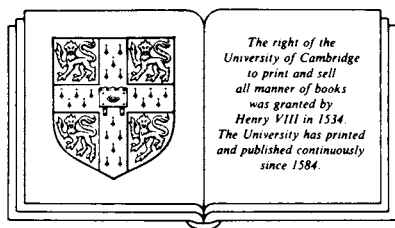


In search of stability

Explorations in historical political economy

CHARLES S. MAIER

Harvard University



CAMBRIDGE UNIVERSITY PRESS

Cambridge

New York New Rochelle Melbourne Sydney

Published by the Press Syndicate of the University of Cambridge
The Pitt Building, Trumpington Street, Cambridge CB2 1RP
32 East 57th Street, New York, NY 10022, USA
10 Stamford Road, Oakleigh, Melbourne 3166, Australia

© Cambridge University Press 1987

First published 1987

Library of Congress Cataloging-in-Publication Data

Maier, Charles S.

In search of stability.

(Cambridge studies in modern political economies)

1. Europe – Economic conditions – 20th century.
 2. Europe – Economic policy.
 3. Fascism – Europe – History – 20th century.
 4. Representative government and representation – Europe – History – 20th century.
- I. Title.
II. Series.

HC240.M17 1987 338.94 87-6383

British Library Cataloguing in Publication Data

Maier, Charles

In search of stability: explorations
in historical political economy. –

(Cambridge studies in modern political
economies).

1. Economic history – 20th century

I. Title

330.9'04 HC55

ISBN 0 521 23001 2

ISBN 0 521 34698 3

Transferred to digital printing 2003

Contents

<i>Acknowledgments</i>	page ix
Introduction: political economy and history	1
Part I Ideology and economics from World War I to midcentury	17
1 Society as factory	19
Between Taylorism and technocracy: European ideologies and the vision of industrial productivity in the 1920s	22
Postscript: ideologies of industrial management since the Depression	53
2 The economics of Fascism and Nazism	70
3 The politics of productivity: foundations of American international economic policy after World War II	121
4 The two postwar eras and the conditions for stability in twentieth-century Western Europe	153
Part II Collective preferences and public outcomes	185
5 The politics of inflation in the twentieth century	187
6 "Fictitious bonds . . . of wealth and law": on the theory and practice of interest representation	225
Conclusion: why stability?	261
<i>Index</i>	275

Introduction: Political economy and history

With patience historians may resolve a few of the issues that arouse their curiosity. Eventually they tire of many they cannot settle. Finally they keep returning to still others that cannot easily be solved but do not lose their intellectual or moral fascination: the persistent questions that get under the scholar's skin. From one angle or another, over a period of fifteen years, the pieces collected here have addressed one of these besetting issues, namely, how are the inequalities inherent in modern economic organization defused or overcome as a source of explosive social conflict? This inquiry includes several interlocking questions:

What mixture of constraint and ideological legitimation, what forms of representation, what promises of material reward support political and social stability?

Under what circumstances is stability threatened; under what circumstances is it recovered?

How does the alignment of power among nation-states influence the tensions and rivalries within national societies?

These common issues provide one reason for publishing this diverse collection of essays in a single volume. A further incentive is that several of the pieces appeared in journals or conference proceedings that political scientists and economists were more likely to encounter than fellow historians. I like to think that, although they are essentially *historical*, that is, more intent on explaining specific past outcomes than generalizing about political or economic development as recurrent possibilities, some of the essays do cross disciplinary frontiers. Though not really economic history, some are informed by economic issues; though not really political science, some try to provide typologies of political groups and behavior. Perhaps they can best be described as

2 Introduction

efforts at intellectual poaching. Precisely because they cross disciplinary lines, they raise some initial questions concerning method.

Methodological issues

I have called these essays “explorations in historical political economy.” “Political economy” in contemporary social science usage no longer refers simply to economic analysis, as it did from the seventeenth through the mid-nineteenth century.¹ The concept now tends to refer to one of two related but opposed approaches, each relying on a characteristic methodology and each often associated with a characteristic political stance, one on the right, the other on the left.

For one group of theorists, political economy is the analysis of political choices according to criteria of economic maximization. When first applied, this theory sometimes suggested that public goods would be prevailingly undersupplied. The benefits, such as health care or good schools or clean air, were so much more diffuse than the assigned costs that they would have few advocates. In the past couple of decades, however, many of the proponents of this theory have come to emphasize the inverse problem. As theorists of “public choice,” some have argued that politicians prefer to oversupply public goods because the benefits are highly visible while the costs remain hidden. Similarly, according to their diagnoses, voters are seduced by illusory economic expansion, leaders select policies solely to perpetuate their tenure in

1 From its first usage by Antoine Montchrétien de Watteville, *Traité de l'oeconomie politique* (1614) through Dugold Steuart, *Inquiry into the Principles of Political Oeconomy* (1757), Pietro Verri, *Meditazioni sull' economia politica* (1771), Nassau Senior, *An Outline of the Principles of Political Economy* (1836), and John Stuart Mill, *Principles of Political Economy* (1848), thereafter to be abandoned as a term for economic analysis, certainly by the publication of Alfred Marshall's *Principles of Economics* (1890). See Edwin R. A. Seligman, “Economics,” in *International Encyclopaedia of the Social Sciences*, 2d ed. (New York: Macmillan, 1931), 5:344–5; and Joseph A. Schumpeter, *History of Economic Analysis* (London: Allen & Unwin, 1967), 21–2, 38–9, 177–8, 484–6. Thomas Schelling has more recently defined political economy as “economics in a context of policy, where the policy is more than economics but the ‘more’ cannot be separated from the economics.” See *Choice and Consequence* (Cambridge, Mass.: Harvard University Press, 1984), vii. Schelling's methodology involves untangling the conflicting objectives that are often knotted together in human situations. Rather than appeal to “priceless” values, honest policy should start by asking what price the relevant public is actually ready to pay for professed goods. The essays collected here might be said to use “political economy” in a reverse sense: as economics in a context of politics, where the economics is less than the politics but the “less” cannot be separated from the political.

office, bureaucrats work to expand their programs, state intervention in the economy has perverse results, and collective associations can be created only to achieve private payoffs.²

Political economy can be applied in the opposite sense, however: not to account for politics according to criteria of alleged economic rationality, but to analyze economic choices in terms of political forces. Those who advocate this approach, which is the one called upon in these essays, ask what power relations underlie economic outcomes. How do classes or interests use political and ideological resources to bring about contested economic policies – the decision, for example, to continue or to halt inflation? How do they shape alternative paths of development – the incentives, for instance, to move toward more capital intensive or centralized production?³ Certainly the distributional conflicts inherent in nineteenth-century development suggested such an intellectual agenda. “Political Economy you think is an enquiry into the nature and causes of wealth,” Ricardo wrote Malthus in 1820. “I think it should rather be called an enquiry into the laws which determine the division of the produce of industry amongst the classes

2 See, for instance, Anthony Downs, *An Economic Theory of Democracy* (New York: Harper Bros., 1957); Mancur Olson, *The Logic of Collective Action: Public Goods and the Theory of Groups* (Cambridge, Mass.: Harvard University Press, 1965); and James M. Buchanan and Gordon Tullock, *The Calculus of Consent* (Ann Arbor: University of Michigan Press, 1962). Such deductive methods have the merit of rescuing collective action from the imputation of irrationality, but their criteria of rationality are often far too narrow. For trenchant critiques see Brian Barry, *Sociologists, Economists and Democracy* (University of Chicago Press, 1978); and Barry, “Does Democracy Cause Inflation? Political Ideas of Some Economists,” in Leon Lindberg and Charles S. Maier, eds., *The Politics of Inflation and Economic Stagnation* (Washington, D.C.: Brookings Institution, 1985), 280–317. “Rational choice” criteria for decisions, moreover, have formal limits, as demonstrated by Kenneth Arrow’s “A Difficulty in the Concept of Social Welfare” and “The Principle of Rationality in Collective Decisions,” in *Collected Papers of Kenneth J. Arrow*, 6 vols. (Cambridge, Mass.: Harvard University Press, 1983, 1:1–29, 45–58, and they may have disabling psychological or anthropological objections. For the starting point of one alternative logic, which does not presuppose that more of a good is always better than less, see Albert Hirschman, *Shifting Involvements* (Princeton, N.J.: Princeton University Press, 1982). For recent applications of political economy modeling of electoral and policy outcomes see Paul Whitley, ed., *Models of Political Economy* (Beverly Hills, Calif.: Sage, 1980).

3 This formulation implies that conflict among interests and classes can be described more usefully as a political than as an economic phenomenon. Of course, the groups may ultimately be sociologically anchored in economic divisions. Nonetheless, they are usually observed by the historian as political contenders, drawing upon resources of collective public or private power. For a useful guide to theories of class, see Anthony Giddens, *The Class Structure of the Advanced Societies* (New York: Harper & Row, 1973).

4 Introduction

who concur in its formation."⁴ These laws, however, respond to distributions of political power, not just the logic of economic maximization.

This second approach to political economy, therefore, cannot take economic theory merely as a quasi-mathematical elaboration of deductive premises. It interrogates economic doctrines to disclose their sociological and political premises. For instance, neo-Keynesian and monetarist economics diverge in part because neo-Keynesians envisage an underlying society of collective actors, whereas the economic agents that monetarists posit remain individuals, rational about economic maximization but often foolish about political promises.⁵

This approach to political economy, moreover, is often associated with critics on the left. Marxists have offered some of the most powerful contributions, indeed often implying – in line with the master's most famous title, *Capital: A Critique of Political Economy* – that political economy should refer exclusively to their own intellectual enterprise.⁶ This is not the case, however. Political economy applications need not entail what might be considered the Marxist minimum: the conviction that class conflict is the motor force of general historical development and that capitalism tends toward increasingly profound crises and must someday, by its own inner logic, generate a new form

- 4 David Ricardo to Thomas Malthus, October 9, 1820, in Piero Sraffa, ed., *The Works and Correspondence of David Ricardo*, 11 vols. (Cambridge University Press), 8:278. Similarly, Carlyle in 1829: "What changes, too, this addition of [mechanical] power is introducing into the Social System; how wealth has more and more increased, and at the same time gathered itself more and more into masses, strangely altering the old relations, and increasing the distance between the rich and the poor, will be a question for Political Economists, and a much more complex and important one than any they have yet engaged with." From "Signs of the Times," in G. B. Tennyson, ed., *A Carlyle Reader* (Cambridge University Press, 1984), 35. The idea that income distribution to capital and labor is not ultimately determined by their marginal products or a given technique and endowment of capital, but that the return to capital follows from prior distributions of social power, characterizes the thinking of contemporary "post-Keynesian" economists in the tradition of Joan Robinson and Piero Sraffa.
- 5 For a fuller development see the conclusion to Lindberg and Maier, eds., *Politics of Inflation*, 569–85. The idea that modes of production result more from political choices than from technological impetus is represented best in the work of Michael Piore and Charles Sabel, *The Second Industrial Divide* (New York: Basic Books, 1984), although the demonstration is circumstantial.
- 6 Two examples of neo-Marxist applications are James O'Connor, *The Fiscal Crisis of the State* (New York: St. Martin's, 1973); and David Abraham, *The Collapse of the Weimar Republic: Political Economy and Crisis* (Princeton, N.J.: Princeton University Press, 1981).

of collectivist social and economic organization.⁷ In the essays included here, class and interest-group divisions do form the starting point for analyzing political development. No claim is advanced, however, that economically based social divisions govern politics in general or culture and values. Crises, moreover, certainly arise, but they can be overcome as well as become more profound. Dialectical or self-generated transformations do characterize the historical process, as do continuing "contradictions," but they need not lead to different social systems. What, in fact, constitutes a social system remains more an issue of agreed-upon definition than one based on objective criteria.⁸ The question of whether, say, the Swedish social system under the late Olaf Palme, the German social system under Adolf Hitler, and the American social system under Herbert Hoover all belong to the genus "capitalism" must be recognized more as a semantic issue than as a historical one.

Political economy approaches characteristically seek to probe the connections between categories of social interaction that nineteenth-century liberals analytically separated, namely, state and market. From the mercantilists on, Anglo-American economic thinkers worked to establish economics as an autonomous discipline, taking as its field of study the world of production and exchange of goods and services. The exchanges were supposedly governed by individual equivalents of utility expressed in a common denominator through a price system, not by political or private power drawing on force and constraint.

7 For a brief exposé of the range of Marxist historical approaches (labeled, following Habermas, positivist, hermeneutic, and critical), see J. Dennis Willigan, "Marxist Methodologies of History," in *Historical Methods*, 17, no. 4 (Fall 1984): 219–28. Cf. Gregor McLennan, *Marxism and the Methodology of History* (London: NLB: Verso, 1981); and Alfred Schmidt, *History and Structure: An Essay on Hegelian-Marxist and Structuralist Theories of History*, Jeffrey Herf, trans. (Cambridge, Mass.: MIT Press, 1981).

8 "System" refers here to a feedback network of complex interactions in which the final outcome of a particular change in any one variable is not readily deduced. I would propose that social and political "systems" differ from nonhuman systems precisely because they always generate destabilizing changes endogenously. They must do so, if only because their creation involves establishing "borders" that separate privileged insiders from marginalized outsiders, and the frontier itself will be under perennial contention. (This does not mean that the system must break down, but it will require periodic and often painful readjustment.) For a discussion of methodological problems that arise in dealing with systems as such and of the relevant sociological literature, see John Sharpless, "Collectivity, Hierarchy, and Context: The Theoretical Framework for the Aggregation Problem," *Historical Methods*, 17, no. 3 (Summer 1984): 132–40.

6 Introduction

These latter recourses belonged to the political sphere and its most inclusive agency, the state. At the margin of the market, where competition disappeared and monopoly prevailed, power might be mobilized, but this was deemed a limiting case.⁹ The analytic advances made possible by establishing the autonomy of the economic realm justified the simplifying formulations. Critics have pointed out that market behavior, resting on comparison and maximization of utility, has hardly comprised the only framework for exchange. They have also emphasized that establishing a functioning market required a prior legal and political framework; conversely, individual or collective economic actors who were successful in the market could thereby exert decisive political influence. These critiques of supposed market autonomy have been central to modern political economy. At the same time, however, political economy approaches have endeavored to retain the analytic power that modeling the state and market as distinct arenas originally allowed.¹⁰

Political economy, in sum, regards economic ideas and behavior not as frameworks for analysis, but as beliefs and actions that must themselves be explained. They are contingent and problematic; that is, they might have been different and they must be explained within particular political and social contexts. Historical political economy applies this approach to the study of the past.

What historical political economy shares with economic analysis is a reliance on "revealed preference" to help explain social choice. Whereas most history writing relies on a hermeneutic assumption, namely, that to explain action is to recreate the intentions of the actors, historical political economy presupposes that societies *in some sense* wanted what turned out to be. It bases its analysis on the premise that outcomes followed intentions and that the historian can talk meaningfully about "social choice" in terms of what happened. For instance, to take the theme of Chapter 5, in a society that undergoes

9 For the creation of the "economic" sphere, see Joyce Appleby, *Economic Thought and Ideology in Seventeenth-Century England* (Princeton, N.J.: Princeton University Press, 1978); Louis Dumont, *From Mandeville to Marx* (University of Chicago Press, 1977).

10 For one of the major challenges, still influential, see Karl Polanyi, *The Great Transformation* (Boston: Beacon, 1957). Polanyi and successors in economic anthropology have sought to show that market transactions provided only one basis of exchange, along with kinship, reciprocity, demonstrative gift giving, and so forth. For a demonstration that individual utility is socially constructed, see Arrow, "Values and Collective Decision Making," in *Collected Papers*, 1:59–77; and for a critique of corporate bias see Charles E. Lindblom, *Politics and Markets: The World's Political-Economic Systems* (New York: Basic Books, 1977).

wild inflation we can presume that in some way the society *chose* inflation or at least preferred to risk that outcome rather than pursue the policies that would have precluded it.

It might be objected that this is a perilous notion. People may elect to take incremental risks but rarely choose final consequences that cannot easily be imagined. Those who cheered the fall of the Bastille did not envisage the Terror. The 43 percent of the German electorate who cast ballots for Hitler in March 1933 were hardly liberal democrats, but they did not necessarily vote for the Second World War or the murder of more than 5 million Jews. Does not the idea that outcomes imply intent become dangerously close to the concepts of "objective guilt" that were invoked in the Stalinist purge trials of the late 1930s? Or does it not lead to the historiographical absurdity that every outcome was desired, or even perhaps deserved?¹¹

It is more accurate to state that "revealed preference" is used as an analytic hypothesis, not an explanation of what actually occurred. To say that a society chose inflation¹² or unemployment or fascism is to say, first of all, that some groups in the society who were willing to countenance that outcome prevailed over those who resisted it. How they prevailed, whether by majoritarian rules or rigged politics or coercion, need not be specified. Second, it is to argue not that these social groups necessarily wanted a particular historical or human disaster, but that they were more willing to risk the next step toward such an outcome than to face the consequences of resisting it. If the final outcome is an evil one, what the penalties for their wager should be is a very difficult issue, but not the one these essays confront. It is the question underlying political justice. The perspective here is that of the detective, not the district attorney. By treating an economic or political outcome as the expression of a collective preference, the historian asks what set of interests such a preference might have served, hence what alignments and divisions characterize a particular society under stress. *Cui bono?* is not the only question a historian should pose, but it is a useful one to start with. It helps to impute structures of power and to perceive the stakes for even widely shared ideologies, such as those – to take the case raised in Chapters 1 and 3 – of economic growth and productivity.

11 See the problems raised by Amartya K. Sen, "Rational Fools: A Critique of the Behavioral Foundations of Economic Theory," in H. Harris, ed., *Scientific Models and Man* (New York: Oxford University Press, 1978).

12 See Jon Burton, "The Demand for Inflation in Liberal-Democratic Societies," in Whitely, ed., *Models of Political Economy*, 221–48; and Robert J. Gordon, "The Supply and Demand for Inflation," *Journal of Law and Economics*, 18, no. 3 (1975): 807–36.

8 Introduction

This is not to argue for the simplistic view that ideologies merely mask a set of concrete interests that have to be unveiled or demystified. More than a generation of sophisticated historiography and methodological reflection has taught us that such an approach obscures as much as it illuminates. First, it cannot eliminate the "interests" of the researcher, even if these, to use Habermas's concept, are critical and "emancipatory."¹³ Second, collective beliefs are generated at many levels of social interaction and in cultural contexts that must be analyzed with anthropological and semiotic tools as well as those of political economy. They may correspond, as a Freudian view would indicate, to a civilization's general requirement for labor or for erotic renunciation.¹⁴ If so, they serve more than an internal distributive purpose. Finally, systems of ideas can persuade those who hold them to restructure the power relations from which they arise, subjecting the historian of ideas to an analogue of the uncertainty principle.¹⁵

Despite these methodological problems, however, some relation between ideology and interests persists, even if ideologies also reflect diffuse systems of culture and values. Analysis of this relationship is all the more challenging because structurally opposed groups in a society usually accept a common code for distributive justice despite their differing interests. In Gramscian language, ideologies are often hegemonic; they command consensus across class lines, and alternatives seem unthinkable. Differential rewards do not preclude common loyalties, even collective enthusiasm.¹⁶

13 Jürgen Habermas, *Knowledge and Human Interests*, Jeremy Shapiro, trans. (Boston: Beacon, 1971), 308–17. For the difficulties with the position, Thomas McCarthy, *The Critical Theory of Jürgen Habermas* (Cambridge, Mass.: MIT Press, 1981), 75–125.

14 See also Pierre Bourdieu, *Outline of a Theory of Practice*, Richard Nice, trans. (Cambridge University Press, 1977), 195–6: "The endless reconversion of economic capital into symbolic capital, at the cost of a wastage of social energy which is the condition for the permanence of domination, cannot succeed without the complicity of the whole group: the work of denial which is the source of social alchememy is, like magic, a collective undertaking. As Mauss puts it, the whole society pays itself in the false coin of its dream."

15 This, of course, is the implication of the work of Jacques Derrida, Michel Foucault, and a historian such as François Furet, *Interpreting the French Revolution* (Cambridge University Press, 1981), esp. pp. 43–51; but for a useful challenge, see Perry Anderson, *In the Tracks of Historical Materialism* (London: Verso, 1983), 32–55.

16 For an alternative insight into the sources of social cohesion, consider Georg Simmel's inquiry of 1908, "How Is Society Possible?" This is more fundamental than the question of how stability is possible in light of differential rewards. As a neo-Kantian, Simmel sought the a priori of society, not of any particular historical situation, in the fact that people stood inside and outside its network at the same time. Preserving the scope of individuation remained dialectically necessary for

Ideological responses and twentieth-century crises

The issue of how reigning concepts of political economy serve social integration brings into focus the particular historical transition discussed in these essays. Chapters 1 and 3 examine some industrial utopias of liberal society, namely, recurrent appeals to production and growth as justifications for managerial hierarchies or public policies that supposedly benefit all social classes equitably and provide scientifically optimal guidelines for economic alternatives. Such was the case with Taylorism and later with "productivity." Chapter 2, of which only an abbreviated version has previously been printed, asks about the economic concepts inherent in Italian fascism and German national socialism and the institutional role they played in the respective regimes. To counterpose American concepts of Taylorism and productivity to fascist economic premises is *not* to argue that liberal democracy and fascism should be construed as merely alternative political frameworks for a capitalist social order. Political and legal frameworks, in my view, remain of overriding importance – never to be construed as merely functional supports for given property relations.

Nonetheless, ideologies of industrial productivity, as they were propagated in liberal society, did share a non-zero-sum character with fascist concepts. That is, they presupposed that conflicts of interest were ultimately misunderstandings, that apparently incompatible economic interests could be harmonized according to criteria of efficiency, that there existed "one best way" to organize production such that a society should not have to undergo continual conflict. Economic organization should not remain an arena for contending preferences, but become a matter of technological or social engineering. Non-utopian liberal economics, in contrast, has stressed the necessity of trade-offs, has provided criteria for the allocation of goods (according to marginal products) in the recognition that they are limited. The procedural rules that guarantee political debate and establish some

social existence, as did play and nonrational sociability (*Geselligkeit*). Contrast Simmel's continual tension between what is socially purposeful and what is individual or is merged into sociability as an unconstrained "play" with the phased succession of "structure" and "anti-structure" proposed by Victor Turner, which is taken up in the Conclusion. See Georg Simmel, *On Individuality and Social Forms*, Donald N. Levine, ed. (University of Chicago Press, 1971), 6–22, 127–40. For Turner the moments of anti-structure make long-term structure possible, whereas Simmel's perspective suggests that a continuing tension between hierarchical differentiation and egalitarian, individualist vision may be the prerequisite of political society.

scope for the market and business enterprise take priority, according to liberals, over any substantive distributive outcome.¹⁷

Laissez-faire liberals thus claimed that there would always be painful choices. There was no firm reason to justify particular distributive results, only to guarantee liberty, initiative, and civic rights such as the suffrage. Productivist utopias went on to suggest that even in a liberal regime no one had to lose; all could win. Fascism and nazism claimed more ruthlessly that only those who deserved to lose would in fact succumb, whereas some of the badly abused former losers might henceforth win. Hard-pressed peasants and artisans, even the working classes, would no longer face economic exploitation. They would gain security and new dignity through inclusion in corporatist and statist organizations. Only political parasites (liberal parliamentary elites or Marxist political party bosses) or national and racial enemies would end up being losers.

Why should these differing non-zero-sum concepts have become so persuasive in the first half of the twentieth century? Their appeal testifies to the crisis that Western liberal societies underwent between, say, about 1905 and 1950. Admittedly, the word "crisis" is overused by historians; still, for an epoch involving two world wars, massive economic depression, and the rise of totalitarian states, crisis seems all too appropriate a characterization and certainly as justified a term as the "crisis" of the seventeenth century, that earlier fifty-year span also marked by economic difficulty, political conflict, major war (and philosophical and scientific genius). The final essay in Part I suggests that the twentieth-century crisis can be usefully construed as twofold. On the one hand, it involved a crisis of political representation engendered by parallel developments within each European national

17 This rigorous position, of course, has been modified by reformist liberals who have demanded welfare minimums. Two major variants that have sought to ameliorate laissez-faire rigor include the British social democratic defense of the welfare state – best exemplified by the writings of T. H. Marshall as collected in *Class, Citizenship, and Social Development* (New York: Doubleday 1965), and Richard M. Titmuss, *Essays on "the Welfare State"* (Boston: Beacon, 1969) – and the Rawlsian social liberal effort to define a contractual order with an initial position, from which differential gains for some could be justified only in "compensating benefits for everyone, and in particular for the least advantaged members of society." See John Rawls, *A Theory of Justice* (Cambridge, Mass.: Harvard University Press, 1971), 14–15, and 274–84 for the necessary transfer and distribution branches to ensure the result. Both positions allow for more social intervention than the laissez-faire liberal (or neoconservative) view that only equality of opportunity be provided. The historian cannot help resolve these alternatives except to note that continued inequality of outcomes often makes many members of a society doubt that equality of opportunity really pertains.

society. On the other hand, it included an international competition augmented by imperialist rivalries – that is, by the increasing tensions of international competition in an era when economic or military expansion into less developed areas of Europe and non-European territories became easy and beckoning.

The crisis of representation afflicting the European regimes (and to a degree the United States) had at least three components. The mixed regimes of upper-class bureaucracies and middle-class parliamentary delegations that governed most European societies found it difficult to cope with several momentous developments. The first consisted of the long-term pressure on agrarian producers, and therefore on landed elites or independent farmers, that was generated by the vast expansion of grain production and the tightening of money and credit in the late nineteenth century. The second arose out of continuing ethnic conflicts – the claims of linguistic cultures deprived of their own states – which proved more difficult to resolve once minorities won parliamentary representation and could paralyze legislatures. (These claims also revealed the fragility of the Turkish and Austrian imperial structures in southeastern Europe, exposing this region, especially, to international competition.) The third epochal change, and the one that most dramatically preoccupied political spokesmen, arose from the vigorous organizational thrust of the working classes as they rallied to doctrines of collective political and industrial action. In brief, the liberal victories of the nineteenth century had opened up parliamentary representation to new political activists, only to find this enlarged government by “opinion” burdened with claims it had not been intended to mediate.¹⁸ In the resulting turbulence of class and ethnic conflict before World War I, prescriptions for non-zero-sum resolutions, for industrial utopias and social engineering, could prove especially appealing. So, too, in a Europe further undermined by the First World War, could authoritarian remedies designed to overcome the conflicts inherent in liberalism. But fascism was defeated in turn; the Second World War refurbished the reputation of the United States economy, and Western liberals perceived a Soviet-supported communist movement to be the overriding political challenge. Under these conditions the appeal to growth and productivity reemerged as potent enough to rally a noncommunist international coalition around American leadership.

18 See Charles S. Maier, “Political Crisis and Partial Modernization: The Outcomes in Germany, Austria, Hungary, and Italy after World War I,” in Charles Bertrand, ed., *Revolutionary Situations in Europe, 1917–1922: Germany, Italy, Austria-Hungary* (Montreal: Interuniversity Center for European Studies, 1977).

The essays in Part I of this volume were not written as a singly conceived work; nonetheless, they focus on successive aspects of the ideological alternatives – productivist and fascist – to what was construed as explosive political and economic conflict. The two pieces grouped in Chapter 1, “Society as factory,” examine the appeals first of Taylorism and Fordism and then of successive management doctrines, not as narrowly conceived prescriptions for running factories, but as social utopias. Chapter 2, “The economics of fascism and nazism,” asks to what extent fascist regimes really proposed economic alternatives to liberal capitalism and how the operating premises of the regimes may have influenced economic performance. Chapter 3, “The politics of productivity,” then examines how important an influence concepts of productivity still exerted in the United States and in Europe at midcentury and how the discourse of production could integrate the major effort of the United States at international leadership. In effect, the ideological themes generated before and after World War I at the level of civil society – that is, by engineers, corporate spokesmen, and trade associations – were now propagated as a theme of American foreign policy, just as the private overseas investment of the 1920s was replaced after 1945 by congressionally approved foreign aid. Finally, as a conclusion to Part I, Chapter 4 analyzes the two postwar eras as a unitary epoch, seeking to explain how the twentieth-century crisis was overcome and stability achieved, within states and between them.

The long-term organization of interests

The era of world wars and Western European dictatorships now lies forty years behind us. If the crisis of the “first” twentieth century can be understood as a crisis of representation and imperial rivalries, how ought the historian to conceive of the generations since? The argument proposed here is that, at least until the late 1960s, a reorganization of interest representation accommodated political tensions more easily than could the overburdened parliamentary institutions of the preceding half-century. The essays in Part II seek to analyze the evolving structures of representation over the long term, and especially what political scientists have termed their neocorporatist components, that is, the mediation of interests in advanced capitalism. What has been at stake in the evolution of interest representation throughout the century has been a shifting equilibrium between parliamentary and interest-group mediation. If the political difficulties of the first half of the century can usefully be construed as consequences of a crisis of representation, then the analytic task must be to show how that crisis