Contents

List of boxes page 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

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 142The 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 Sozialpartnerschaft and the mixed economy181Planning in mixed economies190The rise of the welfare state193Educational revolution204Postwar international regulations207Economic integration and the rise of the European Union210Economic growth and structural changes222

6 Globalization: return to laissez-faire? 246

Globalization and its impact on Europe 246 Trade and foreign capital investments, dominated by multinational companies 247Globalization 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 regulations300Speculative "bubbles" and the severe economic crisis of 2008307Europe: an economic superpower316

Bibliography 323 Index 346