’s answer to globalization: the single market, common currency, and Europeanization of the financial and manufacturing industries | 285 |
| Building a “backyard” with cheap labor: endless enlargement of the Union | 292 |
| Assisting the “backward regions” of the Community | 293 |

| | |
|--|---------|
| Rising global environmental considerations and regulations | 300 |
| Speculative “bubbles” and the severe economic crisis of 2008 | 307 |
| Europe: an economic superpower | 316 |
| Bibliography | 323 |
| Index | 346 |