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BREXIT: A MOMENT OF NEGATION IN THE EUROPEAN PASSIVE REVOLUTION

DOKTORA TEZİ

Volkan GÜLŞEN

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ÖZET

Bu tez, Brexit sürecinin temel dinamiklerini ve Avrupa Birliği sınıfsal yapısına etkisini Gramscici bir teorik çerceve içerisinde açıklamayı hedeflemektedir. Avrupa entegrasyon projesini, bir pasif devrim olarak, Brexit sürecini ise Avrupa Birliği sınıf tarihi içerisindeki bir olumsuzlanma momenti olarak kavramsallaştırmayı önermektedir. Buna göre, Birleşik Krallık'ın AB'den ayrılması daha şimdiden Avrupa sınıf yapısını değiştirmiş ve Avrupa pasif devriminin şu anki aşamasının gömülü neoliberal yapısını olumsuzlayarak dönüştürücü ekonomik ve politik dinamiklere katkı sağlamıştır. Yalnız, bu dinamikler çözülme itici faktörlerini tetiklemek yerine, neoliberal sosyal ve sınıf güçlerinin hegemonik geri çekilişi nedeniyle Avrupa Birliği kurumsal yapısında ulus-ötesi müdahaleciliğe dayanan yeni bir derinleşme başlatabilecektir.

Anahtar Kelimeler: Brexit, Gramsci, Pasif Devrim, Avrupa Pasif Devrimi, Ulusötesi Kapitalist Sınıf, Gramscici Hegemoni, Gramscici Sivil Toplum, Fordizm, Post-Fordizm, Post-Neoliberalizm, Thatcherizm, Avrupa Birleşik Devletleri, korporatif-liberalizm, Avrupa Entegrasyonu ve Çözülmesi

ABSTRACT

This dissertation aims to explain the main dynamics of the Brexit process and its influence on the European Union class structure in a Gramscian theoretical framework. It suggests that the European integration process can be conceptualised as a passive revolution and the process of Brexit as a moment of negation in the European Union history of class struggle. It will be argued that the withdrawal of the United Kingdom has already altered the European class structure and contributed to the transformative economic and political dynamics which may negate the embedded neoliberal structure of the current stage of the European passive revolution. These dynamics would not seem to trigger the driving factors of the disintegration, but rather the hegemonic withdrawal of the neoliberal social and class forces may initiate a new deepening in the European Union institutional structure based on supranational interventionism.

Keywords: Brexit, Gramsci, Passive Revolution, European Passive Revolution, Transnational Capitalist Class, Gramscian Hegemony, Gramscian Civil Society, Fordism, Post-Fordism, Post-Neoliberalism, Thatcherism, United States of Europe, corporate-liberalism, European Integration and Disintegration

ACKNOWLEDGEMENT

I would like to acknowledge and give my warmest thanks to my supervisor Prof. Dr. Yonca Özer who made this dissertation possible. Her guidance and patience carried me through all the stages of writing this work. I would like to thank the members of my dissertation committee members, Prof. Dr. Armağan Emre Çakır and Prof. Dr. Ayhan Kaya for their valuable advises during all my research process and the periodic dissertation meetings. I would also thank my committee members for letting my defense be an enjoyable and intellectual discussion, and for your brillant comments and suggestions, thanks to all of you.

I would also like to give special thanks to my wife Neslihan Gülşen and my daughter Minerva Gülşen and all my family for their support and understanding during my research process. Your belief and continous sacrifice sustained me during the whole process.

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LIST OF ABBREVIATIONS

AKU	Algemene Kunstzijde Unie
AFL	American Federation of Labor
BU	Banking Union
BRICS	Brazil, Russia, India, China, and South Africa
BNP	British National Party
CEO	Chief Executive Officer
CDU	Christian Democratic Union
CSU	Christian Social Union
CIO	Congress of Industrial Organizations
DC	Democrazia Cristiana
DAPG	Deutsch-Amerikanische Petroleum Gesellschaft
EBA	European Banking Authority
ECB	European Central Bank
EFTA	European Free Trade Association
EIOPA	European Insurance and Occupational Pensions Authority
TUAC	European Recovery Program- Trade Union Advisory Committee
ESM	European Stability Mechanism
ESAs	European Supervisory Authorities
ETUC	European Trade Union Confederation
ICI	Imperial Chemical Industries
ICFTU	International Confederation of Free Trade Unions
IMF	International Monetary Fund
KPD	Kommunistische Partei Deustschlands
MP	Member of Parliament
NHS	National Health Service
NEP	New Economic Policy
NATO	North Atlantic Treaty Organization
PCF	Parti Communiste Français

PCI	Partito Comunista Italiano
PSI	Partito Socialista Italiano
OECD	Organisation for Economic Cooperation and Development
OEEC	Organisation for European Economic Cooperation
OPEC	Organization of the Petroleum Exporting Countries
SEA	Single European Act
SRF	Single Resolution Fund
SRM	Single Resolution Mechanism
SSM	Single Supervisory Mechanism
SPD	Sozialdemokratische Partei Deutschlands
TRFP	Tendency of the Rate of Profits to Fall
TUC	Trades Union Congress
TNC	Transnational Corporation
TNS	Transnational State Apparatus
UNICE	Union des confederations de l'industrie et des employeurs d'Europe
USSR	Union of Soviet Socialist Republics
VAT	Value Added Tax
WFTU	World Federation of Trade Unions
WTO	World Trade Organization

INTRODUCTION

Following the referendum on 23rd of June 2016, Britain launched the process of withdrawing from the European Union (EU). During the campaign period for the referendum and thereafter, this process started to be called 'Br-exit', an abbreviation for the words “British exit”, which was invented in 2012 as a derivation of the ‘Gr-exit’ phrase. During the Eurozone crisis of 2009, the Grexit term was used for the possibility of Greece leaving the Eurozone, but its popularity became limited as the Greek withdrawal was not politicized by a nation-wide referendum and could not be realized thanks to the coordinated efforts of the European countries and EU institutions. Although the term Brexit was recently coined, it quickly became an integral part of the British newspaper headlines and the daily language in the country. Even though the prolonged leaving process ended with the Brexit transition period on 31 December 2020, it should be assumed that the term Brexit will not lose its popularity anytime soon. Besides, it will most probably be remembered as an accidental outcome of the political considerations of different interest groups and cliques.

Indeed, the Leave outcome of the British referendum was not an expected result especially for the then British Prime Minister, David Cameron. Although he decided to go into the polls in the form of a national referendum for the withdrawal of the United Kingdom (UK) from the EU, he mainly expected a Remain decision. In that way, he had hoped to neutralize the pro-Brexit Tory faction in the Conservative Party. However, things did not go as planned. The Leave decision of the Britons resulted in the resignation of the Prime Minister and started a period of economic and political turmoil. In a short time, it became clear that there was no smooth divorce option for the UK from the EU. The withdrawal could only be achieved in the most troublesome form of a Hard Brexit under the leadership of Boris Johnson, a fervent Brexiter during the referendum period. Above all, Brexit seems to have triggered new demarcation

problems for the UK. Firstly, the renewed customs between the Northern and Southern Ireland became unacceptable for both the Irish political groups and the European leaders. The new custom regulations dividing the British Isles could not be applied, although mutual agreements seem to be signed between the UK and the EU. Besides, separatist tendencies seem to have been triggered after the referendum in both Northern Ireland and Scotland. While the Scottish National Party decided to repeat the independence referendum, the Irish nationalist movement started to tell it out loud for a merging option with the rest of Ireland. Moreover, the racist and anti-immigrant rhetoric grew significantly in the British Isles after the Brexit referendum. Not only social problems, but also economic problems escalated during this period. Mainly, the growing cost of the Brexit bill in the form of market expensiveness started to be felt by increasing numbers of British residents. In that sense, the Britons started to experience a multitude of problems during the withdrawal period. Nonetheless, they refused to go over their decision in a second referendum.

On the other hand, the Brexit process was mainly discussed only by a small minority in the continental Europe by comparison with its popularity within the British *Öffentlichkeit* (public sphere). It rarely came to the fore in the remaining EU Member States. Indeed, Brexit mainly occupied only the agenda of the sub-commissions of the EU and its bureaucrats. In that sense, the withdrawal process has been basically discussed in relation with the British domestic and foreign relations, but it was rarely accepted as a European phenomenon.

In this regard, this dissertation aims to discuss the Brexit process along with the unification dynamics of the European 'ever closer union'. It claims that the British withdrawal can only be understood within a broader historical dimension of the integration process. Within this scope, it will be argued that focusing on recent political developments inside the UK might be deceptive as it might lead to an oversight of the transformative influence of the withdrawal process on the general European political environment. Thus, this dissertation has extended the Brexit analysis into a European

context along with a historical interpretation approach. It will be argued that the Gramscian historical materialism and class analysis of the European economic and political structure may reveal the depth of the influence of the Brexit process over the unification dynamics. Besides, as this process pretends to be a singularity in the EU history, it is believed that it may reveal some essential characteristics of the evolution of the *old continent* and contribute to the general field of the European Studies.

Research Question(s)

Main research question of this study is whether the withdrawal of the UK may trigger a social transformation in the composition of the European political and economic structure. To give a proper response to this inquiry, this study aims to provide a theoretical framework to the following questions: Firstly, the basic dynamics and class actors which led to the process of the Brexit will be enquired. Secondly, it will be asked whether the Brexit process should be considered as one of the milestones in the integration process or as the start of the disintegration of the EU. Finally, it will be also questioned whether the Brexit has weakened the integration process, or if it has unleashed the dynamics, which may ease the functioning of the EU.

In that sense, the basic dynamics of the Brexit concept attempted to be revealed in a consistent conceptual structure. Thus, the following problems on the theoretical framework were also required to be addressed in this study: 'Is it possible to explain the Brexit process with the current European Studies theories?' 'Do the European Studies theories provide a sufficient theoretical framework to foresee the developments in the EU after the withdrawal of Britain?' 'Can the British withdrawal process be conceptualised in a Gramscian theoretical framework as a passive revolution?'

In this thesis, it was mainly argued that the Brexit process has contributed to the transformative economic and political dynamics, which may negate the embedded neo-liberal structure of the European passive revolution. These dynamics would not

seem to trigger the driving factors of the disintegration, but rather the hegemonic withdrawal of the neo-liberal social and class forces may initiate a new deepening in the EU institutional structure based on supranational interventionism.

The Scope of the Dissertation

This dissertation attempts to explain the influence of the Brexit process over the class structure of the EU through the theoretical perspective of the Gramscian school. In that way, it practices the historical interpretation framework to reveal the class basis of the withdrawal of the UK. However, the main contradiction of Brexit was not discussed within the framework of the Marxist class antagonism between the bourgeoisie and the proletariat but rather it was proposed that the class conflict within the different factions of the bourgeoisie should be accepted as the main social force of European progressive development. In that sense, the working classes were acknowledged as passive masses, which became subjects supporting the different factions of the European capitalist classes as it was described in the Gramscian concept of passive revolution.

As Brexit was defined as a European phenomenon rather than a process caused by the British inner class dynamics in conformity with the passive revolution approach, it mainly focused on the historical development of the European class structure and unification process. As we aim to avoid a partial or eclectic conceptual structure to comprehend the Brexit phenomenon, the scope of this dissertation was limited to the analysis of the hegemonic classes and their influence based on the Gramscian Marxist school. In that sense, European Studies theoretical frameworks that ignore the historical transformation in the European transnational classes has been considered limited in revealing the basic inconsistency between the UK and the European integration process.

Nonetheless, different theoretical schools may be explanatory in different aspects of the Brexit process, but their description on the whole historical development become mostly eclectic and partial. They mostly borrowed the conceptual toolkit of

different theoretical schools and utilised them to explain the partial developments and results of the Brexit phenomenon. On the other hand, most prominent European Studies scholars prefer to highlight the 'accidental' and 'extraordinary' developments, which should not be expected in normal circumstances. The inadequacies of the main theoretical bodies or their eclectic hybridization seem to lead us to an impasse to frame the Brexit phenomenon in the mainstream theoretical schools and trigger new pursuits of theoretical explanations in the general European Studies discipline.

In that sense, this dissertation should be considered one of the attempts of the new theoretical pursuits to explain the Brexit process and the recent developments in the EU. It suggests that the Gramscian theoretical school based on the traditional historical materialist approach provides a consistent theoretical framework to reveal the main dynamics that led to the Brexit process.

Methodology

This dissertation aims to develop a conceptual framework to understand the main turning points in the European Passive Revolution including the Brexit process since the Second World War. A Marxist-Gramscian conceptualisation methodology was practised to provide a consistent theoretical framework. To respond to the research questions, it was attempted to reproduce a historical materialist model for the integration and disintegration dynamics to interpret the European unification. A conceptual understanding of the European integration process was mainly reproduced through the Gramscian theoretical framework based on his articles on *Americanism and Fordism*[1]. Nonetheless, the general framework of this study was structured on the classical Marxist school through the abstraction and concretization stages. While the second chapter of this thesis, where the main Gramscian concepts were introduced and reproduced, can be considered as the abstraction stage, the third chapter, the

[1] Gramsci has provided a genuine framework regarding the developments in the US capitalism in various articles in his *Prison Notebooks* under this same title.

application of our conceptual formulation to the historical development of the European unification process, should be accepted as the concretization stage.

The conceptual structure has been formulated through the abstraction and concretization stages. On the abstraction stage, concepts, and their relations with each other are formulated in an ideal postulate from the actual to the ideal (Nowak, 1976, p. 175). However, in this level, the idealization of the actual should not correspond to the empiric experience. On the contrary, the abstraction of the actual requires to exclude some main factors (independent variables), which may be essential to relate the conceptual one to the actual one. (Nowak, 1976, p. 175).

The next stage of the Marxist-Gramscian methodology has been described as concretization. In the dialectic materialist understanding, its meaning should be considered as quite different from its lexical definition. It might also be called concretization through abstraction. It is the further conceptualization from the abstract formulation to the (conceptual) actual (Nowak, 1976, p. 162). It can be considered as the rectification of the formulation received on the abstraction level. On the concretization level, the abstract formulation of the reality is operated and compared with the empirical reality. At the end, the main factors affecting the real processes are included in the theorem; and the ideal theorem transforms to the factual theorem (Nowak, 1976, p. 165). In this way, the borders of the concepts and their relation within themselves can be formulated in a dialectic process.

The conceptualization of the main contradiction should be accepted as essential in the Marxist methodology to expose the course of change. The change of the social structures has been accepted as natural by the historical materialist scholars (Bernstein, 2001, p. 443). All social structures are dynamic, and they consistently restructure and reproduce themselves. In that sense, change does not need an external impulse, but can be produced with the internal dynamics of the structure. The Marxist methodology examines the main contradiction of the social structure (the weakest link) which triggers social change. Besides, the main contradiction is always binary and dialectic.

Each social structure transforms constantly with the law of negation. However, the social change should not always be essential and should not reach a qualitative transformation. It might also be a quantitative change and occur in an evolutionary development. On the other hand, the qualitative transformation leads to a fundamental transformation triggered by the manifestation of the main contradiction of the social structure. In that sense, the Marxist methodology enables us to examine the course of the European development by examining the main negation processes. The dialectic conflict in the main contradiction tells us to follow up the course of development of the dynamics, which may trigger social transformation.

While the traditional Marxist school accepts the antagonistic classes as the main actors leading the sublation of the society in the maturation of the main contradiction, the (neo-)Gramscian school accepts the classes as the base of the antagonistic social forces which catalyse the daily transformation of the societal structures. In that sense, the Gramscian scholars do not only focus on the moments of the war of manoeuvre when the conflict of the main antagonistic classes become dense and visible, but also on the moments of the war of position when the classes or class fractions act constantly in a daily struggle to maximise their interests. The social forces perspective also enables us to describe the alliances between different classes or class fractions. Besides, the intra-class conflicts can be determined and conceptualised based on the social and class forces perspective. This thesis indicates the different class fractions as the basis of the main contradiction that led to the negation moments of the European Passive Revolution. However, the main political actors were described as the social forces such as corporate-liberal or neo-liberal social forces. In this regard, the political struggle of the different social actors led to the reproduction of a variety of state-civil society complexes such as *Lockean* or *Hobbesian state-society structures*. Therefore, it will be argued that the main contradiction led to the emergence; and the transformation of the EU should be considered as an intra-bourgeois struggle that occurred between different fractions of the European bourgeois social forces.

Accordingly, the inter- and intra-class antagonism was described in a European perspective. It was assumed that the European unification has been the form of the European passive revolution; and it is an ongoing process with a tendency to a more integral structure. The European bourgeoisie was not described as a *transnational being* but as a *transnationalizing becoming*. In that sense, it was described as analogical to the German or Italian middle classes in the middle of the 19th century before the *Risorgimento* or German unification. Thus, the Brexit process has been described within the framework of the evolution of the European Passive Revolution rather than the internal dynamics of the class struggle of the UK.

The Synopsis of the Dissertation

In the first chapter, the theoretical framework of the European integration and Brexit process has been discussed within a Marxist-Gramscian perspective. It was mainly argued that the mainstream theoretical schools of the European Studies and International Relations do not provide a consistent framework to understand the negation processes in the European integration including the Brexit period. In this chapter, the historical Marxist debate on the European integration process has been noticed as it is believed that it would shed light on the basic dynamics of the European integration process. The political debate on the *United States of Europe* started before the First World War by Karl Kautsky has been emphasised as an important theoretical guidance to comprehend the developments in the European integration history. Although this debate was started in 1911, 40 years before the initial attempts of the European integration process, the Marxist theoreticians were quite certain that the level of economic development of the European countries could only lead to either unification of Europe or a devastating European-wide war. However, the first integration attempts could not be initiated during this period, but only after two destructive wars in the European continent. Consequently, in the last section of the first chapter, the Gramscian conceptual framework has been introduced as the continuation of the Hegelian-Marxist theoretical school to reveal the main economic

and political dynamics of the European integration which has been characterized as a passive revolution. While the Marxist debate on the United States of Europe provides important insights on the economic and political *rationale* of the European integration process, the Gramscian theoretical understanding indicates why the European unification process could only start after the Second World War and develop into a *sui generis* international structure. Antonio Gramsci's formulation of the Fordist mode of accumulation and his concept of passive revolution has been emphasised to analyse the different moments of the European integration process.

In the second chapter, main Gramscian concepts such as hegemony, civil society and passive revolution were reframed to examine the European integration process and to posit Brexit on its historical development. Besides, transnationalism has been discussed with reference to the writings of the prominent (neo-)Gramscian scholars. In this chapter, it has been highlighted that the Gramscian theoretical framework has been referred to as the sublation of the Hegelian-Marxist understanding, but not as a diversion from the dialectic tradition as it was argued by the post-Marxist theoretical school. In that sense, the Gramscian concepts such as hegemony, civil society and passive revolution has been accepted as closely rooted in the relations of production. Thus, the historical development of the European integration process has been interpreted in the Gramscian theoretical framework based on his articles on Americanism and Fordism. For this reason, the Hegelian-Marxist conceptual framework has been frequently referred to in the construction of the theoretical structure of this thesis. Eventually, the main historical materialist concepts have been reproduced to reinterpret the European integration process in a Gramscian theoretical framework along the theoretical line of the Hegelian-Marxist school.

In the third chapter, the historical evolution of the European integration was described as the moments of a passive revolution. The main turning points of the European integration and the influence of the economic base and superstructure has been interpreted in a non-fatalist way. In this chapter, the European integration process

has been described as a unity of dialectic negations. Each of his moments has been characterized with the sublation of the earlier dialectic processes as a new determinate negation.

In the first moment, the European integration began as the spread of the Fordist passive revolution from the United States (the US). Accordingly, the American New Deal Synthesis started after the Great Depression transformed the American liberal capitalism into a corporate-liberal structure. A new state-interventionist policy was adopted to save the American capitalism from the crisis of the liberal mode of accumulation based on finance-capital. Fordism could only spread to the European continent after the Second World War due to two reasons. Firstly, the resistance of the noble classes could only be defeated after the destruction of the whole European class system. Secondly, the scale of the market to support the Fordist mode of accumulation could only be reached after the Second World War when the fragmented European markets started to be unified with the European integration process. The Marshall Plan could trigger the basic integrative and class-collaborative political dynamics and enable the spread of the Fordist mode of accumulation from the US to the European continent. It also spearheaded the Schuman Plan and the establishment of the European Coal and Steel Community (ECSC). Thereafter, the European corporate liberal forces could lead the formation of the European Economic Community (EEC). However, the European integration process slowed down in the second half of the 1960s along with the productivity in the Fordist mode of accumulation. The corporate-liberal tendencies started to disintegrate, and the European integration process experienced its first existential crisis.

In the second moment, the decrease of the Fordist mode of accumulation led to a conflict between the corporate-liberal and neo-liberal social forces, which ended up in a new European social regime, namely the embedded neo-liberalism. The deterioration of the Fordist regime in the European continent gave rise to diverse responses by different European countries. The rise of the national corporatist

responses may lead to a new period of state-monopoly capitalism and a weakening of the dynamics of the integration process. However, in the short run, the European countries acknowledged that the economic burden of the second oil crisis and the world recession could not be balanced with the national corporatist attempts. A new bargaining period began between corporate-liberal and neo-liberal social forces over the deepening of the European integration. In that way, Thatcher's neo-liberal counter-revolution emerged as the dialectic negation of the Fordist regime. It became successful first in the UK and then became influential in the establishment of the new European social structure. The embedded neo-liberalism as the continuation of the European passive revolution emerged as a compromise between the different fractions of capital and European labour. However, the hegemony of the neo-liberal social forces led to the accumulation of the destructive economic dynamics, which caused once again the collapse of the world financial system.

In the third moment, the mortgage and then the Eurozone crisis weakened the neo-liberal social forces and deteriorated the compromise between different fractions of capital. The new bargaining period between the corporate-liberal and neo-liberal social forces resulted in the deterioration of the embedded neo-liberal structure of the EU. Once again, the corporate-liberal social forces became influential over the European institutions after the Eurozone crisis. The negation of the embedded neo-liberalism reconfigured the state-civil society relations and started to transform the financial system in the EU. The decrease of the neo-liberal mode of accumulation and the transformation in the EU's financial governance triggered the developments which led to the retreat of the neo-liberal social forces from the European integration process in the form of Brexit. In the last parts of the third chapter, it was indicated that the Brexit process can be comprehensively described as the result of the conflict of the social and class forces reproduced in the third moment of the European Passive Revolution.

In the conclusion chapter, it has been argued that the conflict between different fractions of capital has been the driving force of the Brexit process. In the third moment of the European Passive Revolution, the Euro-crisis of 2009 deteriorated the European superstructure based on the hegemony of the money capital and the neo-liberal social forces. Not only the European financial system was collapsed, but also the state-interventionism was reproduced to rescue the European market economy. The 'return of the state' to the political economics started to be discussed once again in the European continent as an alternative to the neo-liberal political economy. Brexit has been the next step of the decrease of the hegemonic influence of the neo-liberal social forces in the continental Europe. Basically, in the aftermath of the global financial crisis, the neo-liberal social forces could not continue to keep the UK in the EU. In that sense, Brexit did not only influence the British economic and social structure, but also the economic base and the composition of the ruling classes of the continental Europe. Therefore, it is further envisaged that the structure of the embedded neo-liberal structure of the EU will further deteriorate in the foreseeable future and the corporate-liberal social forces may increase their influence on the European bodies and member states. This might also trigger a conceptual change in the European theoretical understanding.

The Limitations of the Dissertation

To keep the theoretical structure simple and comprehensible and to reveal the main class contradiction, it was preferred to exclude some social structures and actors out of the scope of the framework of this dissertation, as it was believed that they were not influential in the Brexit process, or they mainly acted under the hegemonic influence of other social and class forces. In that sense, this thesis mainly limited itself to elaborating in three domains, mainly the changes in the European and British governmental bodies, the influence of the subaltern classes as well as the British corporate liberal forces. When the research question of this thesis started to take shape right after the 2016 Britain's EU membership referendum, the Brexit process hit the

British political elite quite significantly. After the resignation of the Prime Minister David Cameron, Theresa May, a supporter of the Remain vote became the head of the government. Besides, the Brexiteers in the new government started to resign one by one during the negotiation process of the withdrawal agreement. While the first chapter of this thesis started to be written, it was still not certain whether the new Prime Minister Theresa May might carry the UK outside the EU. A second referendum seemed very likely. Besides, it was mostly believed that even in case of a successful withdrawal, the UK would keep similar economic and political relations with the EU within a customs union relationship framework, if not stay completely in the Single Market. In that sense, the Brexit referendum might not be a conjunctural development, but would not lead to a turning point in the relations between the EU and the UK, either. Thus, this dissertation focused mainly on the main dynamics and actors of the Brexit process in a historical materialist understanding. It did not examine the political actors and their influence on the European superstructure. It was mainly enquired whether the factors leading to the withdrawal of the UK were formed around the main contradiction of the European integration process and its class structure. Therefore, it mainly reproduced the basic dynamics of the main contradiction leading to the Brexit in the historical process of the EU framework.

As the conceptual framework was restructured on a Gramscian historical materialist theoretical approach, this thesis mainly focused on the EU class structures and economic base as well as state-society complexes. However, the developments in the institutional bodies of the EU could only be examined in a limited scope. Based on the conflict of the different social forces, it was argued that the Brexit process may trigger a structural change in the institutional and ideological structure of the EU. However, the content and direction of this change was not researched due to the scope of this thesis. In that sense, the institutional, social, and political analysis of the Brexit process over both the EU and the UK bodies could provide a more complete picture of the transformation of the hegemonic influence of the European social and class forces. However, this thesis confined itself to building a conceptual framework of the

conflicting fractions of the social and class forces. Further research on the changes in the European institutions would reveal this transformation in more detail.

As the Brexit process was described in the framework of passive revolution, European working classes were mostly excluded from our conceptual framework as independent variables. They were basically described as passive subjects under the ruling influence of different bourgeois fractions leading the neo-liberal or corporate-liberal social forces. Thus, the political tendencies and influence of the subaltern classes were mostly ignored in the scope of this thesis. Although it is very likely that the Brexit process and political dynamics of the regression of the neo-liberal social forces might trigger new social and class movements, it was believed that these movements will form under the ideological influence of trade-unionism and economism. In that sense, the neo-liberal and corporate-liberal social forces do not only consist of bourgeois middle classes, but also include the different cliques of the subaltern classes. Indeed, different fractions of the European subaltern classes took part in various bourgeois alliances during the whole European passive revolution period including the Brexit process. In that sense, further research on the political tendencies of the worker organizations as well as of the unorganized masses would describe a more accurate Brexit picture to understand the composition of the neo-liberal and corporate liberal social forces.

Besides, the internal dynamics of the British state-society complex that contributed to the Brexit process were summarized mostly under the category of the neo-liberal social forces. The British corporate-liberal social forces were mostly ignored due to two reasons. Firstly, it was believed that the main contradiction leading to the Brexit process was constituted in the historical process of the European Passive Revolution. Thus, the European dynamics were considered more dominant than the internal dynamics of the UK. Secondly, it was believed that the heritage of the Glorious Revolution enabled the UK bourgeoisie as a homogeneous class which became intra- and inter-hegemonic since today. In that sense, the British corporate-liberal social

forces were not described as independent political actors but fractions of different classes under the hegemonic influence of the neo-liberal ideology. Therefore, the historical process of the internal dynamics of the UK and its contribution to the European integration including the Brexit process could be only mentioned in the last chapters of this thesis and in a limited scope.

CHAPTER I: THEORETICAL DEBATE ON EUROPEAN INTEGRATION AND THE BREXIT

This chapter argues that the mainstream theoretical perspectives and the most refined EU integration theories were caught quite unprepared for the Brexit phenomenon. These theories were basically applied successfully to explain the significant political developments in the European integration history. However, they have been only partially explanatory for the main dynamics as well as the outcome of the 2016 referendum. Besides, none of them could prove clarity and predictability for the Brexit process. At last, it will be further argued that the Gramscian theoretical school may provide a comprehensive conceptual structure to explain the different moments of the European integration process and the withdrawal of the UK from the European unification.

1.1. Weaknesses of the Theoretical Approaches to explain Brexit

Since the Brexit referendum of 2016, there have been quite an important theoretical literature to explain the development and basic dynamics of the withdrawal process. While the realist, state-centric or inter-governmentalist theories mostly ignore the transformative influence of the Brexit on the British politics and the EU political structure, the liberal, economic-based and functional theories indicate its accidental nature and blame the political clumsiness of the British bureaucracy and parliamentarian elite indicating first and the foremost the former British Prime Minister David Cameron. For instance, Chris Warhurst (2016) analyses the economic reasons for the Brexit outcome in detail, but he mainly focuses on the political mistakes of the British politicians as they resulted in the unintended outcome:

> However, it was an accidental exit. The referendum was called by UK Prime Minister David Cameron to appease his own party's rebellious backbench MPs. But Brexit was not the intended outcome. Cameron only triggered the referendum because he thought the Government would win it. Neither the Remain nor Leave camps seriously thought that the UK would vote anything other than Remain. (Warhurst, 2016, p. 819)

On the other hand, Andrew Moravcsik (2016) does not seem to care much about the outcomes of the result of the referendum and argues that the bargaining power of the UK is limited; thus, Britain would only carry on outside the EU, but in practice, most relations will remain the same. Accordingly, a hard Brexit option should be considered as unlikely, and when the Brexit process is over, a few real policies would be changed (Moravcsik, 2018). Ben Rosamond (2016) suggests that the European integration theories, both neofunctionalism and intergovernmentalism describe the EU structure as institutionally resilient to any disintegrative pressures. While neofunctionalism suggests that any kind of economic and political difficulties drive to more integration and supra-nationalization, inter-governmentalists do not totally reject the fact that European actors may stall the integration processes but suggest that the common interests or absolute gains would result in a new bargaining process paving the way for a new integration process (Rosamond, 2016). There are few examples where the structural frameworks of the mainstream theories were stretched to become explanatory to be consistent with the empirical developments such as the neo-functionalists attempts by the 1970s, when they considered reversing the logic of the spillover[2] approach (Rosamond, 2016, p. 866). Thus, it is quite comprehensible that the mainstream theoreticians avoid the paradigm shifting features of the current developments as it seems quite difficult for the European theories to be consistent with the recent crises reaching its peak with the Brexit vote without any considerable renewal in their structural framework. Liesbet Hooghe and Gary Marks (2018) suggest that the claim of intergovernmentalism to see Brexit as epiphenomenal is consistent with its main framework. Accordingly, the EU should be considered one of the international organizations, the same as the others; and similar rules should be considered applied based on intergovernmental bargaining. Thus, as the relative power of the EU and the UK would define the outcome of the economic and military as well as diplomatic relations, the result of the referendum should not be exaggerated

[2] Integration in one economic area or sector increases the attempts of integration in different sectors.

(Hooghe & Marks, 2018). Thus, the intergovernmentalists believe that Brexit may be considered an *illusory* development, which influences only the British domestic politics, but not its foreign relations (Hooghe & Marks, 2018). Neofunctionalism places great emphasis on the economic interdependencies that sustain pressure for integration even in the face of domestic resistance. In 2016, 43.4 percent of the UK exports went to the EU, and 53.3 percent of imports came from the EU. The threat of economic disruption serves as a mighty disincentive for a hard Brexit. Beyond this, neofunctionalism observes that the cost of a clean break is greatly increased by the UK's dependence on the EU rule making and adjudication. This has been demonstrated in the desperate plea by the UK for a transition period, recently set by the EU at twenty-one months, in which the UK could begin to substitute its own regulatory machinery for that in the EU. However, there were neo-functionalist grounds to expect that the UK would be extensively subject to the EU rules and European Court of Justice rulings for the foreseeable future.

Christian Kreuder-Sonnen (2018) indicates that the European studies scholars investigating the institutional changes and processes during the crisis years since 2010 approached the developments with a *plus ça change*[3] attitude (p. 452). They focus on new integration achievements and political opportunities both the Eurozone and migrant crisis would bring. However, the Brexit referendum seems to make it more difficult to sustain the balanced optimism towards the European integration among the European studies scholars. Thus, main Brexit descriptions seem to rely on the partial explanations by the application of general international relations or political theories. They have been selectively applied to different turning points resulting in the Brexit vote and combined eclectically to describe a general picture for the Brexit process.

On the other hand, Tim Oliver (2017) believes that the Brexit has been the defining issue of the UK political debates. All new developments, significant speeches,

[3] It is still the same, even if it changes more and more. The fluctuations in the appearance do not change the fundamentals. It is generally used for the immutability of the social institutions which do not change due to the stability of human needs and nature.

and parliamentary discussions may result in the complication of the very basis of the process and make it more difficult to be comprehended (Oliver, 2017). He believes that the empirical developments should be sifted through the lenses of the theory as these lenses play an important role to look at the most important ones (Oliver, 2017). However, he suggests a partial explanation rather than a grand theory. Oliver (2017) suggests that theories of neoclassical realism, constructivism, and cognitivism may be applied to different aspects of the Brexit. He indicates that these theories have been applied time and again to understand the British Foreign Policy. He believes that "Generations of students (especially PhD students) will soon use Brexit as a case study in their various theoretical discussions of European integration or disintegration" (Oliver, 2017, p. 1). Accordingly, the neoclassical realist theory advises us to look at the power relations between the EU and the UK, shaped by structural factors such as military power, economic size and material capabilities and to seek the reasons for the outcome of the referendum by looking at these variables. Although it may help us to understand the constraints of the bargaining process between the EU and the UK regarding the withdrawal agreement, comparing the capabilities does not tell us much about the reasons for the outcome of the referendum. Britain, as a $2.2 trillion economic power, would prefer to stay with the remaining EU with its $13.8 trillion economy, if we only consider the economic sizes (Oliver, 2017). Britain's military power does not seem irrelevant in the Brexit case and both the EU and Britain have huge trade deficits. On the other hand, neoclassical realists believe that the balance of power plays a crucial role in the political processes, but there might be other factors such as mistrust between the states or their inability to fully sense one another, as well as the state leaders' inability to mobilize the state's material capabilities. Thus, it is not surprising that one of the main explanations of the Brexit have been the *accidental* Brexit. However, not only neo-classical realists but also economist Marxists believe in the accidental Brexit scenarios due to the economic interdependency between Britain and the EU.

Constructivists believe that the norms, frameworks of the agreements, conventions and rules play important roles in the international and EU politics as well as in the relations between the UK and the EU (Oliver, 2017, p. 2). Charlotte Bretherton and John Vogler (2006) suggest that the identity perceptions and interests are related, but do not have a linear relationship. While the identity facilitates occasionally the interest-driven act of the states and the EU, it could shape the understanding of the actors and could prevent the purposeful action. Constructivists highlight identities as important variables in the foreign policy making. Thus, understanding Brexit requires an explanation in which the UK and the EU defines themselves and construct their identities. Bretherton and Vogler (2006) indicate that they are two main approaches framing the identity of the EU. The first one is its inclusiveness and the other one is its exclusiveness. While the former one designates EU's emergence as a value-based community, the latter one has discussed in many subtitles described with the expression, *the fortress Europe*. Both these exclusive and inclusive characteristics seem to have paved the way for the construction of the EU identity, its structure as well as its limits. These identity characteristics of the EU may be considered an important starting point to understand the crisis between the EU and Britain. EU constitutionalism and Britain's pragmatism can be seen as an example indicating the discrepancy. So, the start of the Brexit can be traced until the 2004 EU Constitutional crisis. However, a more existential crisis can be indicated by focusing on the EU's definition of being an *ever-closer union* and on the British self-definition of being a sovereign imperial power. On the other hand, although the identity argumentation and reasoning seem to provide a consistent explanation for the general tendency of the historical relations between the EU and Britain, it does not explain why these relations have come to a turning point and the fault lines started to activate.

On the other hand, the cognitive approach provides a more adequate causality. It focuses on the psychology and mindset of the individual actors and provides explanations for the political processes (Oliver, 2017). It enables us to look at the world through the eyes of the key decision makers such as David Cameron or Boris Johnson

considering the Brexit period. It allows us to understand their political calculations such as inner-party politics or forthcoming election pressures. This approach seems valid in our case to understand how the Brexit decision had been taken but could not explain the historical process politicizing half of the Conservative Party members for the withdrawal of the UK. Besides, it could not clarify why millions of people have voted for one option rather than another.

As Hooghe and Marks (2018) indicated recently, the political theoretical structures have flexible bodies and could not be easily falsified by empirical facts. Although any political theory may be based on a rational and consistent examination of the historical and daily events, it is not always easy for them to cope with every single development. It is expected from a well-working theory that it does not face new contradicting input. Besides, new events might be able to be predicted by the implications of the theoretical framework. However, political theoretical schools have mostly limited ability to predict the following political events before happening but have the problem-solving capability to compare a new political event with similar events and define a new phenomenon by integrating it into its structural body. Different theoretical frameworks differ in their approach to synthesize the new contradicting facts into their already well-established theoretical structure. The theory should be considered successful, if it can integrate the new facts consisting of certain selected phenomena into its body by using its own theoretical toolkit without conflicting its main assumptions and framework (Hooghe and Marks, 2018).

Accordingly, the main EU integration theoretical bodies above seem to enlighten the different components of the Brexit process and give rise to mainly the accidental Brexit explanations. On the other hand, the international relation theories were not more successful than the European Studies in finding the general tendencies of the Brexit process.

Looking at the historical developments right after the Brexit referendum and the possible long-term effects of the Leave decision, it is quite possible to think that the

majority vote for the Leave decision had been accidental due to the *excess of democracy in England*. The term accident has been chosen carefully as it indicates that it was very unlikely and in normal circumstances, it should not have occurred. Meanwhile, it also means that the incident did not happen intentionally. Above all, there are significant political milestones to the Brexit vote that may ease this scenario.

The cognitive theoretical approach seems to fit well with the accidental decision process. First of all, it is no secret that this referendum decision was taken by the British Prime Minister David Cameron in order to defeat its opponents within the Conservative Party and to stop the increasing political influence of United Kingdom Independence Party (UKIP). Indeed, Cameron's self-defeat in the referendum and his resignation reveals that he could not reach the outcome he desired, and that on his side an 'accident' may have occurred, which he did not expect. Moreover, it should be considered that all major British political party leaders including the ruling Conservative Party's David Cameron, Labour leader Jeremy Corbyn and leader of the Liberal Democrats Tim Farron as well as the leader of the National Party of Scotland Nicola Sturgeon took a pro-EU stance, so the Brexit vote can be interpreted as a rebellion against the British parliamentarian system. The polls showing 60 percent *Remain* vote when the referendum decision was taken also reinforce the accident scenario in the referendum.

On the other hand, different schools in the Marxist school as well as the political Marxist movement could not predict the developments starting from the referendum decision. Like neoclassical realists and liberals, economist Marxists indicate the economic surplus provided by the EU to the British GDP by reducing the custom barriers and reinforcing the trade relations within the European countries. Thus, the economist/trade-unionist Marxist school suggests that the EU would continue to contribute to diminishing border regimes which prevent the unification of the working class across the whole Europe. Accordingly, the tendency of the increasing unification of the working class gave rise to the social democrat governments which enabled the

European welfare states. The accidental Brexit assumption is based on the presupposition that both the working class as well as the bourgeoisie benefited from the growing market, regulations as well as the rules of the EU; and the Leave vote in the referendum should be considered a clear contradiction against the interests of both classes. Thus, not only neoclassical realists or liberals but also the economist Marxists may interpret the Brexit outcome as an accident as they believe that the growing economic interdependency between the UK and the EU would lead to further integration, but not to Brexit. Hence, it is not surprising that the Labour Party was one of the fervent defenders of the EU by highlighting that the workers benefited from the EU membership at most and suggested that the leave outcome may hit the workers as a Brexit tax. The main emphasis of the Labour Party had been the economic protection the EU provided and the possible worsening of people's living conditions in the absence of EU regulations. However, during the referendum, this pro-EU rhetoric did not persuade the electorate as the Leave campaigners indicated that what they called the EU's membership fee, £19 billion, was an estimated amount the UK pays the EU annually. The Labour Party's rhetoric during the Brexit referendum let the liberals gain ground for the austerity politics to privatize the NHS, the UK healthcare system and the reduction of the wages of the workers. The Labour Party's pro-EU Remain campaign was based on the economic and social rights of the worker class as well as all British citizens. However, it was highly doubtful for the British citizens whether there was any correlation between the EU regulations and the protection of the British social rights. All in all, the result of the referendum clearly indicates that the British worker class did not believe this, or similar kind of pro-EU correlations or the catastrophic austerity scenarios related to the EU membership. Thus, according to the neoclassical realists and liberals as well as economist Marxists, the British people went to the polls and voted against their own interests. Renowned economist Stiglitz (2016) known for his criticism of international economic organizations and global capitalism interprets the Brexit outcome as the anger vote of the masses against their self-interest: "But voting in anger does not solve problems, and it may bring about a political and

economic situation that is even worse. The same is true of responding to a vote in anger" (para. 15).

Most political Marxist theoretical schools refuse the economist *Brexit accident* approach and interpret the Brexit vote to withdraw from the EU as evidence of fascism rising in Britain. From this point of view, the significant economic and social problems in Britain did not find themselves an anti-capitalist channel, and thus opened up a new fascist movement as we can see from the rise of xenophobia in Europe. Similar developments in the conditions that led to the emergence of earlier fascist experiences before the Second World War provide a historical ground for this approach. The similarities between the global financial crisis of 2007-08 and the 1929 Great Depression may be interpreted that the world-wide economic crisis may start a new phase which may be suitable for the rise of the fascist regimes. The disrupted public finance, slowing economic growth and the increasing economic globalization also reminds us of the beginning of the 20th century, which may set the stage for the rise of British fascism. Besides, UKIP and then the Brexit Party as an active political party that led the anti-EU and anti-immigration policies had been indicated as the political actor leading the rise of fascism. In this way, the political Marxists believe that not only economic factors, but also political conjuncture and actors has been consistent with the increasing fascism approach.

By interpreting these and similar developments, there are increasing numbers of academicians who believe that the footsteps of the rise of British fascism can be heard (Warren, 2017). Even though it is true that UKIP or Brexit Party, which politicizes the anti-EU membership and anti-immigration policies, had benefited from the rise of the right-wing British political atmosphere, it should be emphasised that their party structure had not been constructed by a fascist ideology and their political discourse did not differ from the right-wing of the Conservative Party. Moreover, it is also a fact that the emergence of the UKIP in the political scene has decreased the influence of the fascist British National Party (BNP). Since 2009, the impact of BNP has not only

diminished in the British Parliament, but also in the streets. Moreover, with the clarification of the results of the EU referendum, UKIP Leader Nigel Farage stated that he became successful in his political career by bringing Britain out of the EU and he wanted to retire and take care of his grandchildren. His statement after the referendum makes it even more difficult to portray him as an ambitious right-wing political leader affected by a fascist political worldview.

Another economist Marxist interpretation regarding the Brexit vote which rejects the Brexit accident and *rise of fascism* approaches indicate the sociological mapping of the *Leave* votes and suggests that the historical worker cities and the poor British worker areas said "No" to the EU. Accordingly, this should be seen as a *kick of the worker class* against the European imperialist powers and transnational bourgeoisie, who came together under the flag of the EU to oppress and exploit the British working class.

An upside-down interpretation of the Brexit accident approach was proposed by the economist Marxists as a new rise of the British working-class struggle. This interpretation focuses on the economic crisis of 2007-08 and the political crisis thereafter and assumes that the working class has benefited from the internal crisis of the Conservative Party and other bourgeois parties. The result of the June 24th referendum was named a *Brexit kick* back against the EU imperialism and globalization. The internal struggle experienced by the Conservative Party and other bourgeois parties after the Brexit vote, the resignation of the Conservative Government, the turbulence of the financial markets, the uncertainty environment reflected in the newspapers, the devaluation of the British Sterling reveal the political impact of the working-class' decision to weaken the capitalist system. Based on the sociological analysis, indeed, the major worker cities voted for Leave. The leave votes reached 70%-80% in some Labour heartlands. Accordingly, the British working-class had used the opportunity revealed by the referendum decision to reject the bourgeois policies imposed by the EU. It is argued that the British working-class sought the

opportunity to say “No” to the EU's neo-liberal policies for a long time. Cameron's decision for the referendum for his own narrow political interests gave the opportunity to the British working-class to struggle against the British bourgeois system. While the British bourgeois parties went into a turmoil and the British stock market had collapsed, the growing problems in the socio-political structure has revealed that the British capitalist system is not sustainable or manageable. Workers who went to the polls in anger against the austerity problems created by the bourgeois system punished the British political parties and bourgeoisie. However, there is not sufficient empirical evidence backing the scenario of the rising struggle of the British working class against the neo-liberal policies, either. On the contrary, the Brexit period had a devastating impact on the British working class, especially in the areas of North England and Midlands, which were once the industrial centres of the UK (Etherington, 2019).

Both the European Studies and the international relations theories including the current economic and political Marxist approaches cannot provide a complete explanatory theoretical perspective for the Brexit phenomenon. During the withdrawal process, the predictions of the main theoretical frameworks have failed dramatically. While the neo-functionalists and (liberal) intergovernmentalist scholars awaited a Remain decision in the referendum or a *soft Brexit*, (neo-)realists and constructivist approaches were also indecisive for the withdrawal process as they believe that there would not be a significant change in the relations between the EU and the UK. On the other hand, the current economic and political Marxist schools have also failed to provide a complete theoretical assumption for the developments in the EU. However, the Marxist debate on the United States of Europe during the First World War could have offered important insights into the subsequent developments of the European integration process. Indeed, the European unification seem to be offered to the workers’ movement by Kautsky as a peace process to prevent the forthcoming war. When his article “War and Peace” started to be circulated among the social democrats, the United States of Europe motto was debated and mainly accepted by the prominent Marxist leaders and the trade union movement. Thus, this debate has a significant

historical value regarding the European studies. In that sense, United States of Europe approach provides important keystones for the Marxist theoretical approaches to understand the integration and disintegration dynamics of the European integration process. Besides, it had also contributed to the Marxist political environment in which the Gramscian theoretical framework was shaped.

1.2. Historical Marxist Contribution of the United States of Europe Polemic to our current understanding of European Integration

When the Marxist position for the main issues regarding the European integration process started to be debated, the main Marxist economic aspects and the perspective of class antagonism seems to be considered to develop a Marxist description, yet the writings and articles of the main Marxists theoreticians seem to be ignored, not quoted, or referred. The debate of the European integration process among the Marxists dates back to the First World War period, mainly 40 years before the start of the European integration process. However, it is not only significant for its historicity as being one of the precursors to the European integration process, but the content of the debate provides important insights regarding the whole European unification and Brexit political process. Initially, the United States of Europe has been a Marxist proposal as a political solution to prevent the approaching war and a political motto of the European working class and the Peace movement during the First World War to end the ongoing slaughter. It is important to point out that the United States of Europe was never considered in the field of the class conflict but believed as being one of the bourgeois democratic demands and no doubt the Marxists had to consider that the integration process might be in the interests of both the bourgeoisie and the proletariat. While Kautsky (1911) believed that the United States of Europe should be considered one of the possible achievements of the anti-war movement, Rosa Luxemburg (1911) and later Vladimir Ilyich Lenin (1915) did not find it convincing to be possible or if possible, persistent due to the economic stage of the capitalist-imperialist era. However, it is important to point out that both Kautsky (1911) and Lenin (1915)

considered the foundation of the United States of Europe in the realm of the bourgeois democracy. They both agree that the character of this unification would not be a socialist one and they seem to be fine with that. As Lenin (1915) described in his article, the political changes and revolution in the democratic nature would not obscure the developments towards a socialist revolution. On the contrary, they increase its possibility by leading the petty bourgeoisie and the semi-proletarian masses into the struggle. The struggle for the development of the bourgeois democracy was seen as inevitable to achieve the socialist revolution. It is also important to highlight that Lenin and other Bolsheviks had supported the slogan of the United States of Europe for a long time and even after the outbreak of the war in 1914. Lenin (1914) proposed the slogan against the increasing chauvinism by expressing that it should include the revolutionary overthrow of the German, Austrian and Russian monarchies in his "The War and Russian Social-Democracy" article.

However, after 1915, Lenin started to believe that the United States of Europe was impossible due to the imperatives of the imperialist stage of capitalism and could only be provisional considering the economic aspects of the slogan of the United States of Europe. On the other hand, Kautsky's proposal for the support of the unification of the European continent was a pure political one against the main political development of the start of the 20th century: the approaching war. However, the structural analysis, driving forces and the possibility of the unification was proposed in an economic *rationale*.

Starting from Kautsky's article "War and Peace" in 1911, the slogan of the United States of Europe became one of the main topics that circulated around the Marxist factions. Lenin's opposition to the slogan has been published in the Sotsial-Demokrat in 1915. He claimed that a "United States of Europe under capitalism should be considered [either impossible or reactionary] …from the standpoint of the economic conditions of imperialism—i.e., the export of capital and the division of the world by the [advanced] and [civilised] colonial powers" (Lenin, 1915, para. 4). On the other

hand, Leon Trotsky (1914, 1917, 1923) did not reject the necessity of the United States of Europe in his articles published during and after the war. Moreover, unlike Lenin (1915), he indicates the inevitability of the European integration in different post-war scenarios in his article of 1917 or the only revolutionary way to rescue the old continent from ruining in 1923.

1.2.1. Karl Kautsky: The United States of Europe

In his article "War and Peace", Kautsky (1911) indicates the increasing enmity between the European Powers and the possibility of war between them. He believes that the Social Democratic Party of Germany should take the necessary measures to prevent the war. He states that the peace movement should not be seen as a national responsibility, but it should be considered an international task, which should be conducted by the Second International. He highlights the development of the warfare in the recent decades and the increased possibility of devastation of the continent. Besides, he suggests there is a 'disproportion' between the pros and cons of a war for the ruling classes. The advantages of the war might be quite limited comparing the frightful horrors modern warfare may cause. Thus, he believes that not only working masses but "even the bourgeoisie cannot shut its eyes to the impression of this increasing disproportion" (Kautsky, 1911, para. 15).

> The dislike of war is rapidly growing not only among the masses of the people, but also among the ruling classes. And it has, for 40 years, been found possible to get rid of every occasion of conflict between European Powers, however threatening, without any forcible explosion. At the decisive moment everyone shrinks back from the responsibility unchaining the frightful horrors of modern warfare. (Kautsky, 1911, para. 15)

Besides, Kautsky (1911) believed that the contradiction of the bourgeoisie regarding the necessity of war was growing due to the revolutionary movement of the proletariat. Accordingly, bourgeoisie feared an outbreak of the war due to the growing conviction that a war may lead to a social revolution led by the working class. He believes that the fear of the proletarian revolution is the main reason which resulted in

the call of the disarmament and peace among the liberals and the bourgeois proponents. He highlights a dialectical development of the need for peace in both bourgeois and proletarian classes, but also the growing danger of the outbreak of the war. Although Kautsky (1911) indicates the growing fear of the bourgeoisie for the revolutionary movement which might lead the liberals to refrain from a possible war, he believes that the outbreak of the war would result in the siding of the proletariat with its own bourgeoise; and the organized power of the workers could not be sustained during the war period. Accordingly, in the case of the outbreak of the war, the workers would not blame their own government, but see the causes in the acts of the neighbouring state. Thus, the workers even the internationalists would be inflamed to secure the borders of their homelands against the foreign invasion. Besides, a political mass strike should be considered impossible during the war period as a strike could only be successful if all extraordinarily circumstances were met. Accordingly, a mass strike which would attempt to prevent the defence of the borders against the enemy state would be unsuccessful or a "piece of heroic folly" (Kautsky,1911, para. 26). Thus, Kautsky (1911) believes if the worker class is "not strong enough to overthrow the government which is driving on to war" (Kautsky, 1911, para. 27), it would not be able to do anything during the war when the enemy started marching to the homeland borders. Thus, the workers should act before the outbreak of the war to prevent it with a peace movement.

> The demand in that case to make the war impossible by a mass-strike is an outbreak of despair, which would prevent the war at any cost, yet knows no other means by which to prevent it. But there are no means by which war may be made impossible in any circumstances and by which to ensure peace, except the victory of the international Social-Democracy. (Kautsky, 1911, para. 28)

Kautsky (1911) believes that the workers should cooperate with the bourgeoisie to establish the union of the States of Europe as a confederation with a trade policy, federal parliament, and government as well as the army, namely the United States of Europe.

1.2.2. Rosa Luxemburg: Peace Utopias

While Kautsky (1911) attempted to formulate a common ground for the left side of the bourgeoisie and the proletariat for the peace movement, Luxemburg (1911) advised to clarify the differences of the principles between the Social Democrats[4] and the bourgeois peace defenders. Accordingly, the points of departure of the bourgeois peace enthusiasts and the Social Democrats should be considered total opposites. While the peace enthusiasts in bourgeois circles believe that the world peace and disarmament are possible within the capitalist global order, the Social Democrats should be convinced that the end of militarism could only come with the annihilation of the bourgeois state. Accordingly, the developments in the international capitalism would not hinder the militaristic characteristics of the bourgeois states. The increasing armament inevitably paves the way for the brutal wars. Luxemburg (1911) suggests that the international conflicts could not be mitigated in the economic anarchical environment of capitalism.

> For the international antagonisms of the capitalist states are but the complement of class antagonisms, and the world political anarchy but the reverse side of the anarchic system of production of capitalism. Both can grow only together and be overcome only together. "A little order and peace" is, therefore, just as impossible, just as much a petty-bourgeois Utopia, with regard to the capitalist world market as to world politics, and with regard to the limitation of crises as to the limitation of armaments. (Luxemburg, 1911, para 5.)

While Kautsky (1911) highlights the long peace period lasting for 40 years between the European Powers, Luxemburg (1911) points out the wars in the fifteen years from 1895 on such as Japan-China, Spain-US, British Boer and Russia-Japan wars. She argues that the antagonism between the European States and their conflicts of interest had paved the way for the wars in the world seas and outside the European

[4] Before the split in the Socialist International, it was assumed that the Social Democratic Parties were founded on the principles of communist worldview and the theoretical perspectives raised by Karl Marx.

continent (Luxemburg, 1911). By pointing out the empirical facts about armament and conflicts in the by-corners of Europe, she suggests that the wars should be considered an inherent characteristic of the capitalist world order. Besides, the wars seem to provide the consolidation of the militaristic characteristics of the bourgeois states which increase confrontation between the European countries. Accordingly, the China-Japan war led to the military reorganisation of Japan and enabled the war against Russia. These consecutive wars resulted in the predominance of the Pacific Ocean by Japan. The Spain-US war spearheaded the reorganisation of the US navy, which allowed the US to realise its aspirations in Asia. Although both the US and Japan had achieved their initial aims, the results of their achievements did not bring a period of peace, but "created the germ of the antagonism of interests between the United States and Japan in the Pacific" (Luxemburg, 1911, para.8). From a current perspective, we can say that this increasing antagonism could only mitigate after the launching of the two nuclear bombs on the Japanese cities, Hiroshima and Nagasaki. Luxemburg (1911) states that "…every settlement between the military powers unavoidably becomes the starting point for fresh conflicts" (para. 9). She also points out the Triple Entente, which linked the Russian Empire, France, and the UK, and was hailed as a guarantee for the European peace. She considers this Alliance to have led to the increasing tensions in the Balkans and paved the way for the German-Turkish rapprochement. She refuses to believe the sincerity or enforceability of the declarations of the European Parliamentarians, as they reflect the voice of middle and petty bourgeois sections, who groan for the burden of militarism. However, she thinks that the middle classes will be uninfluential, just as they had been unsuccessful against their fight to the cartelisation (Luxemburg, 1911). Considering all these facts, Luxemburg (1911) believes that the Social Democrats should not spend time to organize a Peace Movement, which could also include the Peace enthusiastic sections of the bourgeoisie, but they should "…declare the proletarian revolution as the first and only step toward world peace" (Luxemburg, 1911, para 13.).

In the second part of her article, Luxemburg (1911) refers to Kautsky's passage in the *Neue Zeit* on the United States of Europe as a sample of Utopianism, which describes an era of peace and disposes of militarism in the capitalist order. Luxemburg (1911) believes the idea of the United States of Europe conflicts with the social democratic understanding of the state structures. Accordingly, the states are not artificial products of creative fantasies of the historical personage, but products of economic development. She believes that the proposal of the European State Federation lacks the economic foundation to be built on. Europe as a geographical and historical notion should not be considered an economic unit. Luxemburg (1911) suggests that considering Europe an economic entity contradicts the international capitalist structure. While the uncompromising competition between the European States hinders any economic rapprochement between them, their relations with the non-European countries also prove that the European countries cannot be considered an isolated economic structure. She believes that the only possible existence of the European unification could take the economic form of a tariff war against the US and a political campaign of colonization directed to other continents. Thus, she believes that the idea of the "United States of Europe runs counter both economically and politically to the course of development" (Luxemburg, 1911, para.22) and the Social Democrats should not get involved in any kind of Europeanism (Luxemburg, 1911).

1.2.3. Vladimir Ilyich Lenin: On the slogan for a United States of Europe

Although Lenin's article in 1915 was quoted repeatedly to indicate the Marxist understanding for the unification of Europe, it is important to point out a quite common delusion that Lenin had always refused the slogan of the United States of Europe. Quite the reverse, beside the Kautskyites and Trotskyites, the followers of Lenin's leadership also deployed the slogan before the First World War as the main political motto against militarism and armament of the European States. Before the start of the war, Lenin did not support Luxemburg for her theses against Europeanism and became one of the main promoters of the Kautskian ideas in the Bolshevik section of the Russian Social Democrat Party. Besides, even after the outbreak of the Great War, Lenin himself

drafted the United States of Europe theses to the Bolshevik Central Committee that gathered in Berne in August 1914 (Conrad, 2011). It was adopted as an immediate slogan to transform separate states of Europe into a republican United States of Europe (Conrad, 2011). Later, he continued to employ the slogan, but stressed that the slogan does not imply the unification of the existing monarchical states of Europe. Rather, it should include the "revolutionary overthrow of the German, the Austrian and Russian monarchies" (Lenin, 2014). However, after 1915, starting with his article "On the slogan for a United States of Europe", he refused the positive implications of this slogan and classified it as political invulnerable and economically impossible or reactionary (Lenin, 1915).

Lenin (1915) seems to change his approach to the European integration in respect of his changing relation with Kautsky and in line with his new understanding of the reorganisation of the international capital. Accordingly, the world has been divided ruthlessly into parts by a small group of Great Powers, which had been successful in oppressing and plundering the thousand million of the earth's population through colonization. Lenin (1915) claims in his article "On the Slogan for a United States of Europe" for the first time long before his famous book known as *Imperialism* that the capitalism reached its highest development, and it cannot be organized in another way. He believes that renouncing the colonies, exploiting through *spheres of influence* or capital exports should not be considered possible under the highest development of capitalism. He indicates that a United States of Europe is only possible with an agreement on the partition of colonies. However, he claims that the capitalists would not allow a just division of colonies or national income in their countries. The only way to a division should be considered in proportion to strength, which changes with economic development. Thus, the war is the only way to test the real might of states in capitalism. Unlike Kautsky (1911), Lenin (1915) believes that war is a natural result of capitalism. It does not clash with the class interests of the bourgeoisie. Like crises in economy, wars are necessary in capitalism to restore the disturbed harmony in politics.

Lenin (1915) suggests that a United States of Europe can only be possible under temporary agreements between capitalists to suppress socialism in Europe or to protect their colonies against Japan and America. He believes that the United Europe would be an economic reaction to slow down the rapidly developing America. Due to these reasons, he concludes his article by indicating the repeated discussions of Russian Social Democratic Party Organs and the decision of the editors of the Central Organ that the slogan United States of Europe had been found erroneous.

1.2.4. Leon Trotsky: The Programme of Peace

Trotsky (1914, 1917, 1923) revealed his approach regarding the United States of Europe in several writings. The first article Trotsky raised the question of the United States of Europe was "The War and the International" published in September 1914, at the start of the First World War. This article was an immediate response to the outbreak of the Great War and the Social Democrats who voted for the war credits in their countries and started to support their bourgeois patriots in the name of the so-called defence of the *fatherland* against the foreign invasion. Trotsky (1914) believes that the working class has no interest in their support of the border defence of the nation states as they had been the main obstacles for economic development. Accordingly, the workers should struggle to wipe out the borders of the old nation states and support the foundation of the new fatherland, "the republican United States of Europe". He believes that both the Balkan question and the Russian revolution should be considered related to the problem of the United Europe of tomorrow (Trotsky, 1914).

Later, in his article "The Programme of Peace" published in May 1917, he elaborates his approach regarding the United Europe. Principally, at the start of his article, he points out the inter-class antagonism of the bourgeoisie. While the development of capitalism requires the integration of the European market and the acquisition of the colonies to the European circle of accumulation, the landlords and some capitalist classes had opposed the unification by using the tariffs for intense

exploitation. While the landowners seem to generally oppose the cancellation of border duties, even the financial and industrial bourgeoisie of the smaller countries can be hostile to a tariff union. He believes that the disharmony of the interests in different bourgeois sections makes it impossible to come to an agreement for an economic unification for the European countries. He highlights that the unification of Europe, which provides significant advantages to both producers and consumers and the general cultural development, should be seen as the main revolutionary task of the European working class against the imperialist protectionist tendencies and militarist politics (Trotsky, 1917).

He comes up with three different post-WWI scenarios, in which each results in the resolving of the borders of the European states. Based on the first scenario, Germany would win a decisive victory which would result in a military-tariff union of Europe. This will unify the European market progressively without any exemptions or compromises. This would force all the nations to join without any autonomy. Thus, this was described by Trotsky (1917) as the caricature of the European United States. However, even in this scenario, Trotsky (1917) states that the European proletariat would not propagate for a dissolution of the forced European coalition. Accordingly, a forced unification should be preferred rather than the individual European national states.

The second scenario assumes the defeat of Germany. Trotsky (1917) believes that "European unification would nevertheless be accomplished … even more complete than in the case of a German victory" (para. 42). Accordingly, the increasing tendency towards the unification would not be hindered by the hostility of the European States to each other in their colonizing missions as they would be forced back everywhere by the US and Japan. They would prefer to sign economic and military agreements to deal with the problems in their colonies and their own proletariat. This will lead to an establishment of an imperialist trust of European states. However, just as in the scenario of German victory, this possibility signifies the proof

of the realistic and revolutionary potential of the slogan. Accordingly, this imperialist trust would be "a step forward as compared with the existing situation" (Trotsky, 1917, para. 42). In this case, the working class would not struggle to go back to the autonomous small states, but for the transformation of this trust to a federative Republic.

The third scenario would be the European state-unification by the struggle of the European Proletariat. It would not be forced by the arms or created by industrial and diplomatic relations. The establishment of the European Federative Republic by the Proletariat would guarantee the freedoms of nations and would be a milestone against the imperialist militarism.

In his article "Is the Time Ripe for the Slogan: The United States of Europe?" of 1923, Trotsky repeats and updates his claims regarding the European unification. Accordingly, the post-war period and success of the Russian Soviets indicates that the time is appropriate for "A Workers' and Peasants' Government of the United States of Europe" (Trotsky, 1923). Hence, Trotsky believes that only the European Federation can respond to the crucial problems of the post-war Europe. The occupation of Ruhr indicates that there is a growing need for uniting the coal of Ruhr with the iron of Lorraine. He believes the problem of reparations are also compatible with the solutions, which can only be provided by the United States of Europe. Thus, the borders and solutions imposed by Versailles would not solve the problems of the European States and they would face a new economic decay. The solutions found by the bourgeoisie after the First World War seems to reinvigorate the pre-war problems in Europe. They would be incapable of restoring the European economic life. He suggests that the custom barriers of Europe should be dispelled, and the planned economic life could save the people of Europe from the disasters of war. Thus, in his 1923 article, after six years of Russian Soviet experience, he focuses on the United States of Europe as a workers' government rather than a capitalist Europe. He seems to avoid the options of bourgeois integration processes of the United States of Europe.

1.2.5. The significance of the Marxist debates over the European Integration

Should we exclude Luxemburg (1911), before the start of the First World War, European integration process was accepted by the Marxist thinkers as the only path to avoid the approaching war. The prominent Marxists met on the common ground that the productive forces of Europe had outgrown the boundaries of the national economies and its protectionist policies. Neither colonization nor intensification of the domestic exploitation could solve the crises of production. The imperialist war and the Versailles Peace Treaty could not solve the contradictions between the European countries caused by the economic scales of the national states but seems to have intensified them. Although the European integration did not start immediately after the First World War as it was believed by Leon Trotsky, the 8th September 1930 meeting at Geneva, led by Aristide Briand and Gustav Stresemann to dissolve the European borders, indicates an early but failed attempt towards the unification of the European states. Besides, it signifies not only that the political problems arose before the Second World War but also that the antagonism between the productive forces and national boundaries continued to exist during the intra-war period. This contradiction seems to have led to a similar enmity between the nation states. The Second World War became inevitable and led to more protectionism and armament as well as governance of militarism all over Europe in its fascist or less authoritarian government types. European integration could only be put on the table after the terrific destruction of the European continent.

Thanks to the Second International[5], the socialists could act together before the First World War and their main strategic slogan towards the war was the United States of Europe. However, the Western socialists, especially the socialist Parliamentarians started to support their own governments for the war policies in the name of *defending*

[5] After the dissolution of the International Workingmen's Association named the First International, the Second International was founded in 1889 as an international association of the socialist and Labor Parties. The outbreak of the First World War made the organization ineffective and it was dissolved in 1916.

the borders of the fatherland. After the assassination of the Austrian Archduke and the outbreak of the war, German Social Democrats supported the war credits in the Reichstag[6]. The unanimous vote of the German socialist delegates for the Burgfrieden[7] was followed by the French socialist's *union sacrée,* the policy not to oppose the government or not to trigger any strikes. Thereafter, the British Government could gain the support of the British Labour Party in its war efforts. As Kautsky (1911) foresaw in his article "War and Peace": "Everyone is first of all a patriot – even the Internationalists" (Kautsky, 1911, chap 2, para 25). After the war credit voting, the wording could be changed as such: *Everyone became a patriot – first of all the Western Social Democrats*. Only Russian and Serbian socialist Parliamentarians refused to back their governments' war efforts. This led to a split in the Socialist International. Socialists who would establish the Communist International refused to back their governments in their slaughter and crimes against the worker class. They refused to confirm the policies which would send the uniformed workers to the frontline in the name of defence of the fatherland. At the end, they diverged from the main body of the Social-Democracy and sought a split from the Second International towards a new international organization, which was first attempted in the failed experience of Zimmerwald Conference in 1915. Kautsky seems to struggle against the German Social Democratic tendency supporting the war budget. In 1914, he suggested abstaining in the German Parliamentary vote for war credits. In June 1915, he formed an anti-war faction against the pro-war leaders of the Sozialdemokratische Partei Deutschlands (SPD), and in 1917, he split from SPD by forming the Unabhängige Sozialdemokratische Partei Deutschlands (USDP). However, his critics regarding the October revolution increased the tensions between the supporters of the Bolshevik revolution and Kautsky. The short-lived post-revolution government coalition of SDP and USDP was considered the continuing collaboration of Kautsky with the SDP.

[6] The German Parliament which became ineffective after March 1933 by giving its legistation power to Hitler.

[7] The Burgfrieden policy was adopted by the Social Democratic Party of Germany during the First World War. Accordingly, SDP attributed the support for the government during the war period as a patriotic duty.

Indeed, when the general tendency of the USDP politics moved to the left, he felt isolated and left USPD in 1919. He then returned to the SPD in 1922. Kautsky was named a renegade by Lenin in his book *The Proletarian Revolution and the Renegade Kautsky*. The political competition between Lenin and pro-war Social Democratic leaders and Kautsky during the First World War paved the way towards a split in the international socialist movement.

The divergence between Lenin's (1915) and Kautsky's (1911) theoretical positions regarding the tariff barriers and unification of Europe seems tactical rather than strategical[8], and their economic approaches can be considered compatible after the start of the New Economic Policy (NEP) period[9]. Both Lenin (1915) and Kautsky (1911) believe that the capitalist development should be successfully completed before the socialist transformation. However, Lenin (1915) further claims that the capitalist reforms of Russia could be managed under the leadership of the proletariat. While Kautsky (1911) believes that feudalism should be successfully wiped out by the bourgeoisie to pave the way for the workers, Lenin seems confident that the bourgeois reforms could be practiced under the leadership of the worker class. Accordingly, the workers should not wait for the capitalist developments or bourgeois democratization processes to take over the government. The NEP period was considered an example of development of capitalist economy under the leadership of the proletariat. Although it is quite ambiguous whether the bourgeois reforms would be furthered under the socialist leadership in Russia after 1924 when Lenin died, the short NEP period signifies Lenin's faith of the traditional evolutionary Marxist schema[10]. The main

[8] The failure of the Hamburg uprising in Germany in 1923 signifies a change in the main policies towards Europe. Kautsky's insignificancy in the political scene and the stronger cooperation between Lenin and Trotsky paved the way for a reconsideration of the *United States of Europe* slogan in the Communist International. Accordingly, the *United States of Europe* slogan was not only supported by Lenin before the First World War, but it was also adopted in 1923 by the Third International, which was founded and then ideologically directed by Lenin until his death.

[9] The New Economic Policy (NEP) was an economic system that materialized in 1922 to advance the free market and capitalism in the Soviet Union with a strong workers' state control.

[10] Marx indicated the differences in the main modes of production in different parts of history. The main modes of production are primitive communism, slavery, feudalism, capitalism and socialism. The level of development of the productive forces paves the way for the transformation of the modes of

disagreement between Lenin (1915) and Kautsky (1911) was not related with the democratic and socialist stages of the revolution in the national scale, but in the international scene. Kautsky (1911) believes that the capitalist development did not come to its advanced stage and the imperialist policies of the capitalist states should be considered political choices of the Western Powers. He believes that stronger cooperation between the capitalist states is possible and the permanent bonds between the capitalist states should be seen as the next stage of capitalism. This development would bring socialism closer as it would advance the capitalist forces of production. However, Lenin (1999) believes that the capitalist development has reached its peak with imperialism. Accordingly, imperialism is not a political choice, but a stage of capitalism and capitalist states could not agree on peaceful agreements or refrain from national aggression. War is inevitable in this stage of development. While Kautsky (1911) proposes demolishing of tariff barriers and protectionism to avoid imperialist policies of Western countries, Lenin (1999) believes that furthering peaceful integration cannot be achieved in the imperialist period of capitalism or would only be temporary. As this temporary achievement could not be considered a permanent advance in the capitalist modes of production, the United States of Europe should not be seen as an economic progress in capitalism, but as a policy choice of the capitalist countries to gain economic or political advantage against the workers or other capitalist countries, mainly the US or Japan (Lenin, 1915). On the other hand, Trotsky (1914, 1923) also believes that the economic and political problems European continent faced before and after the First World War could only be solved with the demolishing of the borders in Europe.

The political and ideological split in the Socialist movement during the First World War revealed one main discussion among the socialists regarding the level of development of capitalism in the global scale. As indicated above, both Kautsky

production. Accordingly, only the development of the capitalist production may enable a transformation to the socialist production.

(1911) and Trotsky (1917) believed that the economic development of Europe had exceeded the borders of the nation-states. The demolishing of borders and the tariff barriers in the form of the unification of Europe was accepted as inevitable. They assumed that the United States of Europe would be a transitional period. The democratic transformation in this period would accelerate the capitalist development and the economic base towards socialism. This vision based on the European economic presumptions seems to be realized in 1951 with the ECSC. However, this interpretation of the unification process of Europe could not describe the backlashes against the integration attempts, which were mainly caused by the political figures and member state leaders during the EU history comprehensively. It seems further difficult to explain the Brexit phenomenon, which was revealed after a referendum won with a quite small percentage. From this theoretical perspective, Brexit can be considered a natural result of the economic structure of Europe, for which the UK was always an outsider. Although Britain's reluctance to the economic and politic integration supports the approach of Britain's economic exteriority, it does then contradict with the very first initiative of the UK to become a full member of the EU. Thus, an explanation based on pure economic reasoning misses out the significant characteristics of the unification process and the Brexit phenomenon.

On the other hand, opposition to the United States of Europe led by Luxemburg (1911) and later by Lenin (1915) was also raised on economic grounds. Accordingly, the unification of Europe was seen as impossible or only temporary due to the level of development reached by capitalism. The economic relations of European countries outside the European continent, their colonies as well as the growing economic contradictions among them or other capitalist countries were indicated as proof of the impossibility or reactiveness of the United States of Europe. Accordingly, the whole European integration process should be considered a reactionary process. It was established artificially against the political and economic achievements of the working class, mainly in the Soviet Union. Hence, this approach contradicts with the EU historical developments, as the significant economic and political integration steps of

the Union could be taken right after the collapse of the Soviet Union. Besides, looking at it from this economic perspective, the Brexit would be seen as the first step towards the disintegration of the EU as it was destined to collapse from the start.

The economic explanations of the European integration process or Brexit seems relevant but limited to understanding certain tendencies in the EU history. It is quite impossible to predict whether economic difficulties or a crisis of a member state may trigger an integrative or disintegrative tendency. Most of the developments in the EU institutional structures as well as the most critical backlashes in the integration seems irrelevant with the changes in the economic tendencies. Thus, a comprehensive analysis of the integrative and disintegrative tendencies should take account of the economic factors but also political drivers as hegemonic and counter-hegemonic super-structural components. The Gramscian theoretical approach enables a comprehensive Marxist description of the EU history by analysing the economic and political factors in the lenses of the passive revolutions and hegemonic relations.

1.3. Gramscian Contribution to the theoretical framework to understand European Integration and Brexit

Gramsci (1999) allocated a significant volume of his *Prison Notebooks* for his writings on the Risorgimento period. He attempted to understand the Italian modernization, which had not followed a proper bourgeois development. The underdeveloped and highly fragmented structure of the Italian states developed into a united and independent modern Italy. This seems to have been quite puzzling for Gramsci. Basically, the industrial revolution could not be completed either in the North or in the South of Italy. In that sense, it was not possible to speak about an industrial bourgeoisie as the driving force of the modernization attempts. The bourgeois stratum was composed of the educated middle class of the Italian society, the city-dwellers such as lawyers and journalists. They could constitute a patriotic and highly intellectual class in the Italian cities but were quite far from being the economic driving force of the Italian Risorgimento. However, as Gramsci (2005) also pointed out, the bourgeois

middle class could form the intellectual leadership of the Italian modernization with its influence on the political processes. In that sense, Gramsci (2005) highlights the importance of the political parties and leadership on the social and economic processes. Similarly, he states that the superstructural processes should not be reduced to a mere reflection of the economic processes but should be considered with their autonomous characteristics. However, it is important to emphasise that Risorgimento could only occur in the form of a passive revolution due to a lack of revolutionary bourgeois leadership and hegemony.

Gramsci's approach to the October Revolution of Russia was along the same lines. He titled his first article on the Bolshevik Revolution "the Revolution against Capital."[11] He basically advocated that the superstructure and the political processes could overcome the economic basis of the underdeveloped Russian class structure and led to the proletarian revolution without a proper *proletariat class*. In the post-Marxist literature, his approach was mostly accepted as a diversion from the Marxist political thought (Laclau, 2006). On the other hand, the neo-Gramscian scholars also state that Gramsci's emphasis on the superstructure should be considered an important step to reject the mainstream positivist theories of international relations (Bieler & Morton, 2003). However, recent scholarship indicates that, in his *Prison Notebooks*, important details can be found like he did not reduce the importance of the economic base but derives his understanding of 'hegemony' from the production relations (Thomas, 2013). Robert Cox (1981) was mainly accepted as the first critical theoretician who applied the Marxist concept of hegemony to the international relations (Bieler & Morton, 2003). Starting from Cox (1981), Gramsci's emphasis on the ideational structures and superstructures was emphasized.

Cox's analysis of international relations mainly focused on the hegemonic relations between the states (Bieler & Morton, 2003). He wrote two main articles in

[11] In this article, Gramsci referred to Marx's *Das Kapital* and implied that the Bolshevik revolution could skip the democratic bourgeois period in the underdeveloped Russia and start a socialist period unlike the one forecasted by the Marxist intellectuals.

1981 and 1983, in which he developed a historical materialist understanding of the concept of hegemony, which he reproduced as a leading social force in the international relations (Bieler & Morton, 2003). While the neo-realist hegemony theoreticians argue that the stability of world order may exist based on a powerful state, which dominates the global economic and military relations (Bieler & Morton, 2003), Cox (1981) states that hegemony should be considered as more than the state dominance. Cox (1981, as cited in Bieler & Morton, 2003) believes that the state power might be a source of hegemony, but not the only source: "based on a coherent conjunction or fit between a configuration of material power, the prevalent collective image of the world order (including certain norms) and a set of institutions which administer the order with a certain semblance of universality" (p. 2). Andreas Bieler and Adam David Morton (2003) states that the concept of hegemony can be understood in three different spheres of activity (p.2).

In the first sphere, as Cox (1981) admits, hegemonic relations are mainly rooted in the social relations of production. The class differences and the power relations to preserve these differences constitute not only a material configuration, but also a set of ideas and certain type of institutions. Indeed, Gramsci never reduced the production relations to the relations between the capitalists and workers but extended them to the ideational and institutional structure of the bourgeois order which enables the daily reproduction of the capitalist relations. Basically, he indicates the civil society (*Bürgerliche Gesellschaft*) as the source of hegemony. However, the Gramscian civil society is not only a superstructural layer; and it does not exclude the production relations. Instead, civil society consists of an economic base and ideational and institutional structures such as public law, school, or church.

In the second sphere, Cox (1981) extended the concept of hegemony to different forms of states. Accordingly, the conflict between the social forces of production may end up in a specific relationship and may construct a special type of state. Thus, different types of states may be revealed in the history of capitalism due to the

development of the social relations and class conflicts in the economic structure. Gramsci (1999) highlights that the difference of state and civil society should be considered only methodological, but both can be conceptualised in the concept of an integral state. In that sense, the neo-Gramscian concept of state-civil society complex has derived from the Gramscian terminology to highlight the importance of the hegemonic relations in international relations (Bieler & Morton, 2003).

Similarly, in the third sphere, production relations which have constituted a hegemonic relationship as a specific form of state may expand to the world scale and form a specific form of world order (Bieler & Morton, 2003). The international organizations and global civil society networks may perform as ideational structures to underpin the hegemonic structures of the global order (Bieler & Morton, 2003).

When Gramsci attempted to figure out the Fordist mode of accumulation that emerged in the US, the orthodox Marxist theory mainly focused on the transformation of the capitalist system to imperialism, which was described as the hegemony of finance capital in the form of the monopoly capitalism. Accordingly, the rapprochement between the advanced capitalist countries was not possible. It was expected that the imperialist states would continue to pursue their imperialist policies and start destructive wars until the collapse of the capitalist system. Thus, Lenin (1999) believes that the imperialist stage would be the final stage of capitalism. Indeed, the outbreak of the Second World War was considered as the next step of the destruction of the capitalist world order. However, contrary to the expectations of the orthodox Marxist theoreticians, the end of the Second World War started a new rapprochement period between the capitalist countries. Rather than imperialist policies, the collaboration between the Western Alliance started to constitute the basis of the international relations. Thus, the developments after the Second World War revealed a significant crisis in the orthodox Marxist theory, although the political Marxism gained an important momentum in the world politics. In the Marxist theoretical school, the imperialism thesis could not explain the collaborative practices between the

capitalist countries as well as the steady international organizations. Above all, the economic integration of the European countries was mostly trivialized by the orthodox Marxist scholars. Even after the institutionalization in the form of the EEC and then the EU, the deepening practices of the integration process were ignored as short-lived attempts of collaboration between the capitalist states. Basically, the orthodox Marxist theory attempted to explain the regional integration process with the emergence of the Soviet Union. Accordingly, the alliance against the socialist system spearheaded the collaborative attempts of the capitalist countries and the foundation of the EEC. However, the collapse of the Eastern bloc did not end the Western Alliance and their institutions, but they continued to operate in the same way as before. In the case of the European integration, the deepening and widening of the European unification accelerated after the fall of the Soviet Union and the EU started to be accepted as one of the main economic and political actors in the capitalist world order. Moreover, the collapse of the Soviet Union did not only confuse the socialist activists supporting the official Soviet theses, but also the Marxist intellectuals who had already accepted the Soviet Union as one of the reactionary imperialist blocs. Indeed, both the supporters and the opponents of the Soviet Union mainly accepted the Marxist imperialism thesis. The fall of the Soviet Union revealed that the collaborative practices among the capitalist countries, regional integration processes and the steady international organizations could continue to exist even without a socialist threat. While the orthodox Marxist theories lost their validity in the intellectual and academic domain, the Gramscian theoretical school started to dominate the Marxist scholarship as an alternative to state-centric Marxist theories.

The Gramscian theoretical approaches started to be discussed outside the Italian Marxist circles in the 1980s when the mainstream Marxist understanding was dominated by the state-centric imperialism theory. Besides, realist and neo-realist theories were significantly popular in the international relations discipline. The Gramscian theory gained worldwide currency in a short period with other post-positivist theories against the positivist political science school. However, the

emphasis on the Gramscian hegemony as an ideational tool have frequently blurred its distinction from other post-positivist theoretical approaches. In that sense, social and economic base of the hegemonic relations are mostly ignored by the (neo-) Gramscian scholars and the concept of hegemony is reduced to a normative or ideational power. Indeed, the (neo)-Gramscian scholars focusing on the European studies mainly ignored the economic base of the integration process but attempted to explain the *sui generis* existence of the European integration and the governance.

However, the recent Gramscian scholarship revealed that Gramsci gave a special importance to the economic base and the different mode of accumulation types in the capitalist system. Firstly, he states that hegemony is rooted in the economic relations. During the modernization period, the hegemonic relations could only be constructed with the emergence of the industrial bourgeoisie. The transformation of the feudal mode of production to the capitalist system followed different paths in different countries. Gramsci (1999) emphasizes that only the countries which could complete their bourgeois revolutions could establish a hegemonic relationship in the class and state structures. The influence of the old feudal classes on the state structures could only be diminished by a successful bourgeois revolution. Secondly, Gramsci's articles on Americanism and Fordism indicate that he gives significant importance to the economic relations as the basis of culture and other ideational relations. Fordism was described as a progressive mode of accumulation, which could not spread to the European continent due to the burden of the parasitic feudal classes. Finally, Gramsci revealed different types of modernization processes, which followed various paths due to the lack of hegemonic leadership of the bourgeoisie. Basically, the lack of bourgeois hegemony resulted in the failed attempts of democratic revolutions and led to gradual unification and modernization processes. The Italian Risorgimento and the German Sonderweg were described as different courses of modernization practices. Indeed, the emergence of the capitalist mode of production in Italy and Germany had been quite different from modern France, which did not hesitate to use revolutionary violence to the ruling feudal classes. The Italian and German unification were pointed out as

passive revolutions by Gramsci. Besides, he extended the concept of passive revolution to economic and political developments, which emerged due to a lack of bourgeois hegemony. Fordism and Italian fascism have been other examples described as passive revolutions by Gramsci.

The (neo-)Gramscian theoretical framework has already contributed significant conceptual tools to comprehending the European integration process. It mainly highlights the hegemonic relations and the ideational structures of the EU to explain the deepening and widening processes. Besides, the transnationalization of production relations of social forces could be framed with the non-state-centric characteristics of the Gramscian theory. In that sense, the political processes shaping the European integration process could be understood in relation with the social forces of the production relations. In the Gramscian theory, the European states could be framed as part of the greater state-civil society complexes and not as the only actors in the international relations. While the Marxist theory mainly accepts the classes as the main actors of the international relations, the Gramscian theory enables different fractions of capital and labour as significant actors. In that sense, the evolution in the mode of accumulation processes indicates significant changes in the hegemonic relations between the fractions of capital. Gramscian contribution to the Fordist mode of accumulation facilitated understanding the developments in the European continent after the Second World War and the basis of the European welfare states. Indeed, the European integration process could only start when the Fordist mode of accumulation spread to the European continent. Besides, the collapse of the Bretton Wood system led to a significant transformation in the European integration process, which was later called ‘embedded neo-liberalism’ by Bastiaan van Apeldoorn (1998).

Although the EU was mostly understood as a hegemonic unity comprised of the social forces of production and European states, the recent developments such as the Euro-crisis, European migrant crisis and Brexit point out that the ruling social classes lost significant consent to rule the European countries. It revealed that there is still not

a unified European transnational bourgeoisie and different fractions of capital could not form a hegemonic leadership during the whole integration process. Thus, to explain Brexit, this thesis focuses on the lack of bourgeois hegemony in the unification process. It will be claimed that the European integration process could not form a hegemonic leadership like other passive revolutions such as the Italian Risorgimento and German *Zollverein*. Thus, it will be argued that the Gramscian passive revolution concept may significantly contribute to the EU studies.

1.4. Concluding Remarks

This chapter focuses on different theoretical paradigms to provide a conceptual framework for the Brexit process. It argues that there is a conceptual and empiric inconsistency in the mainstream theoretical schools, which can provide only an eclectic description of the withdrawal process of the UK. On the other hand, the Orthodox Marxist school falls short to describe the main dynamics of the developments of the European integration and Brexit. In the last section of this chapter, it is claimed that the Gramscian Marxist school can contribute to the European Studies by providing a consistent historical materialist framework describing the basic dynamics of the integration process including the recent developments.

CHAPTER II: GRAMSCIAN MARXIST THEORY

When we look at the different narratives on Gramsci, we can be confused that more than one Gramsci may have lived during the fascist Italy: One may be a pure political philosopher, and the other one an irrepressible revolutionary following the Leninist path. While his numerous articles written in prison between the years 1926-1937, and his focus on the intellectuals for the political struggle as well as his writings against economism and trade-unionism have been indicated to prove his revisionist intellectual and philosopher image, his political struggle in the Socialist Party and being one of the founding leaders of the Communist Party of Italy as well as having the closest relations with the Third International may be considered as proof of the revolutionary personality of Gramsci as a Leninist militia. Although the recent research regarding Gramsci's political life have almost diminished and ripped apart his reformer Marxist image, a historical interpretation and in-depth readings of his writings and considering the main political events during his era as well as his personal transformations may cast doubt on Gramsci's pure Leninist and classical Marxist *révolutionnaire* image. However, there is no doubt that Gramsci's political intentions and determination had led his political involvement and formed his Marxist ideas.

Antonio Gramsci had been one of the founders and prominent writers of the socialist newspaper *L'Ordine Nuovo* in 1919, under the influence of the successful Russian uprising and played a significant role during the Council Movement period.

He had been a fervent defender of the revolutionary ideas at the Livorno Congress of the Socialist Party in 1921 as the representative of the left wing of the Socialist Party. The reluctance and the rejection of the Leninist transformation of the Party structure led him to side with Bordoga and participate in the foundation of the Communist Party of Italy. Thereafter, he became the delegate of the Third International and spent two years in the Union of Soviet Socialist Republics (USSR) before 1922 when fascism started to dominate the political structures in Italy.

During his years in the new-born Soviet Union, Gramsci seems to have accepted Lenin's version of the Marxist theory including the contemporary political stands such as the United Front Theory, which led to a significant inner-party struggle in the Italian Communist Party between Bordoga and Gramsci. However, it was quite a difficult task to convince the Italian Communist Party to side in a common front with the Italian Socialist Party, which was accused to be a traitor to the revolution by the communists who split this party due to this reason and founded the Communist Party. Nevertheless, when he returned to Italy, Gramsci mainly focused on implementing the United Front political strategy in the Italian politics. Thus, as a prominent Italian communist, theoretician, and activist and the second leader of the young Communist Party of Italy, he started to be known as an intellectual fighter close to the political approaches of Lenin and the Russian Politburo.

> Leninism is the political science of the proletariat which teaches us how to mobilise all the forces necessary to demolish bourgeois dictatorship and to set up the dictatorship of the proletariat. For some, there is no such thing as a leninism different from marxism. This is not true. Leninism contains a unique world-view without which Marx today could not be understood. (Gramsci, 1925, as cited in Griffiths, 1985)

His interest in Lenin's theory of the United Front may be tracked in his tactical approaches proposing a strategic distinction between the War of Position and the War of Manoeuvre.[12] The United Front theory denied an immediate uprising in the West and supposed that the communist parties should gain political influence over the working class, a theory set forth in Lenin's book, "Left-Wing Communism: An Infantile Disorder." "Leninism ... is the Marxism of the epoch of monopoly capitalism, imperialist wars, and proletarian revolution" (Gramsci & Togliatti & Longo, 1978, as cited in Griffiths, 1985, para 38). Initially, in his letters, and then in the party meetings, he tried to align the Communist Party of Italy along the tactics provided by the United Front Theory. When he was arrested in 1926, he seemed quite deeply affected by the

[12] While war of manouvre indicates an open armed struggle between the classes such as barricade street conflicts in a revolutionary war, war of position indicates an intellectual and political struggle to increase the hegemonic influence in the civil society without using means of violence.

Leninist Party approach and tactics as his article "For an ideological preparation of the masses" explicitly reveals.

> Our party is not a 'democratic' party – at least not in the vulgar sense that is commonly given to this word. The party is centralised rationally and internationally. In the international arena our party is a simple section of a much larger party, a party of the whole world. (Gramsci, 1925, para 49)

Although his active political life and political stances between the years 1913-1926 provide an undeniably classical Marxist profile, the context of his writings in prison between the years 1929-1935 should be seen as more theoretical and historical and indicate a distinct focus on the cultural and non-economic perspectives. This rapid change in the tone of the writings during this period was accepted by the Neo-Gramscian theoreticians as a 180-degree turn. They aim to make the same distinction as it was done between *Young Marx* and *Mature Marx*. Two different Gramscis, one Leninist before 1926, and the other one political intellectual after 1929. However, the academics who are against this distinction believe that Gramsci did not change his political ideas, but he had to select his topics carefully as his writings could be subject to fascist censorship; and he was afraid that his writings could have been taken from him. Accordingly, he chose a more academic tone by using coded terms replacing the Marxist ones. He could not openly formulate a revolutionary tone in his writings. Moreover, it is also believed and explicitly argued that the *P*rison *Notebooks* were only written by Gramsci mainly not to go crazy in the dungeons of fascism. However, his letters indicate that he placed a special emphasis on his writings. In the preface of the Volume III of the *Prison Notebooks*, Joseph A. Buttigieg (2011, as cited in Gramsci, 2011) writes that Gramsci asked her sister in-law Tatiana Schucht to stop sending books to him as he wanted to organize his writings (p.24). Gramsci (2011) stated that his writings branched out sufficiently "that he believed it was necessary to organize at least some of the widely scattered entries on what he considered the salient motifs or main threads of his work" (p. 24). There is a clear distinction in his writings until 1926 and thereafter. Between the years 1913-1926, he represented a militant intellectual figure who constantly produced articles inside the realm of the political or inner party

struggles. On the other hand, between the years 1929 and 1935, he focused more on theoretical and cultural phenomena. However, it is quite distinctive that the Marxist essence and the main intention does not seem to have changed in these periods. His first theoretical essay which also includes the main ideas of the *Prison Notebooks* were written in 1926, "The Southern Italian Question." In this essay, he devotes a significant role to the intellectuals as one of the main sources of the hegemony both for the bourgeoisie and the proletariat. Thus, his unique contribution to the Marxist theory as well as the meaning of his main concepts could be understood by revealing his approach to the class-intellectual relationship.

2.1. Gramscian Hegemony

Gramsci as the political leader of the Italian Communist Party started to question the different state types (Western and Eastern states) while in prison, as it seems that his mind was occupied with what led the Italian worker class to defeat, while the Russian communists became successful in a rural country with a high percentage of peasantry. Contrary to the classical understanding of the Marxist historicism, the Russian communists could overthrow the Tsarist regime and start their communist revolution by passing the development of the full-fledged capitalist relations in Russia. The success of the underdeveloped worker class with the help of the small-farm owner peasantry and the failure of the industrialized societies to achieve their revolution in almost all Europe led to a re-evaluation of the evolutionary diagram of the Marxist economism.

> Yet, there is still a certain amount of inevitability to these events, and if the Bolsheviks reject some of that which is affirmed in *Das Capital*, they do not reject its inherent, invigorating idea. They are not 'Marxists', that's what it comes down to: they have not used the Master's works to draw up a superficial interpretation, dictatorial statements which cannot be disputed. They live out Marxist thought, the one which will never die; the continuation of idealist Italian and German thought, and that in Marx had been corrupted by the emptiness of positivism and naturalism. In this kind of thinking the main determinant of history is not lifeless economics, but man; societies made up of men, men who have something in common, who

> get along together, and because of this (civility) they develop a collective social will. They understand economic matters, they evaluate them and adjust them according to their will, until it is this which becomes the driving force of the economy, that which shapes objective reality and lives and moves; it takes on the characteristics of a scolding hot sheet of metal, which can be sculpted in any way they so choose. (Gramsci, 1917, para. 3)

Gramsci extended his investigation of state-civil society relations and redefined the approaches regarding the function and components of the state in his prison writings (Green, 2002). Accordingly, state should not be reduced basically to its political functions. Gramsci believes that political bodies of the state and the civil society are not two separate entities. They are just different parts of the organic unity of the "integral" state. Investigating this new notion of integral state and its relationship with the civil society, Gramsci ended up redefining the old concept of "hegemony" and analysed it in the light of the state-civil society sphere.

Green (2002) states that Gramsci's redefinition of the state-civil society relations should be seen as a result of the extension of his work on the relations of the intellectuals with different social classes. In his essay, "Some Aspects of the Southern Question," the South was seen as an *agrarian bloc* which includes different social groups such as "disintegrated mass of the peasantry, the intellectuals of the petty and medium rural bourgeoisie, the big landowners and great intellectuals" (Gramsci, 1977, as cited in Green, 2002, p.4). Accordingly, the southern peasants could not defend their interests full-fledged, as they were politically engaged to the big landowners through the effort of the intellectuals (Green, 2002). The great southern intellectuals such as Giustino Fortunato and Benedetto Croce had disconnected from the southern values and embraced the European high culture (Green, 2002). They had great influence on the middle-ranking intellectuals, who had connections with the petty bourgeoisie and the rural community. Thus, they supported the *status quo* and blocked the revolutionary ideas among the southern areas (Green, 2002). Accordingly, the southern communities had been detached from the influence of the revolutionary forces and "did not go beyond certain limits" (Gramsci, 1977, as cited in Green, 2002,

pp. 459-60). The influence of Fortunato and Croce has spread to the lower layers of the southern society through mid-ranking intellectuals and fulfilled a nationalization and Europeanization effect. Thus, the function of the intellectuals should be considered a non-coercive element of consent and should be revealed as to how it performs politically (Green, 2002). The state which performs as the sole owner of monopoly of violence should not be reduced to the coercive or political elements, but its integrity with the civil society should be analysed and the intellectuals should be considered in their critical role for their noncoercive reinforcement (Green, 2002). This approach has changed Gramsci's view of the limited meaning of state to a more comprehensive one. The concept of integral state is not just the *protagonist of history* but reveals the legitimization of the ruling class in the lower strata of the society and led Gramsci to focus more on developing the concept of *hegemony*. Hegemony should be considered as an institutionalization of the ideas and practices, which form the leadership of a class or a social group upon other classes or groups (van Apeldoorn, 2003, p. 20). Although coercion is always a crucial element in power relations, and thus it should be considered as a constitutional part of hegemony and all kinds of social relations, the Gramscian approach of hegemony focuses on consent more than physical state precautions. Although the term hegemony had been used by other Marxist intellectuals before Gramsci, the concept was utilised to describe the class relations, the domination of the ruling class over other classes. In Leninist terms, the concept of hegemony was discussed to reveal the relations between the bourgeoisie and the working class as well as between the working class and the peasantry just before the Russian Revolution. However, Gramsci suggests the concept to describe the interclass relations as a political process:

> …previously germinated ideologies become 'party', come into confrontation and conflict, until only one of them, or at least a single combination of them tends to prevail, to gain the upper hand, to propagate itself throughout society – bringing about not only a unison of economic and political aims, but also intellectual and moral unity, posing all questions around which the struggle rages not on a corporate but on a 'universal' plane, and thus creating the hegemony of a social group over a

> series of subordinate groups. (Gramsci, 1971, as cited in van Apeldoorn, 2003, pp. 181–82)

The concept of hegemony suggests that the ideology does not only confront different classes but also unifies the different groups of the same class or contrary to the classical Marxist approach, it *cements* the approaching groups of the different classes. Gramsci (2005) describes how the cultural and ideological influence enables different social groups/classes to unify under one flag and how different interests interact and transform into consent to the ruling class.

> This involves first of all a process of ideological articulation of diverse and initially opposed ideological elements into a single ideological discourse, which is then the expression of a hegemonic worldview inasmuch as it transcends the narrow 'interests' of the leading social group. Here, the hegemonic social group is the one 'which has been able to articulate the interests of other social groups to its own by means of ideological struggle.' (van Apeldoorn, 2003, p. 20)

Basically, van Apeldoorn (2003) describes this process as a negotiation between the ruling class and the subaltern classes as well as a negotiation inside the ruling class.

> If we view hegemony as the outcome of an articulation of rival ideologies (or ideological elements) into a unifying discourse, this necessarily implies that the original ideological project that sought to establish its own hegemony is transformed in the process through which it achieves this goal. A hegemonic ideology necessarily always transcends any particular class or group-bound view, not only by representing the narrow interests of the dominant class as the general interest but by genuinely incorporating opposing interests into its discourse, although in such a manner that they are subordinated to the interests specified by the original class ideology of the hegemonic group. (van Apeldoorn, 2003, p. 20)

However, the hegemonic order should not be considered a stable being; but it should be preserved with an everyday political struggle. It should be reproduced again and again. Although the hegemonic stage of the dominant ideology based on the opposite social forces/classes has already transcended its rival ideologies, it is still fragile and evolves along with the changes in the class structure. (van Apeldoorn, 2003).

The Gramscian *integral state* approach has further developed the concept of hegemony within the neo-Gramscian theoretical framework to describe the relations between the state and civil society. Although it appears that the concept of state has extended to the civil society relations, it is quite the opposite. The integral state approach indicates the reproduction of hegemony which produces the consent of the oppressed classes.

The Gramscian integral state approach assumes the propagation of the interests of the ruling class into the lower classes and the delusion of the lower strata regarding their interests. Gramsci (2005) highlights the intellectual effort which enables the hegemonic unification of the social groups of different classes, although the interests of the groups from the lower strata do not correspond to the framework of the hegemony led by the ruling class. In this approach, the consent is produced rather than negotiated. The neo-Gramscian approach sees the reproduction of the hegemony as a bargaining process. The interests of the lower strata are not excluded but represented in the hegemonial ideological structure. Accordingly, during the formation of the hegemony, the different interests articulate into a process where they struggle, but end in a new ideological structure, which not only reflects the interests of the ruling class, but also the interests and ideological essences of the working class. These two different perspectives for the ideological articulation in process of formation of hegemony provides different approaches regarding the agency of the state. Within a historical materialist perspective, ideas are not products of limitless universe of rhetoric, but accepted as produced by humans in social relations (van Apeldoorn, 2003). They are related to the general tendencies of the movements of the class actors. Thus, ideas are always strictly bound to the ideologies and the general paradigm of the era. Ideological approaches may reflect negative connotations in the political decision processes; however, it has been considered a positive definition in the meaning of the political view reflecting the interests and aims of a class or a definite social group. Although any idea related to a particular ideology should not be seen as an automatic reflection of a class position of the producer, van Apeldoorn (2003) believes that the ideological

attachment is very strictly bound whether you are a Chief Executive Officer (CEO) or a low-skilled employee in a company. On the other hand, Terry Eagleton (1991, as cited in van Apeldoorn, 2003) believes that "it is wholly coincidental that all capitalists are not also revolutionary socialists" (p. 19).

Eagleton (2014) defines ideology in close relation with the concepts of power and interest. He indicates that ideology not only defines the political interests of a class but also legitimates them for the class itself and against the other classes. An ideological stance should always be judged with its link to the social relations and the social class it is for or against. Thus, all political ideas, views and stances should be considered as linked to an ideological stand which reflects the interests or tendencies of a social group or class based on the sociological structure of the capitalist society. However, the classical Marxist theory had reduced these ideological positions and predicted that the ideological variety would diminish into two as the class positions other than the proletariat and bourgeoisie would disappear with the middle classes like peasantry or medieval servantry. Accordingly, the peasantry could not form an ideological stance as the capitalist system disengages the basis of the existence of this middle-class and its interests cannot be reflected in any ideological essence. Thus, the capitalist system may easily attack the agrarian areas and dissolve them in the interest of the ruling class.

This approach focusing on the inner-class relations regarding the class-state relations can be defined in two different ways. The first approach can be summarized as the prominence of the state in the inner-class relations. The second approach may indicate the other way around that the state became a reflection of the interests of different classes. This may be interpreted also as the influence of the oppressed classes in the state apparatus. Gramsci preferred the first approach and rejected the second one and extended the importance and the concept of the state apparatus. Gramscian state does not only involve the bureaucratic mechanism but also its branches into the society

as the civil society. This approach has been accused of an aberration of Marxist tradition and converging to the Hegelian source.

On the other hand, van Apeldoorn (2003) describes the Neo-Gramscian Transnationalism as a constructive theory adopting a historical materialist perspective. He indicates that Gramscian works which reformulate the historical materialism away from the economic and scientific structuralist classical Marxism paved the way to give the ideas, ideology, and culture a greater role in the political struggle. Accordingly, the Neo-Gramscian historical materialism does not focus on the relations of production as Marx did in his prominent work *Das Kapital*. It merely examines the *forces of production*, which indicates the power relations of the society. Besides, the *forces of production* should not be considered as direct reflections of these relations but constitutes these relations to a certain degree in the ideational structures such as laws, norms, and ideas. The ideational structures enable the exploitation, and the dominancy of the bourgeoisie over the working class. Thus, the Neo-Gramscian Historical Materialism abandons the distinction between the Marxist notions of a material base (production) and an ideational superstructure (van Apeldoorn, 2003, p. 18). Rather the base has already permeated into the ideational structure from the very start (van Apeldoorn, 2003, p. 18). However, the Neo-Gramscian historical materialism claims that human consciousness is not reproduced in the realm of ideas and ideational constructs. Accordingly, "the ideas and institutions are produced by human actors who are biological beings with material… needs that they can only satisfy in interaction with nature…" (van Apeldoorn, 2003, p.18). Secondly, the socially constructed ideas have considerable influence on the material conditions. Lastly, the ideas and ideational structures are repeatedly reproduced in relation with these changing material consequences.

If ideational structures of the capitalist system are not respected by any individual, it is likely that he/she meets the sanctions written by the law. However,

these sanctions are applied by the material arms of these institutions such as police forces, or courts (van Apeldoorn, 2003).

The neo-Gramscian historical materialism highlights the importance of the social relations which are central in the reproduction and distribution of the material resources. In contrast to the social constructivist theories, the neo-Gramscian historical materialism accepts the economic sphere as a separate realm and capitalism as the environment where all the social relations are reproduced. Thus, the neo-Gramscian historical materialism is interested in the capitalist society; and rather than defining the agencies again, it accepts that the interests, including the state and individual interests, are shaped by the capitalist structure. "Agency in global politics is embedded in the structure of capitalist social relations, and the identity and interests (rather than exogenously given) of any particular actor are thus partly shaped or structured by those relations" (van Apeldoorn, 2003, p.18). As the transnationalist Marxists accept the hegemonic relations as an international or even world-wide phenomenon, the classical Marxists reduce the hegemonic relations within the national borders between the national bourgeoise and the local worker-class.

Adrian Budd (2007) states that a rising transnationalist understanding has dominated the contemporary social theory including the Marxist school. Accordingly, the universal characteristics of capitalism weakened the nation states and made them dependent on each other and market forces. While the liberal school claims that the evolved nation states started to operate coherently and peacefully after a new era of democratization processes and became more and more open to the requests of the oppressed masses, Marxists argue that the irresistible market forces increased their influence gradually on the old state system and states became less influential than before, if not already insignificant subjects in the world scene.

Budd (2007) accepts that the national economic structures and political instruments have become increasingly influenced by the global economic system. However, "the uneven characteristics of the world economic system drives the most

transnational capitals to seek the support of states" (Budd, 2007, p. 343). Budd (2007) indicates that the transnational corporations (TNCs) might have more intense relations with the states than the small corporations. Besides, neo-liberal pressures should be handled and managed by the states due to their basic self-interested natures. As all power calculations led to economic considerations, the modern state has always had a combination of monopoly on violence and regulation of the national economy. States provide a greater degree of stability and predictability during the peaceful transition periods and their self-interests mostly lead them to act beneath the economic actors. The interests of the states and large corporations dominating the economic structure are mostly indiscernible.

Besides, the uneven structure implies that a unified capitalist system or market structure does not exist. It indicates that there is an ongoing struggle not only between the different classes but also within the ruling class. Except for a few singularities in the world history, it is rare to see peaceful coercion between different interest groups. The behaviours of the capitalists are mostly shaped not only by common interests, but also by competition. As all movements produce their counter-movements, the non-linear development of the international economic system transforms the cohesion movements of the capitalists into market grabbing counter-movements. Thus, according to Budd (2007) and classical Marxists, it is very unlikely to elaborate the hegemony of the capitalist class to an international or regional level. To understand the limits of the hegemony in the international relations, it is important to focus on the grassroots of the hegemonic relations; namely, the civil society.

2.2. Gramscian Civil Society

Although the concept of civil society has started to be considered as one of the agencies of change in the political structure, and Gramsci's *Prison Notebooks* are referred to as one of main sources highlighting the importance of the civil society in the political theory, it is important to indicate the semantic extension and shift of the concept and

distinguish its evolution from classical-medieval to the modern period as well as its interpretations in the liberal and Marxist theory.

The philological beginning of the civil society term dates back to the ancient Romans who described the state as the community of citizens (Habermas, 1962). The society and state were characterized as one entity; and it is not easy to translate the term *polis* into English as it is neither society nor state, but both together. Yet still, the traces of civil society can be found in the Roman economic and legislative life.

The emergence of private property and its legal framework in the Greek cities and then in the Roman Empire paved the way for an economic and legislative structure which initiated the separation of the different spheres. During this period, the economic structure was formed in the framework of within and outside the household, and thus the Roman law was based on the distinction of public and private spheres. While the *Öffentlichkeit* (public sphere) was framed as outside the household and included the domain of the state, the private sphere was related with the household or family as the slave economy was generated within the individual households (Habermas, 1962). However, the development of capitalism resulted in a new characteristic social form and legal framework based on its new economic and social relations. While the economic relations drifted apart from the private sphere (household), they seemed to merge with the public sphere into the category of the civil society. Consequently, as Habermas indicated in his book *Strukturwandel der Öffentlichkeit: Untersuchungen zu einer Kategorie der bürgerlichen Gesellschaft*, with the emergence of capitalism, the public sphere has transformed into a subcategory of the modern civil society.

Nonetheless, the term civil society seems to be employed as one of the most flexibly used concepts in the history of political thought. While the liberal political school attributes a central role to the concept in the western political system as a balancing factor of the state power by framing and influencing the state policy, the Marxist school referred to the concept of the civil society as the main source of class formations and conflict. Besides, Gramscian branch of the Marxist school indicated

the civil society as the source of hegemony and trigger of change. The concept has recently gained a wide currency with the democratization processes and globalization period and started to be considered as a force affecting the political decisions of the governments and resisting the undemocratic state practices as well as aiding the state to fulfil its duties and delivery of its services. The liberal conceptualisation of the civil society rendered the entity an integral part of the functioning democratic structure as the main mediator between individuals and the modern state. Thus, the developments in the civil society structure were accepted as the problems of a democratic structure or processes of democratic transitions. In this way, the modern liberal perception of the concept of civil society is mostly based on a three-layer framework; civil society is framed as an exclusion of state (political establishment and bureaucracy) but it was also excluded from the relations of production. On the other hand, the Marxist tradition starting from its pre-Marxist idealist form provides an understanding of the dichotomy between two levels closely related to the economic base relations. Thus, it might be quite deceptive to frame the Gramscian concept of civil society with its current liberal interpretation. The Hegelian philosophy of state–civil society dichotomy seems still valid to understand the Gramscian understanding of social relations.

Hegel (1833) describes civil society (*Bürgerliche Gesellschaft)* as a middle level which intervenes between state and family. As the needs of an individual person such as his/her existence, welfare and legal presence can only be fulfilled by a system of complete interdependence with other people in the society, the concrete person satisfies him/herself by means of others (Hegel, 1833). The civil society is thus the environment where the family is its own end, but its end is interrelated with the ends of others. The family which has sublated through the necessities of the self-subsistence of the concrete person interacts with other families and transforms into a plurality of families (Hegel, 1833). As family is still an ethical concept and a reflection of the universality, its negation in the objective world should be considered as a stage of differentiation. Family involves the universal principle but to be self-sufficient in the objective world, it is merely visible in the plurality of the families. The universal

essence of the family cannot be found in its appearance. The acts of the family in the objective world are driven by the self-interests of the singular family, but in the course of nature, the plurality of family should interact together to realise the ethical idea of family. Family in its realization in the objective world does not reflect the ethical idea to be self-subsistent, but it is reflected in the civil society. Thus, the civil society is only an extension of the family or the plurality of the family, but at the same time, it bears the ethical idea that enables the concept of concrete self-subsistent family.

Similarly, the concept and the objective reality of civil society has led to the creation of state to become self-subsistent (Hegel, 1833). The independent evolution of the self-subsistence of the civil society first in the spirit (*Geist*) then in the substance led to the need of the modern state, but the substance of the modern state should also evolve through the synthesis of the conflict of idea of the civil society and the ancient states. The development led to the destruction of the primitive morality of the ancient states. These states which were mainly based on patriarchal and religious principles may be developed on a spiritual morality, but a simple one compared to the modern society. The evolution of the self-consciousness started to be reflected onto itself; and the reflection started to emerge in the primitive statehood. It contradicted the primitive morality and disrupted the very existence of the ancient states first in spirit then in substance. Self-consciousness of the civil society as a result of its self-subsistence existed as the opposite reason (anti-thesis) of the primitive morality and overwhelmed it in civil society as a synthesis. However, to become self-subsistent, the civil society should reflect itself in the state. Accordingly, in his *Republic*, Plato confined morality in the family and society, but excluded it from his state (Hegel, 1833).

Hegel (1833) states that civil society includes three moments. The first moment meditates between the satisfaction of the needs of people through labour and the needs of all others. The second moment protects property through the administration of justice. The last moment meditates between the contradiction caused by the first two moments through the public authority and corporation.

The system of needs emerges through the contradiction between objectivity of particularity, the need of satisfaction of family for the external things (such as property or products of needs) and the objective principles of universality. As the family is not whole in this stage and dependent on the universal needs such as food, drink, etc., it is also dependent on others. Thus, the system of needs transforms singularity (family) to particularity (a plurality of family). Although the aim of the family is the satisfaction of the needs of singularity, universality indicates that the way of this satisfaction can only be achieved through the satisfaction of the needs of others (Hegel, 1833). Hegel (1833) indicates the multiplication and differentiation of the needs and of means of satisfying them. Indeed, the means to satisfy these needs may lead to new needs; and satisfying these new needs may cause an *ad infinitum* chain of needs. He believes that this multiplication results in a refinement of needs and/or a discrimination between these complicated and different needs. Needs and their means pave the way for a reciprocal relationship between individuals, and thus their abstract character, universality starts to be perceived. This perception sublates concrete social relations, the needs, and their ways of satisfaction. According to Hegel (1833), the means of satisfaction are acquired from the others, and thus individuals are satisfied only if they understand and justify or accept the view of others. At the end, they are constrained to produce the means which satisfies others. So, the means of satisfaction of the basic or more complicated needs render everything private partly social. The social moment is a new particularity in itself, a new superstructure which has its own means and ends. It is more than a plurality of families. While acts of family may be judged and justified by considering its self-subsistency and self-interests, the moment of civil society imposes the universal principles of interdependency for equality of satisfaction with others (Hegel, 1833). In this social moment, the individuals interact with others due to their or their family's needs. To acquire their needs, they should satisfy the needs of others; and individuals should equalise themselves with others and the needs of others, which become visible. This further leads to the multiplication of needs. The social moment involves a balance of the relations with others and the limitations of the needs of individuals. Thus, the social moment paves the way for contradictions with the

needs and their satisfaction. The restraint on natural needs leads to the obscuration of the conceptualization of liberation. This aspect of liberation is only abstract as it only involves the contradiction of natural needs and their satisfaction. However, the social moment, the compulsory interaction with others leads not only to a multiplication of needs, but also diversifies the concept of liberation. The increase of the multiplication of needs increases the interdependency between individuals, and due to the same reason, the satisfaction of the needs becomes impossible individually due to the need of the consent of others.

Hegel (1833) conceptualises labour as a mediation between the means and the particularised needs. Labour transforms the material obtained from nature, provides its value and its utility. Although people who use these means do not care for the process, the consumed means is nothing but the human effort. The abstraction of the labour to its universal and objective elements results in the division of needs and means as well. This division paves the way for the simplification of the labour of the individual, although the needs and process of the general labour becomes more and more complex. This increases the dependency of people on one another and makes the labour of individual more mechanical, where at the end the labour of people can be replaced by the machines (Hegel, 1833).

Hegel (1833) suggests that the multiplication of needs and its contradiction with their satisfaction as well as complexification of production and simultaneously simplification of individual labour lead to a complex system of needs, means and different modes of satisfaction, which in general result in class-divisions. Accordingly, there are three basic classes, the substantial (agricultural) class, the formal (business) class and the universal (class of civil servants) class (Hegel, 1833). However, Hegel (1833) suggests that the class-division of the formal (business) does not involve the working class, but rather the craftsmen, manufacturers, and traders. Evaluating the first moment of the Hegelian conceptualization of the civil society with the base-superstructure dichotomy, the first moment of the civil society should be considered

in the realm of economic base relations. However, Hegel (1833) believes that the civil society also involves the administration of justice and the public authorities as well as corporations. It should be considered a deliberate categorization to separate the law and police from the state but introduce them into the realm of the civil society, as both the essence of the public law and police considerations would involve the traces of the civil society such as the contradictions of needs and modes of satisfaction of these needs by labour as well as the property rights of individuals. Excluding the system of needs as well as its extents such as the law and police from the superstructure, Hegelian state could be released from the contradiction of the civil society, and it becomes a regulator, an ahistorical entity above these contradictions. Thus, contrary to the liberal understanding, Hegel (1833) prioritises the state rather than the civil society.

The second moment of civil society arises from the relatedness of the needs and their satisfaction (Hegel, 1833). As we have seen that the system of needs sublates into labour, the reciprocal relationship between the needs and labour are synthesized into the property protection, and thus its formulation as the administration of justice. The right of individuals to possess property, which is a result of the satisfaction of needs and their actualisation in labour turns into an objective reality, as the law, first in its awareness of the rightness, and then in its application to the material of the civil society to actualise the rightness (Hegel, 1833).

The third moment of civil society was described as public authorities and corporations. This moment realises the right of the individual in particularity as a result of the administration of justice by considering the property relations. While public authorities are obliged to preserve the undisturbed safety of persons and property, the corporation (*Korporation*) should be considered as a voluntary association of persons based on business and social interests (religious groups, town associations, educational gatherings, business unions). Although the administration of justice reflects the prevention of the crimes threatening the safety and property of individuals, the actualisation of securing the livelihood and welfare of individuals can only be realised

by public authorities. As the actions of individuals can be accidentally or willingly harmful to each other, the police control and the penalty system becomes a necessity between the external existents (*äußerliches Dasein*). Even the production process as the satisfaction of the daily needs, which get more and more complex and interconnected, may include the necessity of the supervision of a higher authority (Hegel, 1833).

It is important to indicate that the administration of justice is not practised by the Hegelian state as it is engendered from the contradictions of the civil society consisting of self-interest-driven individuals. Thus, public authorities and corporations are also considered as a moment of the civil society and separated from the concept of state. The content of Hegel's state is related to the principles of the idea, and it is considered as an ahistorical entity, released from the contradictions of the self-interest driven material of the civil society. Thus, the Hegelian contradiction of state and civil society is not based on the contradiction of interests implicit in the civil society, but it mainly bears the contradiction between the ethical idea and the mediation of conflicts of particularity. The duties of the Hegelian state are also basically differentiated from public authorities as the existence of public authorities is related to the mediation of the contradictions of individuals or their reflections of particularities in different classes. However, Hegelian state is not rooted in the objective realities or contradictions of society, but it is the actualisation of the ethical idea. On the other hand, Marx rejected the idealisation of the state and provided a materialist approach to the state theory.

The Marxist theory was first revealed in the book *Zur Kritik der Hegelschen Rechtsphilosophie* as a critique of the Hegelian concept of civil society and of Hegelian elaborations of the civil society-state relations (Marx, 2017). However, this critique is mostly not considered as a complete Marxist approach but regarded as a more leftist Hegelian position. In his article, Geoffrey Hunt (1987) suggests the gradual change of the civil society concept in the Marxist understanding. He believes that young Marx

and mature Marx had attributed different meanings to the civil society concept. He advises that Marx's conceptualisation of civil society be distinguished in three different stages, namely the early stage, transitional stage, and a mature stage (Hunt, 1987). Accordingly, young Marx was still restricted to the Hegelian model of the civil society-state relationship in his book *Zur Kritik der Hegelschen Rechtsphilosophie* (Hunt, 1987). In this book, Marx not only rejects the metaphysical framing of the ethical, legal, and social phenomena including the foundations of the family and civil society as well as the state, but he also rejects the state as an ahistorical mediating body between individuals in the civil society who are both social egoists but destined to live together due to the very same reason for these social, egotistical characteristics. Marx believes that the bureaucracy and the monarch which were indicated as the mediating bodies in the Philosophy of Right (*Rechtsphilosophie)* do not mediate at all (Hunt, 1987). Accordingly, the conflict in the civil society forms the prominent character of the modern society; and state with its bureaucracy and other branches forms the political society and stays apart from the civil life. Although Marx (2017) explicitly criticises the idealisation of the Hegelian state, he also indicates that a progressive movement should not take the present civil society as its basis even in its ideal form due to its egotistic and atomized nature. Besides, Marx (2017) finds it quite confusing why people who just started to liberate themselves with the French social revolution hold themselves back with the limits of private property and individualism.

With the French revolution and then the 1793 Declaration, the revolutionists abolished the blue-blooded political strata and opened politics to the civil society (Hunt, 1987). Although its emancipatory spirit was not refused, Marx (2017) indicates the permanency of the violent and brutal characteristics of the state, which continues to override the rights of individuals. While the prominent followers of the Hegelian school indicate the corruption of the civil society by egotism and individualism and favour the state as the ahistorical and mediating body to stop this corruption, the liberals including the leftist Hegelians indicate the civil society as the basis of the civil rights and consider the state authority as the main obstacle on the path to a free and

secure society where individuals can practise their basic rights. However, Marx (2017) believes that neither the state nor the civil society could be the basis for social change.

> The political revolution resolves civil society into its component parts without revolutionizing these components themselves or subjecting them to criticism. It regards civil society, the world of needs, labour, private interests, civil law, as the basis of its existence, as a precondition not requiring further substantiation and therefore as its natural basis. (Marx, 1976, as cited in Hunt, 1987, p.267)

Marx (2017) indicates that the civil society has been prioritized as the realm of freedom; however, according to him, this did not reflect the reality. He suggests that the character of the civil society during the feudal period was mainly political, although it was excluded from the state. However, the period starting with the French social revolution led to the depoliticization of the civil society by first smashing all estates, corporations, guilds, and privileges, and then raising the state affairs to become affairs of the people (Hunt, 1987). While the political revolution spirited away the political character of the civil society and mainly pushed it outside the political affairs, it was quite puzzling how the political community, the revolutionized state, which had been opened to the ordinary people could have been dehumanized and then brutal to the same people who had sacrificed so much for the revolution. Marx (2017) indicates the schism of the revolutionary bourgeois, who still need religion to control the masses, i.e., the ordinary people; accordingly, the bourgeoisie "was not freed from property, he received the freedom to own property. He was not freed from the egoism of business, he received freedom to engage in business." (Marx, 1976, as cited in Hunt, 1987, p.267)

In the *Zur Kritik der Hegelschen Rechtsphilosophie*, Marx's critical approach towards the civil society is obvious. However, it is not even a little different from Hegel's description of the concept. While Hegel (1833) describes civil society based on the conflict of egotistic interests of individuals and different classes, and accepts it as it is, Marx (2017) conceptualises the civil society quite similar to Hegel's description from a critical point of view. Hegel (1833) indicates the state as the

mediator and ahistorical body as well as the spirit of the communal society, which supervises and regulates the earthly defects of the modern civil life. Marx (2017) refuses the state as the consciousness of universality and absolute rationality, which may influence the civil society with its embodiment of rationality. Marx's refusal of pure rationality of the state became his main criticism to Hegelian dialectic of the state-civil society structure. Refusing the ahistorical nature of the state structure led Marx to grasp the ideological dimension of the state-civil society relations (Wood, 1990). Ellen M. Wood (1990) believes that the state and civil society distinction paved the way for Marx's discovery of capitalist accumulation and class divisions as well as the critique of the political economy. Although Marx has never denied the conceptual distinction between state and civil society, refusing the universality of the state, and relating it with the particularities of civil society, especially with the productive forces and class divisions, he reduced the importance of dualism between the state and civil society (Wood, 1990).

In the *German Ideology*, Marx and Engels state that the French and English writers made the first attempts to write the human history focusing on the history of civil society, commerce and industry. This should be considered an important contribution to the understanding towards the history of a materialistic basis. However, they suggest that these first attempts were significantly influenced by the political ideology. Accordingly, Marx and Engels detailed their materialistic historical view starting from the necessity of production, the ramification of the needs, the reproduction of the social relations and the family. They provide a materialistic approach to the idealist Hegelian family-civil society-state structure which also starts with the description of family, and then the system of needs with its relation of the needs of production and labour. Although Marx and Engels could never find a publisher for this book and left it to the "gnawing criticism of the mice" (Marx, 1869, p. 427), it led to their self-clarification towards the ideological nature of the civil society concept. The long passage below taken from the *German Ideology* is

frequently referred to in order to understand the conceptual framework of the Marxist concept of civil society.

> The form of intercourse determined by the existing productive forces at all previous historical stages, and in its turn determining these, is civil society. The latter, as is clear from what we have said above, has as its premises and basis the simple family and the multiple, the so-called tribe, the more precise determinants of this society are enumerated in our remarks above. Already here we see how this civil society is the true source and theatre of all history, and how absurd is the conception of history held hitherto, which neglects the real relationships and confines itself to high-sounding dramas of princes and states.
> Civil society embraces the whole material intercourse of individuals within a definite stage of the development of productive forces. It embraces the whole commercial and industrial life of a given stage and, insofar, transcends the State and the nation, though, on the other hand again, it must assert itself in its foreign relations as nationality, and inwardly must organise itself as State. The word "civil society" [bürgerliche Gesellschaft] emerged in the eighteenth century, when property relationships had already extricated themselves from the ancient and medieval communal society. Civil society as such only develops with the bourgeoisie; the social organisation evolving directly out of production and commerce, which in all ages forms the basis of the State and of the rest of the idealistic superstructure, has, however, always been designated by the same name. (Marx, 1932, p.1)

Wood (1990) indicates that Marx has modified the state-civil society relations by refusing the idealized universal characteristics of the state and by advising that the state reflects the particularities of the civil society including the egotistic class-based interest structure. He believes that this distinction led Marx to develop his critique of the political economy and his class approach in the anatomy of the civil society. On the other hand, Hunt (1987) believes that the dualism between state and civil society can only be found in the writings of young Marx[13], but that it disappeared in his later works. Hunt (1987) classifies the *The German Ideology* as a work of Marx's transitional stage and states that he first introduces there the concepts of *productive forces* and *form of intercourse*. Although the concepts are still quite abstract, Hunt

[13] Althusser and several other Marxist theorists identify a break in Marx's writings and classify them as works of Young and Mature Marx.

(1987) believes that these concepts were a step forward in the Marxist theory and which also in their fully developed forms rendered the concept of civil society unnecessary. He refers to Marx's popular passage in the Grundrisse: *Economic and Philosophical Manuscripts* (1844).

> *Society*, as it appears to the political economist, is *civil society* in which every individual is a totality of needs and only exists for the other person, as the other exists for him, insofar as each becomes a means for the other. The political economist reduces everything (just as does politics in its *Rights of Man*) to man, i.e., to the individual whom he strips of all determinateness so as to class him as capitalist or worker. (Marx, 1973, as cited in Hunt, 1987, p.270)

Referring to this quote, Hunt (1987) states that during the transitional period Marx started to see the liberal ideological dimension of the civil society concept. Accordingly, the political economist in the passage should be considered as the bourgeois political economist; in that sense, the political economy could only be bourgeoisie as it was later indicated in the subtitle of the book *Das Kapital*: *the critique of the political economy*. Accordingly, the ideological dimension of the civil society concept conceals the division and conflict between the bourgeois and proletarian classes. Hunt (1987) believes that Marx was quite remarkably close to comprehending the ideological inversion of the civil society concept in this period. In *The German Ideology*, he started to reveal the relations between the commodity exchange and the production relations (Hunt, 1987). John Urry (1981) states that the Marxist theories focusing on the economic relations and rejecting the autonomy of politics and superstructure should be considered orthodox Marxism, which is mostly associated with the non-reformist political positioning. The distinction between young and mature Marx paves the way for two different positioning in the Marxist school. While the Orthodox Marxists developed a reductionist version of Marxism which dedifferentiates the sphere of politics and ideology to the sphere of forces of production and sees the superstructure as a mere reflection of the economic base, the autonomists starting with Althusser and his follower Poulantzas theorized that state and other parts of the superstructure are not directly linked to the economic

developments; and the superstructural level should be analysed in its own terms. However, it should be considered quite interesting that both the conventional reductionists but also autonomists reject the conceptualisation of the civil society in their Marxist understanding. Hunt (1987) provides a significant example to reductionist Marxism. Nevertheless, he suggests that mature Marx, after publishing the *Grundrisse* in 1857, started to focus on the commodity relations and the difference of the capitalist development in the phenomenal and essential levels and refused the concept of civil society in his writings. Accordingly, the exchange of the commodities as it appears in the phenomenal level mystifies the essential level of capitalism, the forces of production. Marx reveals that the capitalist relations reduce the human capabilities such as labour power to the level of any other commodity which can be exchanged freely in the capitalist market (Hunt, 1987). Hunt (1987) states that at this stage Marx refused to use the term civil society and gave his full attention to the commodity exchange relations and forces of production. Hunt (1987) further claims that Marx and Engels differ in their understandings regarding the ideological characteristics of the term civil society. While mature Marx abandoned the term due to its bourgeois ideological ramifications, Engels continued to use the term identical in meaning to the 'economic base'. The text below was exemplified by Hunt to indicate the differences of mature Marx and Engels in the interpretation of the civil society concept:

> Marx had not only arrived at the same view, but had already, in the *Deutsche-Französische Jahrbücher* (1844), generalized it to the effect that, speaking generally, it is not the state which conditions and regulates the civil society at all, but civil society which conditions and regulates the state, and, consequently, that policy and its history are to be explained from the economic relations and their development, and not vice versa. (Engels, 1968, as cited in Hunt, 1987, p. 269)

However, contrary to Hunt's claims, there is also no explicit clue that mature Marx rejects the civil society term completely and distinguishes the two terms sharply. Not only Marx but even Hegel (1833) frames the base of the civil society as an economic relationship. While Hegel (1833) develops the concept of the civil society

as the sublation (*Aufhebung*) of the relations of the economic oriented egotistic individuals, who tries to satisfy their needs, Marx (2017) takes over the civil society term from Hegel (1833), but focuses on the relations of these egotistic individuals, who act economically and produce the economic relations which form the base structure of the civil society. Mature Marx does not reject the concept of civil society entirely; on the contrary, he builds his complete theory focusing on commodity exchange relations and forces of production on the structure with the postulate of the state-civil society distinction. However, it is also important to indicate that he refuses the reduction of the totality of the society to the civil society. In the *Theses on Feuerbach (1845),* he states that the old materialism focused on the civil society, but the new materialism should focus on the human society or social humanity (Hunt, 1987). Accordingly, he suggests that society was reduced to civil society by the political economists who see only a plurality of the egotistic individuals consisting of the totality of their needs. Thus, mature Marx seems to focus on other aspects of human society or more on different parts of society. As a matter of fact, his interest in the term civil society decreased in his mature works, especially in *Das Kapital*. Hunt (1987) believes Marx's descending expression and phrasing of the civil society concept in his mature writings should be accepted as an implicit critique of the civil society concept. Indeed, mature Marx makes use of the term civil society very infrequently in his last books and seems to focus on one aspect of the Hegelian civil society, mainly the economic relations and the class formations as well as their uncompromising conflicts. However, it is important to keep in mind that he never explicitly initiates a critique to detract the concept of civil society. Thus, he contrasts Marx's early writings with mature Marx's silence regarding the civil society-state relations and presents this imaginary contrast as a critique to downplay the conceptualization of the term civil society, which might be accepted as a strained interpretation. However, Hunt's approach has a leg to stand on. Considering the embodiment of the Marxist ideas in both Western and Eastern societies, where the struggles ended in pitiful failures or most successful victories, not only his opponents but also his followers seem to reject Marx's early publishing. They ignored or underrated them as his immature writings

before his invention of the capitalist relations as the commodity exchange relations and forces of production. A simplified and analytical Marxism seems to have been constructed from his mature works, a reductionist one, which rejects the corporeity of the superstructure or decreased it to a mere reflection of the economic base. Thus, Marx's ideas were widely accepted in an economically reductionist manner by his orthodox followers but were also criticized by his opponents who claimed that Marx overlooked the political or ideational structures. Hence, *Das Kapital* was never accepted as a book revealing the anatomy and physiology of the essential part of the civil society, but as a rejection of the civil society conceptualization.

On the other hand, not only the reductionists but also autonomists reject the conceptualization of the civil society (Urry, 1981). The autonomists who are also known as structuralists reject the idea that the ideological superstructures, including the political institutions or cultural formations, can be determined by the laws of economic base (Urry, 1981). Althusser and his followers argue that the different domains of the capitalist layers function independently from each other to ensure the continuity of the capitalist system (Urry, 1981). Accordingly, every domain of the capitalist system starting from its media or bureaucracy should be considered in their own layer; and each should be considered operating with its separate rules and working principles. Hence, the developments stemming from the economic base do not directly influence the domains of politics or culture (Urry, 1981). Poulantzas has successfully applied Althusser's structuralist theoretical framework to the capitalist state formation (Urry, 1981). Reworking Gramsci's analyses of hegemony, he argues that state is not the protector of the rights of the capitalist class or any capitalist clique, but the capitalist system in general (Urry, 1981). Thus, it does not only keep monopoly of violence, but also builds the bourgeois hegemony on the oppressed classes. In this way, it obtains the consent of the subaltern classes. Poulantzas argues that the process of building consent of the oppressed is achieved by the state through class alliances, where the governing group build alliances with the subordinate or oppressed classes (Urry, 1981). Poulantzas suggests that the class alliances are built within the state

structures. Accordingly, state is a social relation between people, but not a thing or instrument. Besides, it is also not a subject or actor but a relation between subjects or actors. He refuses the state as a political actor but accepts it as a social relation between the real political actors; namely, the dominant and oppressed classes (Urry, 1981).

Poulantzas rejects the concept of civil society due its mediating characteristics between economy and politics (Urry, 1981). The Hegelian structure of civil society consists of both the economic base and superstructure characteristics, but it does not combine them eclectically. He developed both structure and superstructures with his dialectical methodology. Besides, the state is not a plurality but a unity, an ideological elaboration separated from economy and class structures. Marx, on the other hand, rejects the ahistorical Hegelian state and indicates its position in the class antagonism. However, Marx's state also does not consist of the eclectic pluralities but provides a superstructural unity.

However, Poulantzas would like to keep the state and economic base separately in distinct levels and minimize their interaction. Thus, he argues the conceptualization of civil society makes it impossible to describe the autonomy of the superstructures from the forces of production (Urry, 1981). He further claims that civil society concept prevents any approaches indicating the influence of the ideological or political on the economics. Thus, he suggests that the separation of state from the civil society may lead to a scientific deadlock (Urry, 1981).

Although he took the Gramscian concepts of hegemony and consent of the oppressed and provided a Marxist class alliance theory, rejecting the concept of civil society may change the reproduction level of these concepts from civil society to the state and thus gives us no room to provide a theoretical structure detailing the different hegemonic sources stemming from different bourgeois cliques. On the other hand, Gramscian hegemony, which stems from the civil society structure as part of the integral state may lead to a more detailed understanding for the reproduction and

fragmentation of the dominant and oppressed classes and their alliances in the development and fading of the historical bloc processes.

Gramsci's ideas for the state and civil society relations could not be found in a complete or summarized article as they were mostly developed in his prison period and written in his *Prison Notebooks* in a fragmented and mostly incoherent way. However, in his earlier writings, his general approaches deriving from his positions in different polemics as well as the ideological and political tradition he follows paves the way to comprehend his formulation and description of the civil society concept. It is important to note that Gramsci has not founded the civil society concept but developed and elaborated the concept based on the description in the Hegelian-Marxist tradition. However, the Gramscian civil society is mostly considered a medium and a new layer between economics and politics. There is a general acceptance among the scholars including Cox (1999) and Carnoy (2014) that Gramsci extended the meaning of the term civil society rejecting its reduction to the economic sphere and described the term with its ethical and superstructural characteristics. Accordingly, civil society is a place of ideological competition where the relations of state and economics are mediated and reproduced (Maglaras, 2013). It is accepted as a separation from the Marxist tradition and its narrow understanding based on economic interaction (Maglaras, 2013). In that way, Gramscian civil society started to be interpreted in the field of cultural and ideational competition. This interpretation was appreciated as an extension of the concept from the economic narrowness but seems to retrain it to the narrowness in the superstructure and prevent its full explanatory power for the complex relations between politics and economics. On the other hand, in case of Brexit, as we attempt to indicate in the following chapters, the term civil society, including the economic base in which the class conflicts and alliances develop, and which is also a part of the integral state, provides a better understanding to the challenges and outcomes of the Brexit decision and its development.

Gramsci developed his civil society concept against the theoretical writings of Benedetto Croce, who took the state and civil society concepts from Hegelian philosophy in its original development and contradiction. In Croce's writings, state was constructed as an idealistic embodiment of ethics (Cox, 1999). From a historical materialist perspective, Gramsci rejected the idealisation of state as Marx did in his book *Zur Kritik der Hegelschen Rechtsphilosophie* and accepted the state as a derivation of the social relations and indicated the dialectic relations between the state and forces of production. However, the term civil society was not reduced to the economic base and seems to have more similarities with the Hegelian term as a concept for the social power relations deriving from economy.

Gramsci revived and reformulated the state-civil society dichotomy to acknowledge the differences of political struggle against different state types. While the Eastern state traditions are coercive in their nature, the political power is not completely centralised in the Western state but is spread outside the state bureaucracy throughout the general social structures (Wood, 1990). Buttigieg (1995) states that Gramsci indicates the civil society as the source of bourgeois hegemony over the working class as coercion and violence should not be seen as the only means of control in the Western capitalist countries. Hence, the relations between political society and civil society provide traces as to how the working classes are excluded from the governing mechanism and how the bourgeoisie continues its privileged position in the economic and social life. Gramsci suggests that consent and free choice should be distinguished carefully, as consent is not spontaneous but manufactured in the realm of the civil society through multiple alliances, complex processes, and different institutions (Buttigieg, 1995). Thus, the liberal state is a concrete realization of fundamental liberties for only the bourgeois class and the civil rights are protected to pursue the economic and social dominance of bourgeoisie (Buttigieg, 1995). Hence, the essence of the liberal state is based on the class domination and the presence of the coercive apparatus is not a trivial detail but provides precious insight of its class characteristics (Buttigieg, 1995). But the liberal state of the West does not only consist

of its coercive structure, but civil society should also be considered an essential part of the Western state (Buttigieg, 1995). The liberal state as an ideological apparatus does not merely reflect the class complexity of the civil society but transforms the civil society in regard to the bourgeois ideology. The transformation does not only occur in the spheres of culture or other ideational and social structures as media, churches, or other superstructural entities, but also in the economic base and class formations and alliances. Accordingly, the liberal state, which is still dominated by the bourgeois cliques and which excludes the working class from its essential structural domain, can build the consent of the oppressed by transforming and regulating the class relations in the civil society realm. In this way, the liberal Western state in its ideal form does not only provide false consciousness among the working class but also transforms the economic base and class relations to protect the bourgeois society. The Leninist formulation of the Western aristocracy of labour indicates the transformative power of the liberal state and its alliance building capacity among the different strata of the classes before the First World War. However, the hegemonic power of the liberal state has its limits and can perform its ideological duty fully when the different cliques of the bourgeoisie are harmonious and can act coherently in the economic expansion periods when they can manufacture consent over the main divisions in the oppressed strata.

2.3. Gramscian Passive Revolution

The evolution of the capitalist developments and the outbreak of the Russian revolution could not be predicted by the first Marxist theoreticians. The first-generation Marxists including Marx and Engels expected the revolutions initially from the developed European capitalist societies and Russia was not among them. The second-generation Marxists also accepted the general Marxist evolutionary theory based on the stages of the level of economic development but believed that there was still some room for the revolutionary working-class politics in the pre-capitalist societies. This approach was theorized in the difference between democratic and

socialist revolutions. While some countries were considered as developed capitalist countries, which were ready for socialism and socialist revolution, some others were categorized as pre-capitalist or feudal which should experience a democratic transition before a socialist revolution. The revolutionary strategies and the class alliance formations for these different countries should also be differentiated in accordance with the stage of their economic development. The most advanced form of this schema was suggested in the Comintern Programme of 1929,[14] which was ratified in the Sixth World Congress of the Communist International and became the official revolutionary thesis of the Communist Parties until 1935. Regarding this approach, the revolutionary strategy of the underdeveloped countries was designated as the democratic revolution as the feudal contradictions should be solved with a bourgeois democratic transition. Although the democratic and socialist revolutionary paradigm should be considered an essential Marxist debate for political strategies based on economic structure, its explanatory power is limited in the transitional periods, when the revolutionary classes could not play a decisive political leadership role and build hegemony on other social groups or classes. It is very common that the democratic transition period of the underdeveloped countries cannot be realized with full-fledged revolutionary upheavals led by grass-root progressive movements, but with mild reforms and state initiated top-down modernization processes. One of Gramsci's most fertile ideas, passive revolution, was developed to describe such non-revolutionary and reformist transformations (Callinicos, 2010). Gramsci first adopted the concept to describe the Risorgimento period[15] of Italy as it was used by other Italian intellectuals. However, he extended the concept to modernization processes of other European countries, which had not experienced a French-type political revolution. The passive revolution

[14] Based on a national socialist possibility, the program suggests that each country can build its own socialist economy. Besides, the colonial and semi-colonial countries should experience a transition period governed by democratic dictatorship of the workers and peasants, which implies class collaboration between the proletariat and petty bourgeoisie.

[15] The cultural and political movement in the 19th century Italian peninsula resulted in the unification of different Italian states into a single unit; namely, the Kingdom of Italy. Risorgimento started with the 1848 Revolutions and was completed in 1861 with the successful march of Garibaldi and thousands to the island of Sicily.

was formulated to describe the distinctive social transformations and modernization processes without a significant participation of the popular classes (Thomas, 2013). Starting from the Gramsci conferences of the 1970s and 80s, the passive revolution concept became an important topic in the Marxist debates which led to the reinterpretation of all key concepts of the *Prison Notebooks* vocabulary (Thomas, 2013). Besides, the limits of the bourgeois hegemony and its foundation and application in the class structure started to be redefined. While it was mainly considered a 'revolution without masses and from above' and was interpreted as the transformative capacity of the bourgeois class and state, the literature relates the emergence of passive revolutions with the limits of the hegemonic power of bourgeoisie or different bourgeois cliques. In this sense, passive revolution had been a progressive development in the modernization processes of the European countries and an alternative way to the French one for bourgeois hegemony. While the alliance between the working classes and French bourgeoisie overthrew the French aristocracy in the social revolution of 1789, the elimination of the Italian feudal classes was realised in the Risorgimento process which occurred upon the compromise of the feudal and bourgeois classes to keep the popular classes excluded from the modernization process. As for the origin of the conceptualization of the passive revolution term, the Risorgimento period provides us with the key elements to understand the basic features of the notion and enables us to analyse the further extensions of the concept elaborated by both Gramsci and then the (neo-)Gramscian scholars.

2.3.1. The Origin of the Concept: Risorgimento

The word Risorgimento, which means revival in Italian language, was used to describe the unusual liberation and unification of the Italian states in 1861, which had started to establish their bureaucratic and modern state structure with the French occupation of 1796. However, the Risorgimento was not only limited to a political transformation or unification, but it was also a revival in the cultural and social spheres. Martin Clark (2013) suggests that the abrupt changes in the Italian political and cultural life

increased the demand for the liberal freedoms of the educated people such as free speech and press as well as voting and political rights. But the small and divided Italian states could not provide these freedoms. Moreover, the economic disunity and the customs structure between the Italian states increased the demand for a stronger Italian regime, which may provide social, cultural, and economic necessities. However, there were significant obstacles towards a unified bourgeois regime.

First of all, one of these obstacles was the class content and capabilities of the Italian bourgeois strata. Adrian Lyttelton (1991) suggests that class structure of the Italian middle class was quite different from the other European countries. The industrial bourgeoisie, if they might be accepted as the *true capitalists*, was neither a political nor an economic social force. Only a small number of manufacturers in the North could be categorized as the industrial bourgeois and the remaining part of the bourgeoisie were mostly well-educated professionals such as doctors, lawyers, or journalists. Thus, the Italian bourgeoisie is mostly defined by status rather than property or their economic capabilities. Lyttelton (1991) indicates the urban families who had an income of over £100 were quite rare; and these were mostly urban rentiers and elite professionals who can exploit the local opportunities of governments and municipals. Moreover, Lyttelton (1991) describes the urban middle classes as linked with the rural areas. They spent their holidays in their villages and did not travel to other European countries. Their understanding of time, leisure and work was still pre-modern and pre-industrial. For all the reasons above, Lyttelton (1991) believes that the new emerging Italian bourgeoisie despite their democratic character and intellectual capabilities should not be considered as modern or influential.

Secondly, new-born bourgeoisie was too dependent on the French political and military power. Risorgimento has been considered as closely related to three main political ideals, which are independence, unification, and liberty. However, these three ideas were not always compatible in the Italian history. For a long period, the Italian provinces were directly or indirectly ruled under the influence of the French and

Austrian as well as the British administrations. Italy was first invaded by Napoleon Bonaparte in 1796 when he reorganized the Italian region into Italian client states of the French Republic mainly the Cisalpine Republic,[16] the Ligurian Republic,[17] Kingdom of Sardinia[18] (Piedmond) and the Parthenopean Republic as well as the Roman Republic,[19] which ended the Pope's rule. However, most of the regions of the client states were also annexed by France in quite a short period. The revolutionary French rule initiated the rapid transformation in the cultural and social structure; administration systems and property relations were imposed by the new French code of law (Clark, 2013). The two large islands Sardinia and Sicily could not be put under the French rule initially, but even these regions were significantly influenced by the French ideas as well as their administration innovations (Clark, 2013). During the period of the French rule, all three Risorgimento ideas in their abstract sense seem to be embraced by the Italian bourgeois intelligentsia but had no real effect on the political scene. Indeed, the revolutionary young middle classes in the Italian urban areas were mostly influenced by the French liberal ideas. They enjoyed the new freedoms in the Italian client states of the French Republic and supported the merciless revolutionary cruelty over the old aristocratic classes. The abolition of the old privileges (although quite cautious and gradual) was welcomed by the young urban bourgeois class. However, they were quite aware that the new Republics heavily relied

[16] The Cisalpine Republic was established in 1797 by France and lasted until 1802. It consisted of the Lombardy and Romagna areas, and Milan was appointed as the capital city of the Republic. When Napoleon was elected as the President in France, the name of the Republic was changed to the Italian Republic, and Napoleon became the President of the Italian Republic. However, the Italian Republic lived only shortly, when Napoleon I became the Monarch obtaining the title of Emperor of the French, the Republic transformed into the Napoleonic Kingdom of Italy. After the Congress of Vienna in 1815, the region started to be ruled by the Austrian Empire until 1859.

[17] The Ligurian Republic was established as a client Republic of France in Northwest Italy including the Genoa city from 1797 until 1805 when it was annexed by France. After the French defeat in 1815, the territory became part of the Kingdom of Sardinia.

[18]After the defeat of 1792 against France, the Piedmontese region and island of Sardinia became a free passage for the French armies in the region. In 1798, Piedmont was annexed by France and King Emmanuel IV escaped to Sardinia. The Kingdom of Sardinia could regain the Piedmont based on the Congress of Vienna. It became the Kingdom of Italy in 1861 after it unified Italy in its monarchical rule.

[19] It was one of the short-lived client Republics of France, which ended in 1799 when the Papal States were restored. In 1808, it was occupied and started to be ruled by France. In 1814, France lost its control over the area.

on the French armies and withdrawal of these armies meant the collapse of the new regimes with all their libertarian practices. Thus, propagating *independence from the foreign rule* meant being practically on the side of the old despotic regime, aristocratic classes, and the papal states. The young urban classes claiming nationalist ideas called themselves *patrioti* (Italian patriots) and refrained from the idea of Italian independence (Clark, 2013).

> ... the patriots and the people did not hold the same views: they had different ideas, different customs, and even different languages. The admiration for foreigners, which had slowed down our culture at the time of the king, now formed the greatest obstacle to the establishment of liberty at the birth of our republic. The Neapolitan nation was split into two peoples, separated by two centuries in terms of history and two degrees in terms of climate. As the cultured part of the nation had been formed on the basis of foreign models, its culture was different from the one that the nation as a whole needed, one that could come about only through the development of our own faculties. Some had become French, others British; and those that stayed Neapolitan – most of the people – were as yet uncultured. Thus the culture of the few had not benefited the nation as a whole; which, in turn, virtually despised a culture that was not beneficial to it and which it did not understand. (Cuoco, 2014, p.91)

However, their explicit dependence and reliance on the French governance was the main obstacle for any development of the Italian liberal rights for any attempt of unification as the French governors were less and less loyal to the revolutionary Jacobin ideals, and mostly keen on capturing more taxes and food from the local population to fulfil the needs of the French armies (Clark, 2013). The idealistic *patrioti* who firmly believed in the French ideals were not considered loyal by the French governors as they looked for realists who would not adhere to the French revolutionary ideology but their administrative authorities. Thus, the French governors mainly preferred to collaborate with the local nobles who were prominent as reformists when they served the old regimes (Clark, 2013). Besides, in a short time, the local governments started to be led by landowners and other old, privileged classes who established quite good relations with the French authorities. Thus, although patrioti seemed to be in favour of Italian unification, they had little influence on the French

governors; and in a short period, the political cleavage between the French governors and the weak Italian bourgeois middle classes visibly grew. The first secret revolutionary bourgeois organisations such as *Società dei Raggi*[20] were formed during this period in 1798 against the relative reconciliation of the French authorities with the Italian aristocratic strata. It is well-known that a large number of Secret Societies including Società dei Raggi ended up in joining the *Carbonari*[21] which had a great influence during the 1820 uprisings.

Last but not least, the counter-revolutionary organizations were quite influential among the popular classes. The fragile support of the urban classes and patriotic intelligentsia for the French authorities and their inconsistent political program undermined the bourgeois hegemonic development as they included the bourgeois reforms for unification and liberty but ignored the demands for independence. The counter-revolutionary forces could get a foothold in the rural areas against the French authorities and the *enlightened intelligentsia*. The high land taxes and the unending needs of the French armies for food and draught animals reduced the popularity of the French regime in the eyes of the peasantry. The first counter-revolutionary movements and uprisings emerged during this period based on the alliance of feudal forces mainly the church, large masses of peasantry, and the crown (Davis, 1992). John A. Davis (1992) suggests that the Italian peninsula became the land of counter-revolution in 1799. French armies were defeated in the Northern Italy; and the new-born Italian Republics could not maintain the public order in most of the Italian rural and urban regions. While the peasants of Tuscany started to march to Florence and Siena to get

[20] Società dei Raggi (Society of Rays) was founded to defend the Republican Democratic ideals and Italian autonomy. It was against the French occupation and French government. In 1802, it changed its name to Società dei Centri (Society of Centers). In 1814, most of its influencial members were arrested, and it is believed that the society has joined the organizational structure of Carbonari, another secret society, which had similar aims and rituals.

[21] Carbonari was founded in the Kingdom of Naples against the French backed Joachim Murat's policies and then fought against the King Ferdinand I of the Kingdom of Two Sicilies. After the Austrian annexation of Lombardy and Romagna, it spread to the North of Italia and took an anti-Austrian stance.

rid of the Jacobins, the *Massa Cristiana*[22] joined the Austrian armies to drive the infidel invaders out of Italy (Davis, 1992). The most famous, successful, and thus brutal squad of the counter-revolution had been the army of *Sanfedismo*[23], who had been founded by Cardinal Fabrizio Ruffo[24] during this period (Davis, 1992). He started his journey from Sicily to Calabria with few followers in February of 1799 without any royal support but had become the leader of the bloody counter-revolution backed by the Russian fleet in Calabria at the end of March (Davis, 1992). The spread of the counter-revolution further continued when the Naples was captured with the help of the British Naval Forces in June. During this period, thousands of liberal intellectuals from the middle classes were massacred as Jacobin agents of the godless French. The defeat of France by reactionary clerics leading popular counter-revolutionary masses had been a significant turning point for the European bourgeois revolutions as it was the first time that the spread of the French Revolution could be stopped by a popular movement evoked by religion and patriotism. Besides, for the first-time, bourgeoisie and peasantry masses divided and turned against each other, which could not be achieved in France, but in Italy (Davis, 1992). On the other hand, the war of France with Austria and Russia and the internal resistance of the feudal alliance rendered the French governance less and less liberal and faithful to the Jacobean ideals. From 1800 onward, France started to rule the Italian region more imperially than republican (Clark, 2013). Most of Italy was annexed or directly ruled by France during this period and became temporarily unified under the French rule. With the experiences of the slaughter of the middle classes in the counter-revolutionary movements, the Italian bourgeois patrioti became more cynical and dependent on the foreign forces. Furthermore, the cleavage between the peasantry and the urban classes widened.

[22] The non-regular armed milita formed in Piedmont by Viero Branda who believed that Christ had summoned him to lead the anti-French uprisings of 1799.

[23] Sanfedismo is a reactionary political organization and people's movement which is named after Sante Fede, which means Holy Faith in Italian. It played an active role in the collapse of the Parthenopean Republic (Repubblica Napoletana).

[24] Cardinal France Fabrizio Ruffo was chosen as the head of the Royalist movement against the Republicans and sent to Calabria by Pope, where his family had large feudal power. He founded the Sanfedismo movement and captured Calabria with the help of the Russian fleet and Naples with the help of British navy.

Gramsci believes that the cultural and political gap between the bourgeoisie and peasantry classes is one of the main reasons of the historical weakness of the Italian bourgeoisie:

> In this type of city there exists an "urban" ideological unity against the countryside: there is still hatred and contempt for the "country bumpkin"; reciprocally, there is a "generic" aversion of the country toward the city. This general phenomenon which is, after all, very complex and manifests itself sometimes in apparently contradictory forms, should be studied throughout the Risorgimento. A typical example of apparent contradictions is the episode of the Parthenopean Republic of 1799: the countryside crushed the city with the hordes of Cardinal Ruffo because the city had completely neglected the countryside. (Gramsci, 2011, p.130)

These weaknesses of the Italian bourgeoisie continued further under the Australian rule after the collapse of France in 1814. The new political settlement called the Restoration period was formed by the Congress of Vienna in 1815, which mainly divided the Italian region under five main states. While Austria had no direct influence on the Kingdom of Sardinia (Piedmont-Sardinia), the remaining parts of Italy, namely Lombardy-Venetia, the Grand Duchy of Tuscany, the Papal states and the Kingdom of the Two Sicilies were directly or indirectly ruled by the Austrian administrators. The 1820 uprisings and the *coup d'eta* attempts manifested clearly that the so-called Restoration states under the Austrian rule could not restore the old regimes and would keep most of the French-type bureaucracy and tax system as well as the army structure. During this period, the middle class was generally treated as a threat for the Australian rule. The privileged classes such as landlords and noble rentiers who did not or could not collaborate with the French rulers before 1815 were trusted in the administrative roles. Thus, the structure of the administrative bureaucracy continued almost the same as before, but the employment opportunities were reduced significantly, and economic conditions of the professional classes got worse (Lyttelton, 1991).

As the bureaucratic and economic structure did not change explicitly, the main characteristics of the Italian class formations continued in the same vein during this era, but the nationalist sentiments became stronger. Carbonari's political demands for

constitutional monarchy triggered a series of uprisings in 1820, 1821 and 1831. The defeats of the uprisings and the failures of the secret societies led a young refugee member of Carbonari, *Giuseppe Mazzini*[25], to establish a new organisation, the 'Young Italy,'[26] which aimed to achieve a mass political movement by organizing a guerrilla warfare and popular uprising. However, his conspiracy and insurrection attempts were as unsuccessful as the Carbonari's until 1848. He was criticized for paving the way for a series of unsuccessful uprisings without having a deep knowledge of the Italian people and the peasantry, which caused thousands of deaths of young republican students and journalists, while Mazzini lived quite safely in London or Switzerland (Clark, 2013). Indeed, Mazzini's revolutionary strategy was basically a copy of the Spanish type of 'people's war,' which started with a guerrilla movement of a small group of rebellions but grew with the participants of the peasantry. However, Mazzini seems to have been little aware of the peasantry and when he spoke about people, he meant students, artisans, lawyers and journalists, urban and literate classes (Clark, 2013). Basically, he found the peasants and poor urban classes ignorant and illiterate, so they could not be trusted (Clark, 2013). However, this was not very surprising for most of his followers as he mainly shared the prejudices of the contemporary Italian middle urban classes for the peasants. Obviously, he and his followers had no intention to organize a political activity in underdeveloped country sides; however, they were also almost sure that their leadership would flame the local insurrections especially in the southern rural areas. However, in Italy, in 1848, it was the other way around.

[25] Although Mazzini was miserbly unsuccessful in his political struggle, which cost lives of thousands of young Republicans without any real achivement, it is widely accepted that his writings formed the spirit of the Risorgimento as a unitary independent liberal Italian Republic. He was in favor of big-nation nationalism and was against all seperatist tendencies of Sicily or Sardinia. Besides, he envisaged a loose federalism in Europe with a federal assembly, which would enable the different European states to come together and solve their problems. In that sense, he was also accepted as an early prophet of the European unification. In 1834, he founded the association 'Young Europe' with other Italian, Polish and German members to trigger a league of different European nations. But this attempt was also as unsucessful as his other initiatives in his own lifetime.

[26] Young Italy (*La Giovine Italia*) was founded in 1831 in France to rescue Italian regions from Austria and unite them in an Italian Republic through popular uprising. It transformed to Italian National Association (*Associazione Nazionale Italiana*) after the 1848 uprisings and then to Action Party in 1853.

Mazzini infiltrated to Italy to lead the rebellions which were mainly started by the Sicilian peasants.

> ... this was not, in fact, the normal organic relationship between a province and an industrial capital but assumed the aspect of an occurrence in a vast territory, the features of national conflict were accentuated. What is especially noteworthy during the Risorgimento is the fact that in the political crises the South took the initiative: 1799 Naples- 1820-21 Palermo- 1847 Messina- I847-48 Naples and Sicily. (Gramsci, 2011, p.130)

After the defeat of the 1848 revolts, Mazzini's political strategy, which repeatedly failed since 1831 started to be criticized by many moderate patriots. Not only new sects of political groups, but also ordinary citizens consisting of the urban middle classes started to participate in the debates to figure out how to achieve independence from the foreign influence. Clark (2013) suggests that none of the political sects including the Mazzinians were as important as they supposed. He believes that the formation of the public sphere realized by the daily practices of the common citizens spread the Italian nationalism such as meetings of the educated citizens in the scientific congresses, in the agrarian associations, cafes, and theatres. The Italian bourgeois public and the liberal propagandists were formed in this extending public sphere. However, new moderate patriots did not accept the unity as realistic in both geographical, political, and cultural senses. Based on their previous experiences, it seemed very unlikely that the independence from the foreign occupation of the Italian states would take the form of a single Italian country (Clark, 2013). First of all, the Papal states in the centre of Italian region were the main obstacle for any kind of unification. Similarly, a loose federation or confederation seemed the only feasible option as the legitimacy of the Italian rulers started to be accepted by the moderate patriots. Only the Mazzianians who were mostly discredited and almost entirely alienated in the Italian public sphere supported and still believed in the unification of Italian counties into a single central state (Clark, 2013). Thus, it is fair enough to give the Piedmontese Prime Minister Cavour credit for leading the incidents

that resulted in the unification of Italy. Camillo Benso di Cavour[27] who mainly united Italy under the Piedmontese Kingdom and took back the Italian region from foreign powers was one of the moderate patriots known for his faith to liberal ideas, for his realist decisions in the foreign policy and incontestable scepticism for unification. When he was in the cabinet of d'Azeglio as the Minister of Agriculture and Commerce, he started to sign commercial treaties with Piedmont's trading partners (Clark, 2013). Although he reduced the tariffs, the increasing trade volume brought more tax revenues and more importantly, it made the Piedmontese regime more open to the Western capitalist development. He became the Prime Minister in 1852 when he secretly made a deal with Urbano Rattazzi, the leader of the left-wing parliamentarian. The so-called *connubio* (marriage) between the right-wing Cavour and left-wing Rattazzi was based on anti-clericalism, but it disabled the revolutionary left outside the Parliament (Clark, 2013). Gramsci indicates that the first period of *Trasformismo*[28] started under the Cavour's leadership, which was described as one of the historical forms of the passive revolution:

> Transformism as one of the historical forms of what has already been noted about 'revolution-restoration' or 'passive revolution', with respect to the process of formation of a modern State in Italy. Transformism as a "real historical document of the real nature of the parties which appeared as extremist in the period of militant activity (Party of Action). Two periods of transformism: 1. from 1860 to 1900 'molecular' transformism, i.e., individual political figures formed by the democratic opposition parties are incorporated individually into the conservative-moderate 'political class' (characterised by its aversion to any intervention of the popular masses into state life, to any organic reform which would substitute a 'hegemony' for the crude, dictatorial 'dominance'); 2. from 1900 onwards, transformism of entire groups who pass over from the extreme to the moderate camp (the first event is the formation of the nationalist party, with ex-syndicalist and anarchist groups, which culminates in the Libyan

[27] Camillo Benso di Cavour entered political life by publishing the *Il Risorgimento* newspaper in 1847. In 1850, he became the Minister of Agriculture and Commerce and then Minister of Finance in d'Azelio's cabinet. During this period, he signed important trade aggrements reducing tariffs with Austria and German Zollverein. Italy was united in the Piedmontese regime under his leadership.

[28] Trasformismo (Transformism) is a method of a centralist coalition defined as the absorption of individual parliamentarians or groups representing the anti-systemic or revolutionary forces by the governing centralist majority.

> war in the first instance and subsequently in interventionism). (Gramsci, 1975, as cited in Overy, 2001, p.324)

However, Cavour's main success was outside the Parliament. His relations with the revolutionary organizations and exiles made him influential in the anti-Austrian public sphere. The Italian National Society[29] founded by democrat exiles in Turin and pledged to Piedmontese regime and its King became a tool in the hands of Cavour and played quite a significant role in the unification. The Society was founded by prominent Mazzinians such as Daniele Manin[30] and Giuseppe Garibaldi[31] and could convert many more in a short period. The collaboration of the Italian National Society with the Piedmontese regime paved the way for unification, when the international regime based on Russian-Austrian alignment shattered after the Crimean War of 1853. During the secret negotiations between Cavour and Napoleon III, a war against Austria was planned, which would be provoked by the Italian National Society. Unlike 1848, the whole process, including the popular insurrections, was implemented by a top-down initiative. The Cavour's statesman and Napoleon III's strategy against Austria paved the way for the unification of Italy, although neither of them had an interest in Italian unity (Clark, 2013). When the North of Italy was rescued from Austria by French troops and handed over to the Piedmontese regime, the moderate patrioti took control of the central Italy. The Sicilian insurrection and Garibaldi's unexpected journey to the south with a group of volunteers called *the Thousand* can be considered a bottom-up initiative, which was not planned or even supported by Cavour, but

[29] The Italian National Society was founded as a monarchist-unionist organisation to achieve unification under the leadership of Piedmontese regime. Since its foundation, the Society had always been in close relationship with the Prime Minister Cavour.

[30] Daniele Manin has been a prominent hero of the failed 1848 revolutions, who rescued Venice from Austria and founded a civil armed force and local government. His leadership at the defence of Venice mythologised with the motto "Resistance at all costs" established a significant reputation among the patriots. He was one of the few believers of the Italian unification after the 1848 defeats and his personal relations with Cavour led a rapprochement between the Piedmontese regime and the moderate patriots.

[31] Guiseppe Garibaldi is accepted as one of the founding fathers of modern Italy and one of the greatest commanders of his time who had been a competent leader in the guerilla warfare. He was a follower of the Italian republican nationalism represented by Mazzini and was a member of the Young Italy organisation. During 1848 insurrections, he became the General of the short-lived Roman Republic. In 1859, he started his expedition to the South which resulted in the annexation of Sicily and most of the South Italian regions by the Piedmontese Kingdom.

resulted in the rescue of southern and Sicilian regions. Although Garibaldi won the battles without any support from Piedmont, he handed over the rescued areas to the Kingdom. Gramsci sees both victory and defeat in Garibaldi's successful military campaign and the Italian unification under the Piedmontese regime. He believes that Garibaldi's (Action Party's) weak pressure could only be successful while the north and centre were captured and organized by the moderates (Gramsci, 2011, p.134). Although there was no integrated military and political leadership, the moderates and the revolutionary forces could act simultaneously and a successful mechanical collaboration could be formed (Gramsci, 2011, p.134). On the other hand, Gramsci (2011) points out that Garibaldi's achievement in Sicily and the south of the peninsula, which paved the way for the Italian unification, was the victory of the strategy of the moderates over the Action Party's. Garibaldi had won the battles in Sicily, but Cavour could unite the Kingdom of Italy under the Piedmontese regime. Gramsci believes Cavour's successful and balanced statecraft in the foundation of the Italian regime, which could only be enabled from a top-down process without a revolution and participation of the popular masses, had left a birthmark and tradition to the Italian bourgeoisie. Italian bourgeoisie could not form a hegemonic unity in itself (intra-class) and a hegemonic influence on the peasantry (inter-class). The bourgeois hegemony could not be built in the Italian modernization as the old, privileged classes could not be neutralized by the revolutionary forces. The bourgeoisie could not experience a leadership role over the popular classes as was the case in the French Revolution. Cavour's strategy extended the Piedmontese monarchical institutions successfully to the whole Italian peninsula, but at the same time circumvented the application of the Jacobin-type democratic Republican strategy of the Action Party. Gramsci (2011) believes that the Piedmontization of Italy prevented the hegemonic development of the Italian bourgeoisie (p.135). He indicates that the Italian middle classes could never establish a full-fledged hegemony and were pushed into alliance with nobles outside the parliament and with the left-wing MPs in the Italian parliament to balance the economic and political struggles with the aristocrats and subordinate classes. The birthmark that Italian bourgeoisie was born with could not be covered or healed with

political manoeuvres by the talented statesmen. The weakness of the new regime in its very foundation originated in the historical development of the Italian class structure, which prevented the hegemonic development of the bourgeoisie and paved the way for the Italian fascism later.

2.3.2. First Extension of the Concept: Zollverein/German modernization

Risorgimento period provides us with significant insights of an alternative path to modernization, but Gramsci believes that the basic characteristics of the passive revolution can also be found in other historical developments. In Notebook 4, he advised an extension in the meaning of the passive revolution concept, which was described by Vincenzo Cuoco solely for the Italian Risorgimento as the Italian repercussion of the French revolution. Gramsci applied the concept "not only to Italy but to those countries that modernize the state through a series of reforms or national wars without undergoing a political revolution of a radical-Jacobin type" (Gramsci, 1996, as cited in Callinicos, 2010, p. 232). Gramsci argues that the Italian bourgeoisie could never establish a full-fledged hegemony due to its intra-class structure (Riley, 2011). During the Italian Risorgimento period, the moderates could achieve a hegemonic position in its own class fraction, but the inner struggle between different bourgeois cliques obstructed the ability of the Italian bourgeoisie to produce an external hegemony over the non-bourgeois social groups (Riley, 2011). The negative consequence of the inner-struggle led to a top-down modernization process, which was called by Vincenzo Cuoco as passive revolution, or *restoration-revolution* by Edgar Quinet. Gramsci seems to start using the term restoration-revolution to describe the Italian Risorgimento period but then preferred the passive revolution term.

The extension of the meaning of restoration-revolution or the passive revolution term was first limited to the Italian historical modernization process, which had not experienced a Jacobin type revolution, but rather a top-down modernization and democratization. However, Gramsci also deployed the term to describe the modernization process in Germany and for Italian fascism as well as for

Americanism/Fordism. The German experience provides valuable insights to reveal the essence of the passive revolutions and its evolutionary dynamics.

The *Zollverein*[32] and the German modernization period shows some features similar to the Italian Risorgimento. *Deutsches Reich* (German Empire) was founded in 1871 by replacing the German Confederation based on the Association of 39 Germanic states. The unification did not follow a revolutionary path, but rather a slow progress starting from the end of the 18th century. The revolutionary France first annexed the West of the Rhine region in 1797 and then paved the way for the dissolution of the Holy Roman Empire in 1806 by replacing the Confederation of the Rhine with a French client state. In that way, Napoleon I had secured his European domination, but hoped to force a trade embargo on the British goods. The Continental System[33] was established by the French Republic to isolate Britain from the European economy and politics, but it resulted in ruining the economic structure of the Central Europe including the Germanic regions. First of all, the raw material market in these regions were based on trade with Britain. Besides, the domestic markets in Central Europe were not strong enough to develop a manufacturing capacity. The trade embargo for the British manufactured goods revealed the problem of the underdeveloped industrial structure of the Central Europe. The Congress of Vienna of 1815 remapped the Central Europe and resulted in the restoration of the German states under the leadership of Austria. However, during the French domination of the Central Europe, Prussia had already discovered the importance of both nationalism and economic unification (Hancock, 2009). Indeed, France had started to reform its tariff system under the rule of Louis XIV since the middle of the 17th century based on the mercantilist approach

[32] A coalition of the German states to organize the customs and related economic politics. Prussia was the primary force behind the foundation of the custom politics and it eased the German unification under the Prussian leadership.

[33] On September, 1806, Napoleon I declared an overseas embargo to close the entire European continent to the British goods. However, the British economy was not severely damaged. While the embargo had relatively increased the French and Italian manufacturing capabilities, the Central European economy was almost ruined.

of Jean-Baptiste Colbert[34] who used the tariffs as a state instrument to increase trade opportunities and industrial development (Hancock, 2009). In 1790, there were 1800 custom frontiers in the German speaking region (Hancock, 2009). The short period when the revolutionary France invaded the Central Europe did not diminish the complicated border regime, but Prussian leaders could discover the economic harm of the multitude of the customs and tariffs. Besides, both Prussian Finance Minister Friedrich von Motz[35] and then Prime Minister Otto von Bismarck[36] adopted the customs regime and trade liberalization as important foreign policy tools.

Prussia initiated several customs agreements[37] with different German states, which developed into the Zollverein in 1834, a customs union which included most of the German regions except Austria. The initial Prussian aim was to secure its internal trade paths as the Prussian west and east sides did not have a direct connection but were separated from other German states. The Zollverein was institutionalized mainly with a liberal intergovernmental decision-making body. All tariffs and trade related problems were decided by the Intergovernmental General Congress, which gave equal rights and veto authority to all member states. Besides, it became a centre of attraction in a short period as the new members could gain immediate economic benefits. However, Prussia did not always benefit from the new joiners or the decisions the General Congress made. Nevertheless, it ignored the financial costs to continue the intergovernmental structures as it preferred to act together with other German states due to its political ambitions. Although there was an ongoing German competition for

[34] Jean-Baptiste Colbert served the French King Louis XIV as Controller-General of Finances. He applied mercantilist policies to support the domestic economy by using the tariff rates and major public expenditures as an economic state instrument.
[35] He was appointed as the Finance Minister of Prussia in 1825. Basically, he prepared the basic arrangements of the Zollverein, but could not live until its foundation in 1834.
[36] Bismarck started his political career as a conservative politician who represented the interests of the upper classes. He was also a member of Junkers, one of the landed nobility in Prussia. He became the Prime Minister in 1862 and unified the German States under German Empire after three significant wars.
[37] In 1818, Prussia developed initially internal measures, which abolished the obstacles of trade in its own borders. In 1819, Sonderhausen and in 1821 Askanier, in 1828 Hesse, in 1931 Sachsen joined the Prussian-initiated Customs Union.

the domination of the Central Europe between Austria and Prussia, the German leaders seemed to be more concerned with a French military revival as well as the infiltration of French republican ideas in the German speaking popular classes. Kathleen Hancock (2009) claims that France played a significant role in the decentralization of the German states. Its final attempts to disintegrate the Holy Roman Empire proved the French diplomatic power beside its military capabilities. Napoleon I could achieve the support of the southern states of German territories, namely Baden, Württemberg, and Bavaria against Austria while Prussia refused to join this anti-Austrian coalition. In a short period, Baden, Württemberg, and Bavaria started to be named *Third Germany* after Austria and Prussia (Hancock, 2009). Thus, Prussia's main goal had been first to neutralize smaller German states and then to build military alliances with them against a renewed French threat. Thus, they did not force integration through military power and did not calculate economic gains/losses in the customs union as losing the customs union could push the German states to align them back with France (Hancock, 2009). Besides, any increase in the French influence over the Central Europe could ease the infiltration of the liberal ideas among the German middle classes. Although France had been defeated in 1814 and its military and diplomatic capabilities were reduced, the liberal ideas that spread with the French Revolution were still very much alive and threatening to the reactionary leaders of the German states.

The European wide 1848 revolutions which had led the crowds to spill out onto the streets of the German states unfolded the danger of the liberal and socialist movements of the middle and lower classes. Any polity which would not take the influence of the revolutionary ideas into account faced the danger of collapse. Klemens von Metternich[38] who was the Chancellor of Austria since 1821 could not continue to rule after 1848 and was forced to resign and escape to London. On the other hand, Prussian leadership could control the mass demonstrations by yielding to the demands

[38] Metternich became the Foreign Minister of Austria in 1809. He was the main figure designing the Congress of Vienna in 1815. In 1821, he became the Austrian Prime Minister. With the 1848 uprisings, he resigned and was obliged to leave Austria for three years, but returned again in 1851. Although he was asked for his advice on several issues by the King, he was kept out of the Austrian political circles.

of popular classes. The liberal structures of the Zollverein had also helped the libertarian appearance of the Prussian state (Hancock, 2009). Prussia was not drastically affected by the riots, but a gradual transformation started in Prussia, which eventually influenced all the German regions. Prussian basic state structures altered with the opening of the parliament and adopting the constitution, but power relations based on the balance between the upper classes and newly developing middle classes could be preserved even after the 1848 revolutions. However, neither Prussian governing elites nor the other German states were less reactionary than the Austrian leadership. Their relative weaknesses forced them to build alliances with the liberal middle classes and with each other under the liberal intergovernmental decision-making structures. The paralysis of Austria in 1848 paved the way for the Prussian leadership among other German states with its economic and military power.

The basic class discrepancies were revealed in the form of different class parties during this period. The 1848 revolutions in the German States resulted in the opening of the Frankfurt Parliament[39] and a Confederation constitution[40] came into force. However, sharp differences started to emerge between the moderates which would be called the National Liberals after 1871 as the representatives of the middle and reformist upper classes and the democrats who represented the demands of the lower classes and revolutionary bourgeoisie (Malone, 2019). Another important debate that occupied the parliament sessions was the extent of the German unification. While the representatives from the southern German states were in favour of the *Grossdeutschland* (great Germany) which would include the German speaking regions of the Austrian Empire in the united Germany, the northern representatives supported the *Kleindeutschland* (small Germany) which would exclude Austria and unify the

[39] An election for a national assembly was held in all German States including Austria. The first national assembly was met in Frankfurt on May 1848. Various political factions could be represented in the assembly, but the moderates could hold the majority of the seats.

[40] In 1849, Frankfurt National Assembly could agree on a constitution draft for a unified Germany including Austria. A monetary and customs union as well as a federative structure respecting the autonomy of the German states in their internal affairs were envisaged. The proposal became unsuccessful when both Prussia and Austria rejected the constitution draft.

German speaking entities under the Prussian leadership. However, the popular support of the Frankfurt Parliament diminished in a short time and when the threat of the popular movements was reduced, the conservatives started to regroup around King Frederick William IV and to gain their confidence back. When Berlin was retaken by the conservative powers, the Frankfurt Parliament lost its entire legitimacy (Hancock, 2009).

Thereafter, King Frederick William IV of Prussia felt free to reject the proposal of the Frankfurt Parliament for the Unification of the German States. Another attempt to unite the German States on a liberal basis was the Erfurt Union in 1850. The short-lived Erfurt Union Parliament as a Prussian initiative was undermined with the Prussian-Austrian treaty, which revived the German Confederation under the Austrian leadership (Hancock, 2009). After the treaty, Prussia left the Erfurt Union. The last significant attempt for the liberal unification of Germany failed again.

The successive failures of the moderate liberal attempts for unification and the weakness of the Prussian parliamentary system indicating the lack of hegemony of the German bourgeoisie paved the way for the construction of the Bismarckian Caesarism.[41]

Otto von Bismarck, known as the architect of the unification, was one of the members of the Erfurt Union Parliament and at its sessions, he strongly opposed the unification[42] as he considered that the unification would harm the interests of Prussia

[41] Gramsci defines Caesarism as a political governance in particular historical events when the progressive and reactionary forces balance each other and neither of them defeat the other. If the conflict continues in an escalated form and in this balanced situation, both forces start to lose power and a third force emerges and dominates the state structure. Gramsci accepts Caesarism as one kind or one phase of passive revolution. Caesarism can be reactionary or progressive. It is argued that Caesarist phenomena can be characterised in the dialectic characteristics of the "restoration-revolution" whether restoration or revolution dominates the political structure.

[42] It might be found quite interesting that neither Cavour nor Bismark was politically interested in the unification processes initially. Although their class positions and political views differed, they played quite similar roles in the modernization and accelaration of the capitalist accumulation. While Cavour was known for his moderate liberal ideas and his intimate relations with the leftist groups, Bismark was a conservative at heart and known for his 'blood and iron' policy. However, both Cavour and Bismark

and King Frederick William IV. He had been brought to the King's attention throughout the 1848 uprisings, when he was one of the most loyal pro-monarchists as he started to build an army from his peasant servants of his estate when Berlin's streets were occupied by the revolutionary crowds (Malone, 2019). When the old regime was restored with several liberal institutions, Bismarck was rewarded with an ambassadorship in Frankfurt and stayed there for eight years. In Frankfurt, outside of the influence of the right-wing circles, he became more open to the liberal intelligentsia, although he continued to be a conservative at heart. He realized there that the liberals wanted the German unification more than they wanted to get rid of the monarchy and traditional classes. Besides, his close relations with the Austrian envoy led him to understand that Prussia should ally with Russia and France and pursue stronger relations with the other German States, if it wanted to be treated under equal terms with Austria (Malone, 2019). He became an ambassador to Russia for four years and to France for a short period. During this period, he did not keep away from Prussian politics and was quite well informed about the Berlin political climate thanks to his good relations with the Minister of War, Albrecht von Roon.[43] After the death of Frederick William IV, Wilhelm I became the King of Prussia. He appointed Bismarck as the Minister President and Foreign Minister of Prussia on the advice of Roon (Malone, 2019). It is broadly known that Bismarck preferred *Blood und Iron*[44] policy in foreign relations. However, his *Steel and Rye* class collaboration policy is mostly neglected which enabled Bismarck to stay in power to apply his policies paving the way for unification and modernization of Germany. Looking at the major war

helped the aristocratic upper classes to keep their political influence and rentier economic powers and to neutralize the revolutionary forces with their alliance building and management skills.

[43] Albrecht Theodor Emil Graf von Roon became the War Minister of Prussia in 1859 and was influential in Bismarck's appointment to the Office of Minister President. The national liberals blocked his army reorganization attempts in the parliament. Thanks to Bismarck's statesmanship, the army reform could be realized. After the Second Schleswig War, his reputation grew even among the liberals and he was considered a national hero.

[44] On September 30, 1862, right after Bismark became the Prime Minister of Germany, he gave the provocative speech to the parliament dominated mostly by liberal MPs. He declared in this speech that "the position of Prussia in Germany will not be determined by its liberalism but by its power. Not through speeches and majority decisions will the great questions of the day be decided – that was the great mistake of 1848 and 1849- but by iron and blood.

period from 1864 on, iron is mostly considered a symbol for sword indicating Bismarck's war policy, but it also meant railways and steamships, which implied the rapid industrialization of Germany. Bismarck adopted a class collaboration strategy based on traditional landowner upper classes and the industrialist and mercantile middle classes before and after the unification. Both iron and steel can be considered as the symbols of the middle classes who drove the industrial development of Germany. On the other hand, rye symbolised the noble landowners. Thus, the Steel and Rye policy implied the collaboration of the upper and middle classes. This collaboration could only be possible by the successful achievement of German unification until 1871 and the *Kulturkampf*[45] policy after 1871 (Malone, 2019).

The unification of 39 states into one German national structure under Prussian control could be possible with three major wars. The first war, the Second Schleswig War is mostly accepted as the start of the unification of Germany (Hancock, 2009). It started on a border issue between Prussia and Denmark. Bismarck could convince Austria to join the Prussian forces to invade the Schleswig-Holstein regions. Within several months, Prussia and Austria could defeat the Danish forces. Holstein and Schleswig regions were shared by both Prussia and Austria. However, the result of the war isolated Austria diplomatically in the European political arena as Bismarck had planned. He could increase his influence both among the German States and also in the liberal strata of Prussia. As a second step, Bismarck provoked Austria by invading the whole Schleswig-Holstein region (Hancock, 2009). Austria and several other German states declared war in 1866 but was defeated by the efficient and modern Prussian army in seven weeks. The German Confederation was dissolved. Prussia annexed almost all German States except Bavaria, Baden, Hesse-Darmstadt, and Württemberg under the name of the North German Confederation. Foundation of the North German Confederation was welcomed with great enthusiasm by national

[45] Bismarck declared a culture war campaign after the unification of the German Empire to reduce the influence of the Catholic Church in the German public sphere. The national liberals gave full support to Bismarck's challenge, which continued until 1878.

liberals, and Bismarck could gain their unanimous support for his last war with the French emperor, Napoleon III. Bismarck leaked a memo of an official correspondence between France and North German Confederation with slight changes, which was accepted as a major insult to Napoleon III's honour (Hancock, 2009). Everything went well as planned by Bismarck. Napoleon III declared war on the North German Confederation. The French threat led the Southern States to flee into Bismarck's camp. Bismarck offered the Southern States a simple military solution against the French armies. His armies would protect them if they joined the North German Confederation. With the Frankfurt agreement, the Southern states agreed to join the new united German State which was renamed *Deutsches Reich*[46] in Versailles when the German military force captured Paris and ended the Second French Empire in 1871. The Prussian King was proclaimed Kaiser Wilhelm I as the leader of the Deutsches Reich (Hancock, 2009).

After the unification of the Deutsches Reich and the first election in the *Reichstag*[47], Bismarck's Steel and Rye policy became more visible (Malone, 2019). Before the unification, when there were lots of small independent German Principalities, the Dukes were autocrats and decided most of the political issues, although there was a tradition of parliaments in most of the German states (Malone, 2019). The unification of the Deutsches Reich paved the way for a more powerful national parliament; namely, the *Reichstag,* organized by an Imperial Constitution on top of the separate states. The National Liberals, who were the representatives of the bourgeoisie (rapidly growing industrialists and educated professionals such as lawyers and bankers), could gain more influence in the Reichstag than in the separate German parliaments before 1871 (Malone, 2019). The National Liberals were significantly patriotic and supported the German unification without any hesitation. They propagated for civil liberties and democratic participation of the middle and lower

[46] *Deutsches Reich* was called by the National-Socialists as the *Zweites Reich* (the Second Empire) as the Holy Roman Empire was accepted as *Erstes Reich* (the First Empire).
[47] Reichstag was the German Parliament until 1945. Its name was changed to *Bundestag* after the defeat of the Nazi regime.

classes to the political processes. However, they were concerned about the rise of the socialists and could easily agree with the Junkers who did not allow more democracy in the Empire (Malone, 2019). Besides, national liberals advocated free trade and integration of the economic policies into a single system. They were in favour of the abolition of the tariffs and other protectionist policies. On the other hand, the Reichstag was not the only governmental body of the Deutsches Reich, not even the most influential one. After the unification, the Junkers started to dominate the most critical positions in the German army, bureaucracy, and in the judiciary system (Malone, 2019). They had also great influence on the governmental policies.

Bismarck as a Junker and as the representative of the conservatives disliked the national liberals but could see good reasons to ally with them. First of all, in the first Reichstag elections in 1871, the National Liberals led by Rudolf von Bennigsen[48] achieved 30% of all votes and became the most popular party (Malone, 2019). Their support was crucial in Bismarck's political struggle against the socialists and German Catholics. Secondly, Bismarck needed the economic support of the rapidly growing middle classes to build a strong national army with modern warfare to protect the newly unified Empire. Besides, Bismarck would like to strengthen the German economy by removing the internal and external tariffs and in favour of the free trade during the economic boom from the 1850s on and ended at the beginning of the 1870s (Malone, 2019). Agreeing to the abolition of protectionism and support for the free trade eased the alliance between Bismarck and the National Liberals. Bismarck introduced the freedom of movement and trade, standardised the currency as Reichsmark and lifted the import duties and restrictions on the banking system (Malone, 2019). The National Liberals gave their full support for the economic reforms. On the other hand, Bismarck wanted to diminish the influence of the Roman Catholic Church on the German political structure. He could easily ally with the National Liberals in the Kulturkampf against the German Catholics who were

[48] Bennigsen was one of the founders of the National Liberal Party and supported liberal ideas in the *Reichstag* as the leader of the dominant faction.

represented by the Centre Party in the Reichstag (Malone, 2019). Bismarck's Caesarism was defined as reactionary by Gramsci. Although Bismarck was a conservative at heart, he preferred to act with the liberal and progressive forces until 1878 and paved the way for the abolition of custom borders, industrial development and free trade and movement, which intensified and empowered the German proletariat. However, the economic recession that started in the second half of the 1870s changed the economic and political climate in Germany (Malone, 2019). More than 150 companies went bankrupt during the crises which were founded with the economic boom in the German regions from the 1850s on (Malone, 2019). The industrial development slowed down, which grew the contradictions of the economic interests between the middle and upper classes (Malone, 2019). The main political tension between the middle and upper classes stemmed from the import problem of cheap grain. The increase of the grain prices meant the increase of the household expenses of the workers, which directly influenced the factory costs (Malone, 2019). Import of the grain from the USA and Russia could easily save many industrialists who could not bear the economic burdens of the economic recession. However, there was an important layer in the middle class, mainly the upper section of the middle classes who were indifferent or against the import of the cheap grain. In many sectors, they were in favour of protectionism. On the other hand, the import of cheap grain from other countries would trigger a price-drop in the home-grown wheat, which would harm the economic interests of the Prussian Junkers and other land-owning upper classes (Malone, 2019). In that case, many German farms would face the threat of bankruptcy. The economic conflict between the interests of the rural and urban areas as well as the middle and upper classes was reflected in the parliamentary politics and divided the National Liberals. While the left-wing National Liberals, who were mostly representatives of the small industrialists and other professional groups, were in favour of free trade, the right-wing National Liberals, who supported the interests of the most powerful industrialists, argued for protectionism (Malone, 2019). Bismarck saw the debate among the National Liberals as an opportunity to reduce their influence and to increase the divisions among them. He launched a campaign to break the National

Liberal Party by targeting the left-wing National Liberals who wanted free trade (Malone, 2019). Bismarck blamed them for being unpatriotic as they did not support the German farmers but the Russian and American ones. He lobbied with the businessmen and protectionist liberals who supported the higher tariffs (Malone, 2019). The split of the left liberals and the increasing influence of the socialists became the turning point for the National Liberals and the German bourgeoisie. In a short period, when the National Liberals lost their dominance in the Reichstag, the big industrialists became more dependant on Bismarck's policies (Malone, 2019). The German bourgeoisie could not form a hegemonic structure due to its divisions but was forced to ally with the Junkers. The alliance of Steel and Rye was the alliance of the old and new elites; namely, the Junkers and the big industrialists. Like the Italian Risorgimento, the non-revolutionary and top-down unification and modernization of Deutsches Reich prevented the German bourgeoisie from receiving a hegemonic influence on popular classes. Due to its inner divisions and its fear of socialist and popular forces, the German bourgeoisie could never establish a full-fledged hegemony, which pushed the German middle classes into the Steel and Rye alliance. This alliance continued to dominate the German politics until the First World War and formed later the very foundation of the Nazi regime.

2.3.3. Further extension of the concept to Fordism/ Fascism and beyond

The Italian and German experiences of passive revolution provide us with important insights as to how the hegemonic weakness of the bourgeoisie could end up in reactionary class alliances with the old landowner nobles. However, it is important to highlight that Gramsci did not only formulate the passive revolution concept to categorize the alternative historical modernization processes, but also to interpret the ongoing political events, which happened in already quite modernized environments. Thus, Gramscian conceptualisation of passive revolution could not be limited to some historical events or to a historical period.

Defining passive revolution as an alternative way of modernization implies a limitation of the validity of the term when the feudal classes played a significant role in the world history and could control at least some of the state power. This conceptualization was described as historicizing and was considered one of the ways to depoliticize its contemporary political content. On the other hand, avoiding this conceptualisation and focusing on one of basic pillars of the definition as well as application of the term to various current political developments may lead to the over-extension of the meaning. One of the basic characteristics of the passive revolutions such as state-led initiatives or non-revolutionary social transformations may be considered sufficient to define the wide range of different political processes as passive revolutions, but this approach may render the term too general.

Indeed, the recent scholarship has questioned the developments in Latin America starting from the Argentinian uprising of 2001[49] as examples of modern passive revolutions. Chris Hesketh and Adam D. Morton (2014), Jeffery R. Webber (2016), Diego Andreucci (2017) have analysed the Bolivian transformation under the leadership of Evo Morales in this scope. Similarly, the historical and recent political struggles in Mexico (Hesketh, 2010; Morton 2003b, 2010a), Brazil (Chodor, 2015; Roio, 2012), Chile (Motta, 2008), Guatemala (Short, 2007) and Argentina (Lapegna, 2017) have also been questioned as instances of passive revolutions in the recent scholarship. The economic and political transformation of the Eastern European and old Soviet bloc countries after the fall of the Berlin Wall was also described as modern passive revolutions that occurred in the late 1990s and the start of the 21st century (Simon, 2010). While the absorption of the environmental struggles by the global capitalist structure (Wanner, 2015; Bratman, 2015; Bo&Böhm&Reynolds, 2019) was accepted as gradual transformations of neo-liberalism in the form of passive

[49] The Argentinian uprising was the first revolutionary upheaval after the millennium. It sparked a general rise of the revolutionary movement in the Latin American countries. The uprising started with the Argentinian general strike led by two trade unions and then followed by a popular riot in 2001, which could not be controlled by the government and resulted in the resignation of the Argentinian President.

revolutions, the historical developments and failures of popular democratisation movements and anti-capitalist/anti-imperialist movements (Abrahamsen, 1997; Fatton, 1986; Raftopoulos, 2013; Kozma 2003) have also been analysed as third world passive revolutions that occurred under the neo-liberal hegemonic influence of the modern capitalist heartland.

The recent scholarly narrative as indicated above focuses mainly on the transformations of the class relations in the peripheral states under the neo-liberal influence of the capitalist heartland. Like the Italian Risorgimento, the weakness of the civil society and the lack of hegemony of the revolutionary class and popular movements could not produce a revolutionary moment, but a moderate democratisation and/or commodification of national-environmental resources that occurred in a reactionary form under the top-down influence of the neo-liberal capitalism. However, the recent fertile period of Gramscian scholarship on the passive revolution summarized above bears both the danger of historicizing the concept and the over-extension of its meaning.

In this context, Richard Bellamy rejects the relevance of the Gramscian concepts to the present as he believes that the thinkers of the past are limited to their temporal understanding of their political environment and could not answer our questions, which stem from a new political context (Morton, 2003a). However, Adam D. Morton (2003a) rejects the method of historicizing Gramsci and implies that the *classic texts are concerned with our questions and problems and not only with their own*. Indeed, he becomes one of the main contributors to the recent narrative of the passive revolution, which can be accepted as a countermovement against the historicizing attempts of Gramscian work and his key concepts. However, the historicizing practices should not only be limited to confine Gramsci to the biography books or return him to his historical context. Ignoring the differences of transforming modern class structures and capitalist relations and framing his conceptual structure into a historically accepted class dichotomy may also contribute to a repetition of the classical Marxist texts in the

reproduction of historical class relations, which may no longer exist in the present class antagonism. Thus, the new movement of academic research should not be considered immune to the new momentum of historicizing Gramsci and his key vocabulary.

Historicizing of the passive revolution concept should be considered in this scope. The increasing number of academic articles on the diverse political developments have been analysed in the passive revolution framework. Without a consensus on the definition of the term and its frequent application to diverse political developments and countries, the result has been basically an over-extension of the meaning. Thus, several scholars started to question the validity of the application of the term on such diverse areas and focused on the demarcation of the meaning of the term for a precise analytical definition (Callinicos, 2010; Roccu, 2017; Thomas, 2006). However, these attempts could not produce a consensus, if not further blur the content and extent of the concept. Besides, quantitative increase of the academic studies and diversification of the meaning of the term did not only produce an overextension of the meaning, but also a new momentum of historicizing Gramsci and Gramscian conceptual framework. Indeed, recent literature mostly avoids any class transformation in the capitalist heartland and limits the passive revolutions in the periphery as a repetition of the historical developments of the 19th century Europe. In that way, the relevance of term in the 21st century is implicitly defined as a specific form of spread of the capitalist relations, which started in the European continent and expanded to the peripheral countries.

> The creation of capital . . . is conditional upon an expansion, specifically a constant expansion, of the sphere of circulation. The *surplus value* created at one point requires the creation of surplus value at *another* point, for which it may be exchanged . . . A precondition of production based on capital is therefore *the production of a constantly widening sphere of circulation*, whether the sphere itself is directly expanded or whether *more points within it are created as points of production*. While circulation appeared at first as a constant magnitude, it here appears as a moving magnitude, being expanded by production itself. . . . Hence, just as capital has the tendency on one side to create ever more surplus labour, so it has the complementary tendency to create more points of exchange . . . The

> tendency to create the *world market* is directly given in the concept of capital itself. Every limit appears as a barrier to be overcome . . . *Commerce* no longer appears here as a function taking place between independent productions for the exchange of their excess, but rather as an essentially all-embracing presupposition and moment of production itself. (Harvey, 2012, pp. 21-22)

However, the significance of the term passive revolution should not be limited to a relabelling or specifying the well-known basic Marxist postulate, but as a key concept in his evolution in the Prison Notebooks which led to questioning the main Marxist framework of intra-class homogeneities and interclass dichotomy as well inter- and intra-class alliance building capabilities. Thus, it is highly controversial if the term passive revolution can be framed as an alternative historical modernization model, which was experienced and then completed in the Western capitalist countries in the 19th century. In this sense, the recent academic scholarship introduced the passive revolution as a strategy of neo-liberalism, but not as a weakness of bourgeoisie or one of its cliques, which lack the hegemonic power to further the capitalist evolution as a form of the negation of one mode of accumulation.

In this way, the Gramsci's extension of the meaning of passive revolution to the modern developments such as Fordism and fascism should be considered the key to frame the content of the concept without overextension or historicising. Peter Thomas (2006) suggests a narrower content for the Gramscian concept considering the evolution of the concept in the Prison Notebooks, but also provides an alternative way to understand the different moments, which dialectally may extend the meaning of the term to the capitalist heartland. He describes the term as "a distinctive process of (political) modernization that lacked the meaningful participation of popular classes in undertaking and consolidating social transformation" (Thomas, 2013, p. 23). He argues that many interpretations of passive revolution indicating an extension of its meaning should be considered misleading as Gramsci started to ask himself if the development of the concept in a broader sense may have negative political consequences (Thomas, 2013). Thomas (2013) believes that Gramsci "returned to his

notebooks in order to develop the concept further in an explicitly theoretical register (as opposed to his previous, largely historical studies) (p. 23) and "to cleanse it of every trace of fatalism" (Gramsci, 1933, as cited in Thomas, 2013, p. 30). On the other hand, Morton (2010b) believes that the passive revolution syntagma indeed should be considered a 'portmanteau concept'[50], which is essential in the internal development of the capitalist order.

Alex Callinicos (2010) sides with Thomas and believes that the term passive revolution should be used in a narrow sense. He goes one step further and adds that even Gramsci's extension of the term to understand the contemporary developments in his time should be found at fault. He indicates that the term was initially stretched by Gramsci first to include the European reformist modernization and then the fascist and Fordist transformation. Callinicos (2010) suggests that the Italian Risorgimento, which was defined as a passive revolution by Cuoco, was already problematized by Gramsci before he met the passive revolution concept in the dichotomy of French and Italian modernization processes.

> Vincenzo Cuoco called the revolution that took place in Italy as a repercussion of the Napoleonic wars a passive revolution. The conception of passive revolution, it seems to me, applies not only to Italy but also to those other countries that modernize the state through a series of reforms or national wars without undergoing a political revolution of a radical-Jacobin type. (Gramsci, 1996, as cited in Callinicos, 2010, p. 232)

Accordingly, he compared Mazzini and Robespierre as well as Action Party and Jacobins. Gramsci believes that the Action Party was narrowed down to a small minority of the population with a cultural unity that subsisted in the peninsula but could not build sufficient bonds with the rest of the country (Callinicos, 2010). On the other hand, Jacobins expanded significant energy on ensuring bonds between rural and urban

[50] It is mostly used for the concepts that blend the meaning or form of two other concepts. Callinicos (2010) also reminds us of the famous tale *Alice in Wonderland* to interpret Morton's description. Humpty Dumpty states that "there are words like a portmanteau – two meanings packed up in one word... When I use a word... it means just what I say it does" (Carroll, 1998, as cited in Callinicos, 2010, p.501).

areas, which resulted in their victory against the feudal classes (Callinicos, 2010). Although Gramsci compares Risorgimento and the French Revolution at many points and favours the latter, he points out that not only revolutions, but also passive revolutions include some demands of the popular classes and "progress occurs as the reaction of the dominant classes to the sporadic and incoherent rebelliousness of the popular masses" (Gramsci, 1996, as cited in Callinicos, 2010, p. 232). Apart from the inner conditions of the progressive forces in a passive revolution which were described as *inadequate and scanty* (Callinicos, 2010), Gramsci points out the importance of the international conditions during the Risorgimento period, which have also favoured the frail bourgeois leadership. He points out that Cavour was only able to keep the leadership in his own hands and limit the efficiency of the Action Party on the grounds of the international power balance and its restrictions on the Italian political life. Besides, Cavour's statecraft in the Italian modernization has been pointed out to highlight the importance of the state and domination rather than civil society and hegemony (Callinicos, 2010). Thus, an important characteristic of the passive revolution was described as the state replacement of the function of the local progressive-revolutionary social groups. The lack of hegemony in the bourgeois social strata could not form a significant leadership on other popular classes, but the bourgeois reforms and transformations could be achieved by a state-substituted bourgeois political domination as it was pointed out in the leading role of the Sardinia-Piedmont state under the leadership of Cavour during the modernization process of Italy due to the lack of revolutionary leadership of the bourgeois classes (Callinicos, 2010). Therefore, Callinicos (2010) believes that the concept of passive revolution is crucial to explain the systemic transformations in the mode of capitalist production that occurred in the lack of bourgeois hegemony and reflected in a non-revolutionary way. He believes that Gramsci's spatial extension of Cruco's concept from the modernization process of Italy to other European countries until 1870 should be considered appropriate for the contextual consistency. However, his temporal extension to Italian fascism and Fordism to comprehend the changes in the contemporary capitalist environment are implied as the start of "a chronic problem of

over-extension" (Callinicos, 2010, p. 492). Thus, he shares his *friendly scepticism* with its further temporal extensions by the recent scholarly narrative to recent developments of the 21st century.

He argues that the extension of the passive revolution to the 20th century and suggestion of the analogy between Risorgimento and Fordism blurs the differences between the two developments (Callinicos, 2010). He adds that only Risorgimento can be accepted as a convincing realization of the passive revolution as the meaning of the term should be limited from one production mode to another, not to transitions within capitalism (Callinicos, 2010). He points out that the Gramscian concept of passive revolution extends the understanding of bourgeois revolution and exemplifies the foundation of Republic of Turkey and Third Republic of the South Korea (Callinicos, 2010). Both spatial and temporal extensions of the concept was first inquired by Gramsci in considering the contemporary relations between the USSR and the remaining part of Europe.

> Does the concept of 'passive revolution' have any 'current' significance? Are we now living through a period of 'revolution–restoration' to be put in order permanently, to be organized ideologically, to be extolled lyrically? Is Italy to have the same relationship to the USSR as the Germany of Kant and Hegel had with the France of Robespierre and Napoleon? (Gramsci, 1995, as cited in Callinicos, 2010, p. 496)

Both Italian fascism and Fordism were accepted as two main examples that point out the term passive revolution had a contemporary significance. Italian Fascism was described as a passive revolution "involved in the fact that—through the legislative intervention of the State and by means of the corporative organization—relatively far-reaching modifications are being introduced into the country's economic structure in order to accentuate the [plan of production] element" (Gramsci, 1971, as cited in Callinicos, 2010, p. 496). Gramsci also indicates that Fordism is an organic result of the necessity of capitalism to transform into a planned economy and its gradual character, which represents the same type of passive revolution. However, the passage that enquires the similarities of the relations between USSR and Italy at the start of the

20th century and the relations between France and Germany at the end of the 19th century implies a possible non-revolutionary path of socialism for the European continent. It is also not surprising that this passage is often quoted as Gramsci's suggestion of a non-Leninist approach towards communism. Italy could reach a capitalist mode of production and capitalist society as well as a functioning bourgeois state without experiencing a French or English type of bourgeois revolution with a rather gradual evolutionary transformation and unification towards a modern Italian society and state. Thus, identifying the similarities of the historical and contemporary revolutions and their relations with their periphery implies the possibility of a similar evolutionary path towards a socialist society in Europe in case of direct influence of the USSR. Accordingly, the French revolution had led to non-revolutionary transformations in most of the European countries towards a bourgeois society and similarly the revolution in the USSR may have resulted in a similar non-revolutionary transformation in the European countries towards socialism. The USSR may export its influence on the mode of production and social relations to other European countries as well as the US in a non-revolutionary manner. Beside its reformist interpretations, this approach may have significant repercussions to frame the passive revolution not as a specific category to understand some historical developments, but a living political one, which may revolutionize the understanding of the contemporary political phenomena. In the chapter quoted above, Gramsci questions the possibility of a new framework for the developments in the advanced capitalist countries by approaching them as passive revolutions. Accordingly, the contagion of revolution and its influence in passive characteristics was not framed as a historical event, which was experienced in Italy or in a few similar European countries at the end of the 18th century, but rather a political notion which may have positive applications in defining the political developments Gramsci was trying to understand. Indeed, both Italian fascism and Fordism had modified the mode of production and regulated the anarchical structure of the capitalist economy to a certain extent.

> there is a passive revolution involved in the fact that—through the legislative intervention of the State and by means of the corporative organization—relatively far-reaching modifications are being introduced into the country's economic structure in order to accentuate the 'plan of production' element; in other words, that socialization and cooperation in the sphere of production are being increased, without however touching (or at least not going beyond the regulation and control of) individual and group appropriation. (Gramsci, 1995, as cited in Callinicos, 2010, p. 496)

Accordingly, Gramsci questions the Italian transformation under the fascist rule as a passive revolution due to the increasing state intervention in the capitalist economy and the policies of corporatism. However, it is very doubtful whether the transformation of anarchic structure of the capitalist economy with a planned production through the integration of state and cooperation was interpreted by him as a progressive step towards socialism. On the other hand, speaking of Americanism/Fordism, he indicates the inherent necessity "to achieve the organization of a planned economy" (Gramsci, 1971, as cited in Callinicos, 2010, p. 496). It seems that the passive revolutions of the 19th century could lead to the evolution of the feudalist mode of production and its suzerain state structure to a modern capitalist society and state. Although the bourgeois rule and its class structure were described as quite weak and fragile during the passive revolutions, the reformist evolution could basically survive, and the countries could transform into stable capitalist societies in time. However, the socialist revolutionary uprisings sparked with Bolshevist revolution could not produce a similar wave in Europe and other advanced capitalist societies and even the Soviet states faded away by transforming first to a socialist labelled autocratic structure and then to a state interventionist capitalist country.

Gramsci seems to problematise the failure of the European socialist movement after the Russian revolution and questions if Europe experienced a similar passive revolutionary wave as it had experienced after the French Revolution. However, he questions repeatedly in his Notebooks whether Italian Fascism and other developments in the European countries after the First World War can be categorized as stable developments due to their inner contradictions. On the other hand, in the whole Prison

Notebook 22, Gramsci discussed Americanism and Fordism in a rather positive attitude and exemplified it as the forerunner of modern capitalism. In different notes repeatedly, he discusses the contemporary economic and cultural differences in American and European capitalism and indicates the dynamic development in the American mode of production and self-development of the US intellectual strata.

> It means that there is an increase in self-criticism, that a new American civilization is being born that is aware of its strengths and its weaknesses. The intellectuals are breaking loose from the dominant class in order to unite themselves to it more intimately, to be a real superstructure and not only an inorganic and indistinct element of the structure-corporation. European intellectuals have already partially lost this function. They no longer represent the cultural self-consciousness, the self-criticism of the dominant class. (Gramsci, 2000, p. 297)

Not only in the terms of cultural level of development, but Americanism was described superior also in its productivity.

> People who laugh at these initiatives (failures though they were) and see in them only a hypocritical manifestation of 'puritanism' thereby deny themselves any possibility of understanding the importance, significance and objective import of the American phenomenon, which is also the biggest collective effort to date to create, with unprecedented speed, and with a consciousness of purpose unmatched in history, a new type of worker and of man. (Gramsci, 2000, p. 290)

If we look at Gramsci's writings on Fordism and Taylorism, it might be considered surprising to see a positive criticism of Americanism/Fordism. This positive attitude might give us an important clue as to how Gramsci comprehends the capitalist evolution in his epoch and the class antagonism in the European and American continents. Accordingly, Gramsci believes that the new mode of American capitalist production shows up as the developing and efficient side of the new capitalism. On the other hand, the European capitalist mode of production is not only unproductive, but the whole political and economic structure reflects the burden of the old and parasitical classes. The old continent including Italy could not be successful in

its absorption of the Fordist mode of production as it could not refuse its historical heritage left by the long feudal period.

> In Europe the various attempts which have been made to introduce certain aspects of Americanism and Fordism have been due to the old plutocratic stratum which would like to reconcile what, until proved to the contrary , appear to be irreconcilables: on the one hand the old, anachronistic , demographic social structure of Europe , and on the other hand an ultra-modern form of production and of working methods - such as is offered by the most advanced American variety , the industry of Henry Ford . For this reason, the introduction of Fordism encounters so much 'intellectual' and 'moral' resistance, and takes place in particularly brutal and insidious forms, and by means of the most extreme coercion. Europe wants to have its cake and eat it, to have all the benefits which Fordism brings to its competitive power while retaining its army of parasites who, by consuming vast sums of surplus value, aggravate initial costs and reduce competitive power on the international market. The reaction of Europe to Americanism merits, therefore, close examination. From its analysis can be derived more than one element necessary for the understanding of the present situation of a number of states in the old world and the political events of the post-war period. (Gramsci, 2000, p. 277)

To understand the political significance of the passive revolution concept, Thomas (2006) suggests that Gramsci's most important and significant notions were modified throughout the Prison Notebooks. Cuoco's concept was appropriated by Gramsci initially to highlight the distinctive characteristics of the Italian modernization. In this way, Gramsci points out the active role of the moderates inhibiting the mass initiative in the failed Neapolitan revolution and during the whole Risorgimento period. In this sense, a *revolution without revolution* could only be possible in the lack of a Jacobin type radical bourgeois leadership, which had organic relations with a popular movement. The Italian experience was defined by Gramsci as *royal conquest* (Thomas, 2006). However, Thomas (2006) identifies the evolution of Gramscian passive revolution concept in its second momentum as a spatial extension of the concept to the modernization processes of other European countries. In this

second momentum, Gramsci points out the similarities of the Sonderweg[51] of Bismarckian Germany to Italian Risorgimento in its path of modernity. The term passive revolution was stretched to include the similarities of different national experiences during the same historical period. Finally, Thomas (2006) believes that in the third momentum Gramsci gave a more significant validity to the passive revolution concept. Accordingly, Gramsci extends the concept's meaning to an entire historical period of Europe. Thomas (2006) believes that this period starts in 1848, indicating the European-wide defeats of the revolutions and suggests that the characteristics of this period were crystallized after the failed worker's state experience, the *Paris Commune*. Thomas (2006) suggests that this period ends with Italian Fascism in Europe. He believes that this third momentum of the extension of the passive revolution indicates "the pacifying and incorporating nature assumed by bourgeois hegemony in the epoch of imperialism, particularly in its western European heartlands, but with determinant effects upon the colonial periphery" (Thomas, 2006, p.73). In this sense, passive revolution cannot be identified with particular national events but should be considered a specific process defining a historical period. More specifically, Thomas (2006) suggests in this final momentum, passive revolution became almost synonymous with continental capitalist modernization. However, the subsequent scholarly narrative mostly avoids this final momentum of the meaning of the term. He adds that this interpretation of passive revolution transforms the popular masses into spectators of history without their participation (Thomas, 2006). On the other hand, Thomas (2006) further points out that defining passive revolution in this generality approaches Gramsci's conceptualization to a grand narrative to which he criticised in Cruco's description of the Italian Risorgimento. Considering the extension to the scale of the European-wide connotation of the term, Gramsci's conceptualisation should be considered more abstract than Croce's. However, it is important to highlight that the third momentum of the passive revolution paves the way for interpreting

[51] The German Sonderweg (special way) thesis states that the German modernization pursued a different way unlike other European countries. In that way, the German feudality transformed to democracy in a unique way and revealed sui generis characteristics.

continental European relations as an intra-system, which include different states divided with national borders rather than an interstate structure of distinct national particularities. In the evolution of the Prison Notebooks, Gramsci seems to have found the roots of the Italian Risorgimento and German Sonderweg in the French Revolution rather than in their local dynamics. The contagion of the 1848 revolutions can be considered as further evidence that the political dynamics of the European countries have been interwoven. Besides, it is fair to consider that the systemic dynamics after the start of the European unification have been stronger and more advanced than the 19th century Europe.

On the other hand, Roberto Roccu (2017) believes that the recent fertile period of articles on passive revolution bears the risk for the scholars to lead contrasting interpretations of two-thousand pages of his notes to build their own version of Gramscian vocabulary. He believes that the original sources and understanding what he was against may facilitate comprehension of Gramscian concepts and their application to contemporary politics. He believes that Gramsci mainly questioned the failed European uprisings focusing on why the organized worker class could not form a revolution in one of the deepest crises of capitalism, but rather a capitalist reorganization occurred. Roccu (2017) believes that Gramsci's interest on passive revolution was related to this problematic. Roccu (2017) also identifies three different usages of passive revolution. The first type of passive revolution is defined as the Italian Risorgimento or Bismarckian German Sonderweg, which exemplifies the transitions towards capitalism. Fascism was described as the second type of passive revolution which had features of a hybrid transition and was the intensification of capital in the North and its extension to the South. The third type of passive revolution was accepted as Americanism and Fordism, which indicates a transition within the capitalist mode of accumulation.

Thomas' (2006) and Roccu's (2017) interpretations attempt to prevent both the overextension of the term and historicization of Gramscian glossary. Besides, their

approaches may set free the passive revolution literature from the peripheral applications and pave the way for a new interpretation of the developments of the European continent before and after the Second World War. The European Passive Revolution started in the second half of the 19th century and carried the burden of the old classes and the custom fortress structure, which continued until the end of Second World War. Accordingly, it could not take the capitalist evolution to a higher stage. The application of the Fordist mode of accumulation in the European continent had been unsuccessful mainly due to two reasons. The first reason is that the European fragmented market was divided by customs and various national regulations, as indicated by Kautsky (1911) before the First World War. The second reason is the political dominance of the feudal classes, which formed an intellectual stratum in the European state structures, as suggested in Gramsci's Prison Notebooks. The Marxist debates before and during the First World War support the validity of Thomas' third momentum of passive revolution, which was not conceived in national frameworks, but rather in a European wide development of capitalist accumulation. In conjunction with the developments of European capitalism, the Fordist model could only be applied in the USSR right after the October Revolution. Thus, the Russian revolution could not influence the continental Europe in the same way France dominated the state and class structures of Italian and German States after the French Revolution of 1789. Basically, the Soviet Union did not develop a higher stage of mode of production than the Fordist US but adopted it to its new-born industrial development after the failures of the period of war communism. However, it is important to highlight that Fordism, the highest stage of capitalist mode of production could only be successfully implemented in the pre-capitalist and underdeveloped Soviet Union thanks to the social revolution, which could get rid of the parasitical classes.

On the other hand, the European-wide crisis, which resulted in two world wars, could only build up after the failures of various unsuccessful attempts to introduce the Fordist mode of production in the continent due to the *intellectual* and *moral* resistance of the parasitical classes (Gramsci, 2000) and the fragmented nature of European

market into small national markets (Kautsky, 2011). The dynamics which led to the outbreak of the Russian revolution and the closure of the borders of the European countries revealed a new period of capitalism until the Second World War, which was described as imperialism by Marxist theoreticians. However, the theory of imperialism was derived from a realist theoretical framework and was described by Kautsky as a political orientation and choice of the capitalist countries, which reflected the preferences of the European nation states. On the other hand, Lenin described imperialism as a structural change in the contemporary world order and the final stage of capitalism. Accordingly, it was not a political choice of the states, but the next structural phase of the evolution of capitalism, which should result in imperialist policies and European-wide destructive wars. In that sense, imperialism had been described as a permanent stage of capitalism, not a temporal tendency.

However, the extension of the definition of imperialism beyond the pre-war period posed new theoretical problems and basically failed to explain the Cold War world order and the international collaboration among the advanced capitalist countries. Indeed, a new historical bloc, which could not be defined in a theoretical perspective of imperialism, rose under the hegemony of a new transnational alliance of bourgeois classes. This new international collaboration and its structural reflections as international organizations as well as the relatively long peace period could be properly interpreted in a class perspective based on the contributions of the Gramscian theoretical framework.

Gramsci's focus on the passive revolutions as non-revolutionary reformist transformations of the European countries from one type of mode of accumulation to another type could provide important insights of the capitalist crisis between the two world wars and the developments during the post war period. Accordingly, the application of the Fordist mode of accumulation as a passive revolution could only be possible after the Second World War with the collapse of the European state structures, which was dominated by the privileged noble classes during the war period.

Furthermore, the necessary scale of economy[52] could only be reached with the unification of the markets with the development of the EEC and later the EU. Roccu's four element (Roccu, 2017) identifying the passive revolution can be tracked in the evolution of the integration dynamics of Europe: While the internationalisation tendency of the Fordist production has been the international precondition that determined the necessity of restructuring, the continuing weakness of the European bourgeoisie and the revolutionary classes after the Second World War has determined the special form of the European restructuring. Besides, the insufficiency of the European bourgeoisie to form an integral European state and unified political community and preference of the supranational and intergovernmental bodies for the European unification should be considered the third element of the passive revolution. Finally, the European integration could achieve the passivity of working classes in the form of transformismo by the participation of the Social Democrat and Labour parties as well as European trade unions. In that way, the demands of the subaltern classes were partially fulfilled in the welfare structures of the European countries as indicated in the Roccu's fourth element. It is hence argued that the European unification process, which could start after the Second World War, can be analysed in a European wide passive revolution perspective.

Thus, in the next chapters, Thomas' definition of final momentum and Roccu's third type of passive revolution (Roccu, 2017) will be employed to describe the integration and disintegration dynamics of the European unification as an ongoing political process. It would be suggested that the political developments of the particular member states could only be accurately interpreted by considering the European unification process in the perspective of passive revolution, which should be analysed with the dynamics and obstacles of the internationalisation of the Fordist mode of accumulation after the Second World War.

[52] The Fordist production could emerge first in the US due to the cost advantages of the large consumer capability, which enabled the application of the mass production techniques. On the other hand, the fragmented European market and its custom structure did not allow similar developments until the Second World War.

2.4. Transnational Capitalist Class that derived from the Gramscian Theory

After the First World War, Lenin's Imperialism theory gained wide currency among the Marxist theoreticians. Indeed, starting from the 20th century, the rise of the finance-capitalism, a merge of banks and industrial cartels paved the way for a new monopolist era in capitalism. Monopoly capitalism's increasing demand in the new markets grew the tendency of exploitation of the underdeveloped regions and competition between the advanced capitalist states. The economic competition resulted in the increase of the custom barriers around the national borders and military confrontation to protect colonial territories and increase its economic exploitation. Lenin (1999) indicated the merge of the finance capital within the national borders and the growing tension among the different bourgeois states. Accordingly, a long-term compromise between the different national bourgeois states should not be considered possible. Monopoly capitalism would be the highest stage of capitalism before its total annihilation and succeeded by a socialist system. However, the confrontation between the capitalist countries and the race for the colonial exploitation came to an end after the Second World War. A new collaboration could be achieved among the capitalist countries around the international organizations. Besides, the decline of the colonization geared up during this period. However, the imperialism theory did not lose its influence, but dominated the Marxist understanding of international relations. The existence of the Soviet Union was considered a compulsory modification in the behaviours of the imperialist countries. Accordingly, the imperialist states were compelled to collaborate against the socialist system rather than compete and wage war on each other. The threat of the socialist revolution or expansion was interpreted as a balance factor in the monopoly capitalism, which tamed the imperialist tendencies. Some scholars suggest the Soviet Union as a new Imperialist power in order to interpret the decrease of the conflict among the advanced capitalist countries in the imperialist theoretical framework. However, one way or another, these interpretations modified the most basic characteristics of the imperialism theory; and Lenin's theory's practical and political application resembled more and more Kautsky's ultra-imperialism.

Nonetheless, the collapse of the Soviet Union paved the way for new theoretical pursuits in the Marxist theoretical field and transnational Marxism became one of the most successful ones.

Basically, van Apeldoorn (2004) states that the transnational approach first appeared in the writings of Joseph S. Nye and Robert O. Keohane (1971) and blended into Marxist theoretical understanding with the pioneer work of Robert Cox (1981, 1987) and Stephen Gill (1991). They broke the neo-realist state centric understanding of the transnational relations but focused on the class relations and social forces. Transnational class approach could only become a full-fledged theoretical perspective with the efforts of the scholars of the Amsterdam School (van Apeldoorn, 2004). They posit the transnational relations in the history of capitalism and claim that the capitalist relations have included a transnational dimension from the start of their emergence. They believe, starting from the second half of the 19th century, these relations remained locked within the nation borders and reflected in the behaviour of the nation-states (van Apeldoorn, 2004). On the other hand, the dependency school and Wallerstein's world system theory preferred to elaborate the local-global relations in the framework of the dichotomy of peripheral and core countries (van Apeldoorn, 2004). This approach seems to reproduce the state-centric understanding of international relations rather than focusing on the transnational class formation. Indeed, both state-centric realist approaches and dependency school as well as Wallerstein's world system theory starts the transition from feudalism to capitalism in the 16th century and the transition from feudal state structure to the modern state system in the 17th century. Accordingly, the modern state system could be established through the Westphalian peace. On the other hand, van Apeldoorn (2004) believes that the Westphalian state system should not be considered modern by indicating that the modern capitalist production relations did not start during this period. While dependency school and world system theory approach accepted both the emergence of the world market and capitalism as the same, van Apeldoorn (2004) believes the capitalist nature of the world market that emerged in the 16th century should be deeply questioned as "it was a market as an opportunity,

not a market as an imperative" (Wood, 1999, as cited in van Apeldoorn, 2004). However, he believes that the emerging world market became key to establish and spread the transnational social relations. Although its constitutive role to prepare the subsequent relations of mode of production is highly controversial (van Apeldoorn, 2004), it is important to highlight that the transnational relations may be traced to this pre-capitalist period. Kees van der Pijl (1998) indicates the state-society complex[53] on the British Isles as the origin of the capitalist class shifting from the landowner aristocrats to the commercial community carrying out manufacturing and trade activities. He believes that the international power relations could not be understood sufficiently by looking at the states as the sole actors (van Apeldoorn, 2004). Cox (1981) indicates that the state-society complexes are the basic entities of the international relations. While the social substratum of these entities was accepted as the basis of the main functions of the modern state, its relationship with other entities is crucial to form a hierarchical power structure (van Apeldoorn, 2004).

Basically, van der Pijl (1998) states that the Glorious Revolution of 1688 in England started a new wave of social transformations which eroded the social and political structure of the feudal classes and enabled the Industrial Revolution and capitalist development a century later. However, the class structure which was formed on the dichotomy of private enterprise and wage labour could only be realized with the circuits of capital[54] with the overseas commercial and expanding colonial links (van der Pijl, 1998). He believes that the cosmopolitan markets and business structure have existed much earlier than the capitalist mode of production (van der Pijl, 1998).

[53] Based on the Gramscian integral state notion, the Neo-Gramscian scholars accept the state-society complexes as the main actors of the global political environment. In that sense, state and social forces built interwoven relations and states could not be considered the sole actors in the international relations.
[54] Capitalist accumulation appears when the money capital goes through a circuit of capital. In its basic form of circuit of capital, the money capital pays for production costs such as labor, raw materials and production machinery to produce commodities. In that production process, the surplus value is revealed in the difference between the labor power and the labor. When the commodities are sold in the market, the money capital can grow.

The Triangular transatlantic trade[55] routes established as early as the 16th century indicate the global dimension of the pre-capitalist world market (van der Pijl, 1998). However, the needs of the world market or its expansion globally did not automatically transform the feudal social structures to a capitalist mode of production. Indeed, mercantilism and commercial bourgeois entrepreneurs could easily be found throughout the history inside and outside Europe. However, a legal structure separating civil and political structures, protecting the private property as common rights not privileges could only emerge in the Western Europe after the Glorious Revolution with the Industrialization era (van der Pijl, 1998). Basically, van der Pijl (1998) believes that the foundation of the capitalist system could only be possible in a transnational environment which first emerged with the British state-society complex, then later transformed North America through settler colonies and Europe with struggle against contender states. Ironically, the French resistance against the British bourgeois hegemony and its support to the North American independence weakened the French state structure which enabled the French bourgeois revolution and the establishment of the French civil society structure. Considering the 18th century environment, the dialectic contradiction between French and English political systems reproduced similar state-society complexes in most of the European political field while France tried to resist it (van der Pijl, 1998). Throughout the 18th century, state-society complexes expanded to the globe with the British colonialism and/or revolutionary or passive revolutionary developments that emerged with the driving force of the industrial revolution. The internationalization of capital reached its peak with the rise of Pax Britannica; and a fraction of the Anglo-Saxon capitalist class became more and more cosmopolitan (van Apeldoorn, 2004). However, the second half of the 19th century witnessed the rise of the contender European states with passive revolutions.

[55] It is known as the transatlantic slave trade. Between the 16th century and 19th century, a triangular trade route was established between the West Africa, America and the English ports. While the African slaves were captured in West Africa and brought to the new continent to work in the colonial cash crops, the cash crops were exported to the British ports as commercial goods. The circuit of capital closes when the cash crops are sold in the European market and were used to buy more slaves to be forced to work in the American farmlands.

The state-led modernization and unification of the continental countries geared up the competition and armament tendencies in the international system. The decline of the British hegemony and the 19th century hegemonic liberal order paved the way for a compulsory embedding of capital into national state structures and a new rise of nationalism (van der Pijl, 1998). The rise of monopoly capitalism resulted in two destructive wars and the total annihilation of the European continent and its economic system.

Indeed, van der Pijl (1998) indicates that the stronger integration attempts of the political structure of the British dominated state-society complex from 1887 onwards. Thanks to the Imperial Conferences, Britain organized its self-governing colonies based on its foreign policy drawn up against the developments in the continental Europe (van der Pijl, 1998). The British Commonwealth was established in the Imperial Conference of 1911; and Britain was designated as the executive of its foreign policy (van der Pijl, 1998). Both Britain and the US were disturbed by the European political developments and the rise of the contender states. With the Arbritration Treaty of 1911, they started to build the first common strategic foreign policy to respond to the European *Realpolitik* (van der Pijl, 1998). Basically, van der Pijl (1998) believes that the foundation and the rise of the contender states restrained the transnational relations and embedded the industrial and finance capital into the nation states. During this period, the Commonwealth model formed a highly flexible structure by building cosmopolitan groups and societies inside the organization (van der Pijl, 1998). Later on, the transnational policy groups started to operate in the bodies of the international organizations by resembling the Commonwealth model. These cosmopolitan and transnational policy groups such as Round Tables functioned as organic intellectuals[56] in a global scale (van der Pijl, 1998). After the First World War, this intellectualist function was carried out by the British Committee on Imperial

[56] Gramsci described the organic intellectual as a member of the wisemen or intelligentsia defending its own class interests. However, Neo-Gramscian theory extends the concept to the institutionalised bodies which performs the roles of organic intellectuals.

Defence in the League of Nations. Thus, the Commonwealth model was continued in different international organizations by these organic intellectual bodies. Both the Bolshevik Revolution and the rearmament of Germany paved the way for the centralization of the state-society complexes. The Entente Alliance became the international form of this centralization attempts, which became "the tool of the Anglo-Saxon world hegemony" (Gramsci, 1977, as cited in van der Pijl, 1998). During this period, Jean Monnet attempted to influence the US representatives to participate in the jointly administered international bodies to strengthen this centralization tendency (van der Pijl, 1998). However, the US statesmen refrained from getting involved in the European affairs during the interwar period.

Gramsci states that the American state-society complex had transformed from the 1930s on with the Fordist passive revolution (Forgacs, 2000). It was a class compromise between the labour and bourgeoisie, but also an intra-class synthesis between the fractions of the capital (van Apeldoorn, 2004). The Fordist passive revolution could only be successfully implemented in the European countries after the Second World War in the form of corporate liberalism.[57] The transnationalization attempts were further repressed during the Cold War period. The global crisis of corporate liberalism in the 1970s paved the way for a new era of capitalism, which was defined with the transnationalisation of both finance and production (van Apeldoorn, 2004).

Leslie Sklair (2002) indicates that, beside the crisis of corporate liberalism, in the 1970s, the pressure of distance started to disappear with the invention of the new communication and digital technologies. He believes that it seemed quite compulsory to look out of the national state boundaries to understand the tendencies of the capitalist developments from the 1980s onwards (Sklair, 2002). Besides, he states that the

[57] Corporate liberalism refers to a capitalist market economy with a strong regulatory governance and corporately controlled market. The working-class interests are considered to be reflected through these regulatory bodies. The corporate liberalism originated in the US as a result of the Fordist passive revolution. It could be successfully implemented in Europe after the Second World War with the evolution of the European single market.

academic researchers have discovered the interlinkages getting beyond the limits of the national boundaries. The increasing speed of the circulation of goods, people and capital across the globe and the relatively long peace period after the Second World War paved the way for the idea that the importance of the state has diminished (Sklair, 2002). Sklair (2002) argues that neither nation states nor nationalism came to an end; however, a fraction of the capitalist class has detached itself from the national boundaries and the restrictions of the nation states. He argues that this should be seen as the main driving force of contemporary capitalism (Sklair, 2002). William K. Carroll (2018) differentiates the two terms *global* and *transnational* and emphasises that the global should not be considered as the same as the transnational. He identifies transnational practices as those which cross the borders of the nation states, but do not originally stem from the states. On the other hand, he believes that global refers to the world market in an abstract way. Accordingly, the globalisation tendency of the capitalist production relations was first indicated by Marx and Engels (Carroll, 2018). However, they distinguish the world market and capitalist relations. While the world market was established long before the mode of capitalist production, the capitalist relations could only emerge after the industrial revolution (Carroll, 2018). Thereafter, the mode of capitalist production relations transformed and expanded to the world market. In Marx's own words,

> … the immanent need that this mode of production has to produce on an ever-greater scale drives it to the constant expansion of the world market, so that now it is not trade that revolutionizes industry, but rather industry that constantly revolutions trade (Marx, 1991, as cited in van Apeeldoorn, 2004, p. 157).

In that sense, Carroll (2018) believes that the actual capitalist practices are always restricted with scale and scope and are never global in reality. Accordingly, the globalisation can be considered a tendency of the world market, but the production relations could transcend the national borders only by the late 20th century. However, the capitalist relations did not annihilate the nation states, but transformed their borders to be more permeable (Carroll, 2018). Besides, many transnational corporations stem

from one country and grow to several countries. The geographic proximity of the countries where the transnational corporations operate may be crucial to reduce the production and transportation costs. Thus, most of the transnational tendencies might be regional and may be organized in different regional blocks. Carroll (2018) defines the transnational capitalist class as transnational actors which transcended the national borders and captured the national states. They act as collective actors, although they are not homogenous or coherent. Thus, the transnational capitalist class contains different bourgeois fractions, which reproduce constant tensions and contradictions (Carroll, 2018). However, the growing tensions may not be revealed as international conflicts between different states in a vertical way. The different bourgeois fractions in different countries may form long-lasting coalitions based on horizontal relations (Carroll, 2018). Thus, the conflicts may occur between wider transnational bourgeois fractions in a space transcending the national states.

William I. Robinson (2010) believes that capitalism did not transform only quantitatively but also qualitatively after the 1900s. Besides, he states that globalisation should be considered as a new era in the evolution of the capitalist relations. He identifies five main characteristics of this epoch: (1) the complete integration of the world market; (2) the *transnationalisation* of the capital accumulation as the rise of the globally integrated finance and production system; and (3) the rise of the transnational capitalist class; (4) the transnational state apparatus as the combination of a loose transnational network composed of supranational organizations and the nation states captured and converted by the transnational elites; and (5) the increasing visibility of the global inequality and domination (Robinson, 2010). Accordingly, since the 1990s, the transnational elite could take the state power in most of the countries and utilise it to implement the rule of the transnational fraction of the capitalist class (Robinson, 2010).

William I. Robinson and Jerry Harris (2000) state that the transnational capitalist class should be considered one segment of the world capitalist class, which is hegemonic on other fractions of the bourgeoisie. They own the transnational capital

and the means of production materialized in the transnational companies and finance structures (Robinson and Harris, 2000). The formation of the transnational capitalist class can be traced by the developments such as "the spread of TNCs, the sharp increase in foreign direct investment, the proliferation of mergers and acquisitions across national borders, the rise of a global financial system, and the increased interlocking of positions within the global corporate structure" (Robinson and Harris, 2000, p. 11). They believe that the capital has been less territorial since the 1980s as the national economies have been transnationally integrated, and the global transactions have become much more common than the previous periods. Besides, the circuits of accumulation have expanded to a global scale in a decentralized way. Thus, the classic Marxist approach stating that the capitalist classes are framed within the national boundaries and shaped by nation-states should no longer be accepted as valid. Robinson and Harris (2000) believe that the transnational capitalist class has been the ruling class worldwide. It controls the critical positions of most of the leading states and decision mechanisms of the international organisations. Moreover, they indicate that there is an emerging global historical bloc consisting of social and economic forces from both the developed global North and underdeveloped countries of South. Nonetheless, they believe that the economic dominance of the stock companies in the national structures, which were formed by national economies and national capitalist classes at the start of the 20th century were sublated to a new structure. The national capitals have merged into the emerging transnational capital which ended corporate capitalism (Robinson, 2010). The structural change in the global capital formed a new leading capitalist class, which mostly operate in more than one country, if not globally (Robinson, 2010). Robinson (2010) believes that the era from the 1990s onwards should not be considered the result of a quantitative intensification of historical evolution, but of a qualitative transformation. Thus, the degree of trade volumes does not provide a clue to understanding the dramatic transformation in the capitalist structure. The quantitative comparison of trade integration between the 21st century and pre-WWI period focuses on the international market mobility. However, the key aspect should be inquired within the production processes, not in the market relations.

Accordingly, during the period before the First World War, the world trade was globalized, but the production was very much national. The national bourgeoisie produced the commodities within the national borders to sell them in the internal or external markets. Robinson and Harris (2000) believe that the *deep integration* has only occurred after the 1980s. The global market in that sense is not a new phenomenon, which goes back to the pre-capitalist periods. On the other hand, the fragmentation and dispersal of the manufacturing process to a global scale should be considered entirely new and has not only economic but also social and political implications. Accordingly,

> the circuit of commodity capital was the first to become internationalized in the form of world trade; the circuit of money capital was the second, in the form of the flow of portfolio investment capital into overseas ventures; the circuit of productive capital is the most recent, in the form of the massive growth of TNCs in the post-World War II period. (Palloix, 1977, as cited in Robinson and Harris, 2000, p. 19)

After the 1980s, the circuit of accommodation and production has become transnationalized, which resulted in the formation of the transnational class structures. The transnational capitalist class, which is both a class-in-itself and a class-for-itself, does not only exist, but is also conscious of its existence (Robinson and Harris, 2000).

> … the TCC is class conscious, has become conscious of its transnationality, and has been pursuing a class project of capitalist globalization, as reflected in its global decision-making and the rise of a transnational state apparatus under the auspices of the fraction. (Robinson and Harris, 2000, p.23)

On the other hand, the transnational proletariat is only a class-in-itself, but "is not yet for-itself for reasons bound up with the continued existence of the nation state and uneven development…" (Robinson and Harris, 2000, p.23). Robinson and Harris (2000) state that the class fragmentation among the transnational capitalist is reproduced along new lines of national/transnational axis. Transnational capitalist class has members, groups, or fractions in every country. However, there are still national capitalists, whose interests lie on the increase of national customs and

protective measures in trade policies. Thus, there is an ongoing contradiction between the fractions of national and transnational capitalists. While the transnational capitalists seem to have captured the influential state positions to further their policies from 1990s onward until the financial crisis of 2007-08, the national capitalists could affect the national policies of many countries after 2007. Although it had been almost a common sense among the Neo-Gramscian scholars that the national capitalists constitute a descendent fraction of the capitalist class and the national state apparatuses have been captured and later transformed by the transnational capitalist class from the Keynesian welfare states to a merged global governance, the developments since 2007 show us that the national capitalists can still influence a large number of state policies and resist the transnationalization tendencies by recapturing the governmental institutions and by revoking class alliances similar to the Fordist era with the privileged strata of the subaltern classes. The international organizations such as International Monetary Fund (IMF), World Trade Organization (WTO) and the World Bank do not only pursue a class strategy against the subaltern classes, but also oppose the national fractions. Robinson and Harris (2000) argue that these international organizations should be considered parts of a transnational state apparatus providing a hegemonic power on other bourgeois fractions and subaltern classes. In that sense, transnational capitalist class is not only an economic power, but also dominates other social forces politically and culturally. The economic interests of the transnational capitalists are pursued with the globalization and transnationalization processes by the transnational elites, who have captured the decisive positions in the decision-making mechanisms of international organizations, as well as the key positions in the national governments and bureaucracies. Hence, the transnational state apparatus (TNS) can be conceived as "an emerging network that comprises transformed and externally integrated national states, together with the supranational economic and political forums; it has not yet acquired any centralized institutional form" (Robinson and Harris, 2000, p.27). Jeb Sprague (2012) indicates that the transnational state apparatus thesis goes beyond the understanding of the US imperialism thesis and explains the current political developments in the framework of social and economic forces. As Jens Wissel (2011,

as cited in Bieler & Morton, 2013) indicates "the U.S. is also penetrated by transnational relations of forces and even in the U.S. the national bourgeoisie has lost influence . . . thus the national basis of this concept of imperialism can no longer be maintained" (p.44). Besides, "the idea of an emergent TNS should not be confused with a vague and faceless Empire as described by Michael Hardt and Antonio Negri" (Sprague, 2012, p.2).

Ian Taylor (2017) believes that "the transnational state thesis however is a concept too far" (p. 26). Although he agrees with Robinson and Harris (2000) that the capitalist economy should be considered under the increasing influence of the transnationalising social and class forces, he believes that the nation-state remains an important notion to understand the current capitalism (Taylor, 2017). He argues that the transnationalising tendency of the capitalist class and social relations should be assumed as existing, but this tendency should not be considered as resulting in a completed entity, or paved the way for a transnational state (Taylor, 2017). He believes that the capitalist economy may push the elimination of the nation state borders in an abstract sense, but in reality, it always needs agents, institutions and infrastructures (Taylor, 2017). Thus, the incorporation tendencies of the different national fractions of the capitalist class may lead to a more *transnationalizing capitalist class* but claiming a hegemonic global capitalist class and integrated transnational state should be considered "intolerable economism that denied the vital political mediation of the internationalization process, as well as the political overdetermination of the state's functions" (Taylor, 2017, p. 27). Paul Cammack (2009) argues that there is no solid proof to claim that the nation states have started to merge into a transnational body, but rather they have modified their role and structure under the evolving global capitalism. Similarly, Bieler and Morton (2013) believe that the nation states do not melt into air and do not merge into a transnational state apparatus. Rather, an internalisation and restructuring occurred within different state forms since the intensification of transnationalisation of social forces.

Taylor (2017) believes that the current transnationalization tendency in the capitalist system has emerged as a response to the crisis of imperialism to increase and intensify the exploitation of labour. Specifically, he believes that this tendency has emerged as a more horizontal relationship between the American-based capital and other capitals. The composition of the US capital has been transformed since the 1980s due to a significant increase in the capital movements. The American state-society complex has been dominated by an internal bourgeoisie with a growing transnational orientation (Taylor, 2017).

He challenges the transnational capitalist class notion in three arguments. Firstly, he believes that there is no unified capitalist bloc as this approach "underestimates the horizontal socio-economic and political competitiveness and contestations between individual capitals" (Taylor, 2017, p.29). Secondly, he argues that "this process is ongoing and incomplete and contra the transnational capitalist class thesis, this has not been incompatible with state sovereignty and territoriality" (Taylor, 2017, p.27). At last, he argues that "class contradictions will always remain, and the nation state will be the primary terrain where such contradictions are resolved. This survives even when we have moved from the international to the transnationalizing" (Taylor, 2017, p.32). On the other hand, Morten Ougaard (2018) states that Taylor's rejection of the transnational capitalist class is conclusory as he accepts the tendency of the transnationalization in many areas and the national capitalist classes integrated into the transnationalising class mechanisms. Moreover, he does not reject that the globalisation has increased the intensification of this tendency. However, Ougaard (2018) criticizes Taylor's *transnationalising internal bourgeoisie* concept and his rejection of the term of the transnational capitalist class. Accordingly, Ougaard (2018) believes that Taylor has misread the Poulantzas' class concept and claims that the transnational capitalist class should be considered a distinctive class in two levels. First of all, "social classes are groupings of social agents, defined principally but not exclusively by their place in the production process, i.e., in the economic sphere" (Poulantzas, 1978, as cited in Ougaard, 2018, p.9). As a second condition, "a class can

be considered as distinct and autonomous class, as a social force, only when its connection with the relations of production, its economic existence, is reflected on the other levels by a specific presence" (Poulantzas, 1978, as cited in Ougaard, 2018, p.9). She claims that Taylor agrees upon the existence of this class on the economic level, as he also indicates the transnationalising dimension of the capitalist accumulation. Ougaard (2018) further claims that the transnational capitalist class also fulfils Poulantzas' second criteria. She indicates the round table meetings and similar international gatherings of the business and civil society leaders under the name of sub-commission or secretariat meetings of the international organization bodies and their political activities. However, Ougaard (2018) believes that the emergence and characteristics of the classes can only be understood in their relations with their state. Accordingly, class relations reflect on state structure. Thus, she assumes that a transnational capitalist class requires a transnational state to emerge. Thus, Ougaard's response to Taylor's questions and concerns should not be accepted as adequate. Taylor can easily pick holes in the transnational state thesis and reject the emergence of a unified transnational capitalist class despite the empirical economic and political transnationalization tendencies he also accepts. Taylor (2017) believes that it may be important to speak about 'transnationalizing capitalist class' as transnationalization of class and social forces, which has important economic and political implications in the contemporary capitalist system. However, the transnational state structure can only be accepted with the overextension of the state concept. In that sense, it is crucial to ask if a transnational bourgeois class may emerge without a transnational state structure. The answer to this question can be found in the history of the world market and capitalist production relations if we do not reduce the concept of transnational to the globalization era.

As van der Pijl (1998) indicates, the transnational bourgeoisie emerged right after the industrial revolution, when a permanent class structure could be formed thanks to the Glorious Revolution of 1688. The abolition of the old state structure could give some room for the ascendant social forces. Thus, van der Pijl (1998)

indicates that from the very start, the bourgeois state and the bourgeoisie emerged together in history. He terms the state-society complex formed by the Glorious Revolution of 1688 as *Lockean heartland*[58] after the name of the liberal thinker, John Locke, the author of *Two Treatises of Government*. The bourgeoisie could only take shape in a civil society, which enables free individuals to arrange their self-interests by trading their possessions and properties in a legally secured environment. Thanks to the Glorious Revolution of 1688, the bourgeois relations could develop in a Lockean state-society complex, which could keep "the balance between the executive privilege of the state and the civil sphere" (van der Pijl, 1998, p.66). The law of the Lockean heartland can be considered flexible and responsive rather than the rigidity of constitutionalism of continental Europe. The Lockean state does not reshape the civil sphere; and social structure follows and retouches where necessary.

Transnational characteristics of the Lockean heartland could be found even before the Glorious Revolution. The Virginia company and Massachusetts Bay company transferred thousands of settlers to North America in the first half of the 17th century (van der Pijl, 1998). The settlers started to build a new state-society complex based on the principle of local self-government. While the ruling families were basically the local church authorities in the 17th century, they received a noble status to represent the self-governing colonial units (van der Pijl, 1998). The Glorious Revolution ratified the parliamentary governmental structure of the ascendant capitalist class and the civil society as well as the self-governing bodies of the colonial administrations and "sealed this [Lockean] state-society complex against renewed encroachment by the monarchy and the church" (van der Pijl, 1998, p. 68). A similar pattern of emigration further continued to Canada, South Africa, New Zealand, and

[58] John Locke believes that people are naturally free and equal. The governments should accept their rights of property and liberty. In his book, *Two Treaties of Government*, he points out the basics of a pure liberal state. It can be argued the Lockean heartland (even in its first emergence and then throughout his history) had never been materialized based on pure Lockean ideas. It has always contained Hobbesian and Benthamite features. However, even in its diversity and evolution, the spirit of the heartland should be accepted as attached to basic liberal ideology. Thus, we would continue to call these state-society complexes as Lockean, although for example they would act like Hobbesian states between the First and Second World War period.

Australia (van der Pijl, 1998). Before the First World War, in the 18th and 19th century, twenty million emigrants settled in the overseas colonies and they brought the same self-governing principles to where they migrated (van der Pijl, 1998). The self-governing element did not only produce a *centrifugal* characteristic which led to the political independence of the colonial administrations, but dialectically a real common bond between the commercial minded ruling classes (van der Pijl, 1998).

Gill (1995) believes that the concept of Lockean state "presupposes a relatively autonomous form of civil society, with a high degree of self-regulation of social and economic activity – and thus of indirect forms of market discipline in civil society" (p.7). However, he believes that the civil society structures of the US and Europe as well as Japan cannot be considered self-regulating entities. We see both indirect, and direct forms of market discipline in the Lockean heartland. Thus, he believes that the state-society structure in the Lockean heartland can be better understood with the theory of state by Jeremy Bentham who was acknowledged by Marx and Engels "as the theoretician of an underdeveloped, emergent bourgeoisie" (Gill, 1995, p.8). Benthamite theory of liberal economy indicated the need of the administrative state to regulate the free market. According to him, the intervention of the state is compulsory to operate the free trade and competition smoothly. In that sense, Benthamite state-society complex requires an infrastructure for the surveillance of the individual to help Adam Smith's *invisible hand* in order to achieve a healthy and happy society (Gill, 1995). In that aspect, he invented the idea of the panopticon, the all-seeing eye, which was later adopted by Foucault to describe all kinds of state configurations including both capitalist and socialist forms. Gill (1995) believes that the dominant form of state throughout the history of capitalism should not be considered Lockean but rather "a hybrid, which contains Hobbesian, Lockean and Benthamite elements" (p. 10). Although van der Pijl (1998) also indicates that there is no pure form of Hobbesian or Lockean state in the history of capitalism, the distinction should be considered still decisive to understand the evolution of the transnational class in its historical process. Besides, the Benthamite elements in the state-society structures seem to dominate the

Lockean heartland only after the 20th century in the US and after the Second World War in West Europe. Thus, the challenge of the Hobbesian states from the second half of the 19th century on against the transnationalization of the capitalist relations should be considered an important step in the evolution of the transnational bourgeoisie before the emergence of the Benthamite characteristics of the state-society complexes.

While colonialism was gradually succeeded by a new world system, Lockean heartland started to be challenged by new contender states, which were called Hobbesian state-society complexes by van der Pijl (1998). To understand the Hobbesian characteristics of the state-society complexes, Hegel's distinction of state and civil society structures should be understood in its historical development. Hegel (1833) states that source of law should be categorized outside of the state and should be accepted as part of the civil society (Bürgerliche Gesellschaft) as he was basically inspired by the British system. However, at some point of history, the development of the bourgeois law and bourgeois state became (whether loosely or tightly based on the type of the state) much more nested. Max Weber (1922, as cited in van der Pijl, 1998) describes the historical process as "melting all other associations which have been sources of law into the one coercive institution of the state [*staatliche Zwangsanhalt]* which now claims to be the source of all [legitimate] law" (p.79). While the Lockean state allowed the civil society to develop a civil law structure based on property relations outside of the state structures, the development of the law and judicial system in the Hobbesian state-society complex became much more embedded in the state structures.

In the Hobbesian state structure, the civil society should be considered much more restricted and enclosed with the constitutional framework. Öffentlichkeit (public sphere) did not form the basis of the social norms, but the state did. The difference of the Lockean and Hobbesian state can be defined by their different state practices such as between the continental constitutionalism and British pragmatism as well as their different approaches of the basic freedoms including the regulation of the market. However, the main difference should be considered in their attitudes to the domain of

the self-regulated civil society. While the Lockean state assumes a strict division between the state and the civil society where the main economic activity takes place, the Hobbesian state presumes to organize the civil society in one way or another.

While the capitalist mode of production could find a fertile circle of accumulation in the Lockean heartland during the 18th century, the Hobbesian state configuration emerged in the continental Europe where the industrialization could only be achieved in the second half of the 19th century. The British capitalists became already an economic and political power, while the German bourgeoisie depended on the *Junkers* (German feudal Lords) for the unity of the Deutsches Reich. Contrary to the common understanding, the French state has been described as the prototype of the Hobbesian state (van der Pijl, 1998). While Gramscian scholars accept France as the source of the passive revolutions as it experienced the revolutionary leap in 1789, van der Pijl (1998) indicates that the French passive revolution experienced before the revolution and during the post-revolutionary period can be seen in two Bonapartist periods. Instead of the French revolutionary influence, he believes that the transnational bourgeoisie emerged in the British Isles as the origin of the capitalist transformation in the continental Europe. Accordingly, the transformation in the British class structure was first transmitted paradoxically with the Jacobite English aristocrats and Freemasonry lodges to France (van der Pijl, 1998). Later on, the masonic lodges became the cultural and institutional centres that transmitted the same international bourgeois spirit first to France and then to other European countries. Gramsci indicates the Enlightenment period was "a magnificent revolution in itself… In Italy, France and Germany, the same topics, the same institutions, and same principles were being discussed" (Gramsci, 1977, as cited in van der Pijl, 1998, p. 103). In van der Pijl's words,

> the process of bourgeois class formation in the period preceding 1789 was a truly transnational process. Several enlightened, continental European monarchs had embraced the free-thinking deism of Freemasonry with a view to modernising their societies from above, however, seeking to pre-empt the revolution from below." (1998, p.103)

However, these attempts failed with the successful combination of the radical egalitarianism and Lockean political attitude to the state by the vanguard of the French revolution, the Jacobins (van der Pijl, 1998). Although the lodges became one of the main conspiracy centres for the revolutionary secret societies, they lost control of the pioneering leadership in the moment of revolution to another secret society (van der Pijl, 1998). The Jacobins did not only mobilise the urban middle classes, but also the popular rural areas, which led the Jacobin terror targeting not only the supporters of the old regime, but also other property-owning classes. In 1793, the bourgeois classes rose up against the revolutionary catharsis and ended up in the foundation of the French Empire under the rule of Napoleon Bonaparte. However, the state-driven modernization continued with a new period of French passive revolution in a Hobbesian state configuration but transformed both France and the rest of Europe in a progressive way. The expansion of the French Empire triggered new passive revolutions in Germany and Italy, which initiated similar Hobbesian state-society complexes.

The main motivation of the Hobbesian state structures has been considered to catch up with the capitalist development in the Lockean heartland. Indeed, the industrial revolution and mass production have resulted in the military build-up of the British Empire and the destabilization of the international power relations (van der Pijl, 1998). The enlightened leaders of the contender continental states aimed to prevent the military defeats by catching up with industrialization and the system of mass production, which was a result of the development of the civil society structure in the Lockean heartland (van der Pijl, 1998). Meanwhile, the transnational networks facilitated spread of the bourgeois culture among the upper classes of the continental countries. However, the industrial and economic development could not be triggered by their underdeveloped civil society but only by state. While the Lockean state structure led the social institutions autonomously or organically to support the civil society structure, the Hobbesian state, which was only by definition capitalist, had to first establish the civil society with a revolution from above. In that sense, in the

Hobbesian state-society structures, the class structure was developed, determined, and later framed by the state, not the other way around.

> The relative backwardness and social heterogeneity of the social substratum, the coincidence of several historical stages of social development within a single sovereign jurisdiction, all require the permanent presence and priority of the state as the driving force of economic development." (Houweling, 1996, as cited in van der Pijl, 1998, p. 82)

Gramsci interprets Marx's *Preface to a contribution to the critique of Political Economy* as an important writing against the economic determinism indicating that the political processes do not immediately reflect on the political structures (Forgacs, 2000). Thus, throughout the 19th century, the relations between the economic base and political superstructure could only be understood in a transnational space. The economic dynamics that emerged in the Lockean heartland could only be triggered and transmitted through political will and processes to the continental Europe with significant delay. Interestingly, although the Hobbesian state has been the very result of the transnational relations in one or another way, it "ideally is closed off from these transnational processes" (van der Pijl, 1998, p. 83).

Basically, van der Pijl (1998) indicates how the transnational links have been created in the dawn of capitalism, and how the national states were influenced by these links in their different configurations. In that sense, the interwoven character of class and state relations were emphasised by him in their historical processes. Thus, it is mostly accepted that the emergence of the transnational capitalist class should be a prerequisite for or bring forth a transnational state structure. Indeed, the emergence of a class even in a molecular sense evolves or revolutionises the state structures as can be seen in the modernization history of Europe. However, the gradual transformation in the economic sphere should not be expected to lead simultaneous changes in the state structures. Rather it is most common in history that the state structures have resisted rapid changes as it means forming new institutional bodies while resolving the old ones, which as a result alter the power relations in the state structure. Thus, it may

be considered very unlikely that a transnational state structure could be formed in such a short period starting with globalisation without any visible conflict in the national state structures.

On the other hand, Gill (1995) believes that the transnational capital has already transformed the civil society in a dystopian way. He advises that the basic element of the new world order should be considered as the increase of the structural force of the transnationally mobile capital. He believes that the transnational capital has influenced both the civil society and the state in its Gramscian *integral state* form. However, the transformations in the civil society should be considered crucial and unprecedented because it indicates the new control and surveillance ability of the bourgeoisie over the larger society bypassing the state structures. This ability seems to transcend the walls of the factory site and spread to the social and daily life of the subaltern classes. He indicates the ability of the transnational capital to restructure the civil society in a utilitarian way, which may intensify the control of the individuals. In that sense, he believes that the fractions of the transnational capital have interpenetrated deeper into the economic and social life of the individuals and increased their hegemony in the civil society with their growing ability of surveillance. Not only new communication and information technologies, but also the financialization of the property relations increased the control mechanisms of the transnational capital over the working class and the wider parts of the society. He believes that the increasing power of the transnational capital reproduced the civil society in the frame of panopticism described by Foucault (1980, as cited in Gill, 1995) as "ensuring a surveillance which would be both global and individualising whilst at the same time keeping the individuals under observation" (p.11). Gill (1995) believes that the *dominating and all-seeing eye of the Panopticon* could be invented and reproduced by transforming civil society through the technological innovations such as databases, all kind of barcode scanners, credit cards, pay machines and telecommunication applications. The personal information became much more transparent with the recent spread of the social media usage. Although there is a growing concern of the use of the personal data in the profit

maximation and social engineering efforts of the transnational capitalists, the results of the surveillance technologies and panopticism on structural transformation of the civil society seem to be ignored. The historical development of the transnationalisation of the capital and civil society gives us important clues as to how the hegemonic structures of the finance-capital transformed from national monopolies to a so-called global governance[59] of different polities and quasi-hegemonic state structures.

The abandon of the Bretton Wood system in 1971 and the oil crisis of 1973 were accepted as the bankruptcy of the welfare system based on the class alliance between monopoly capital and labour aristocracy[60] in the US and Western Europe. The imbalance in the government expenditures indicated a fiscal crisis when the US first felt it in its municipal levels, but the Third World countries felt it as a debt crisis (Gill, 1995). The rapid globalisation of the finance-capital and the neo-liberal deregulation in the welfare system as marketisation and privatisation were attempts to overcome the global fiscal crisis. During the 1980s, both economic stagnation and the continuation of privatisation exacerbated the social problems in the US and then in the rest of the world (Gill, 1995). Besides, real incomes had fallen in many Organisation for Economic Cooperation and Development (OECD) countries while the exploitation of workers has intensified by new monitoring and controlling technologies in the workplace (Gill, 1995). Moreover, the developments in the robot technology have also reduced the need for factory workers, which decreased the level of employment. Along with new credit mechanisms, innovative funds for house or car ownership and reforms in financed social security system, the rising level of unemployment and/or austerity measures paved the way for the household indebtedness of the working strata

[59] It should not be considered a centralized dominant administration, but rather an economic and political cooperation of the transnational powers including the transnational cooperations, influential world leaders and organic intellectuals. The institutional bodies of the international organizations such as the United Nations, World Trade Organization, World Bank etc. are considered the main institutions of the global governance.

[60] Lenin argues that the European proletariat had created a regenerate socialist sect in the name of Social Democracy as they could be bribed by the shares of the surplus value obtained from the colonial practices. Thus, the European proletariat who built a class alliance with the European bourgeoisie was described as the labour aristocracy.

(Gill, 1995). While the emerging economic and social problems resulted in the growing dependence of the labour aristocracy on the banking system and credit structures, the financialization of the household indebtedness caused a consented surveillance of the individuals by the finance structures (Gill, 1995). Thus, the surveillance and social control capabilities of the transnational enterprises exceeded the abilities of the state structures since the start of the 21st century. Although the governments have also developed their data collection technologies during this period, this has cast serious doubt among the subaltern classes and could be resisted through democratic processes. Jason Keiber (2015) believes that the state and private surveillance have a normative and institutional framework which could build consent among the larger society. This framework facilitates an information ecology and encourages surveillance practices of states and private companies.

Modern surveillance technologies tracking digital footprints of financial, social and telecommunication data of the individuals provide a large range of information, mainly used to increase the profitability of the companies. These technologies may identify and sort the individuals for advertising and risk management purposes (Gill, 1995). Considering the financial dimension, purchases through credit and debit cards can easily be traced by the moneylenders, which can be used to avoid risk in the credit applications (Gill, 1995). The information collected and sorted by financial institutions has evolved to a routine credit-rating check mechanism, which transformed everyday practices of individuals based on their position in class relations. Indeed, many poor people, new immigrants or the unemployed cannot access credit mechanisms, or even if they can, they can only receive credit at much higher rates (Gill, 1995). As the property sector is highly dependent on financial tools, even renting a property requires to be in good standing in credit checks, thus the homelessness problem could not be solved in many metropolitan cities, despite the efforts of governments and city councils. On the other hand, the white-collar employees and individuals from the propertied classes can easily find funds at much lower rates. However, the lifetime

long credit debt became a new form of modern slavery for the lower strata of the bourgeois middle classes.

Another domain which became less and less accessible with the neo-liberal orthodoxy and new surveillance technologies has been the healthcare and medical field (Gill, 1995). The cuts in the governmental expenditures in the health sector further deepened the problems of the poorest strata. While the underfunded state hospitals became more and more dysfunctional and unreliable, the private hospitals became the only alternative where people can fall back on for their serious health problems, which creates a demand for health insurance. However, the data collected by the hospitals can be similarly used by the health insurance companies for risk management purposes in the private healthcare insurance agreements to opt out the expenditures for the highest possible health problems.

Christian Fuchs and Daniel Trottier (2017) argue that the internet and communication surveillance systems "brought about some qualitative changes of surveillance so that it has become more networked, ubiquitous, focused on everyday life and consumption, and organised in real time" (p.1). The new surveillance technologies do not help to observe the incident or any suspected individual but record the daily and social life of the whole society in its totality. Ironically, most of this data was not snooped by spying applications or hidden cameras but provided by the observed individuals in a very consented way through search engines and social media applications. The state-society complex seems to process this data through new technological tools into useful metadata and shares them between state institutions and private companies. Fuchs and Trottier (2017) argue that this collected data does not only serve marketing purposes, but also exerts social control on the individuals and larger society. They point out Edward Snowden's revelation of the large-scale internet and communication surveillance systems such as *Prism, XKeyscore,* and *Tempora*. The revelations were published in the British newspaper *The Guardian* in 2013 based on the British Government documents. According to these leaked documents, the transnational search engine and social media companies have built joint platforms to

share the data they obtained. Besides, the National Security Agency of the US and Government Communications Headquarter of the UK could monitor the data of these companies including *Facebook*, *Google*, *Yahoo*, and *Skype*. Moreover, the transnational technology companies have not only stored the data obtained from their platforms, but also phone calls, e-mails and social media postings of the individuals and do not bother to share this information with the state agencies, either. Vincent Mosco (2014, as cited in Fuchs and Trottier, 2017) states that the developments in the internet technologies "promote the power of a handful of companies and the expansion of the surveillance state" (p. 4).

This level of development of the surveillance practices of the transnational companies may be advanced or completed in the US and European countries, but they should be accepted as global phenomena mainly visible in almost all countries in one way or another. This dominant tendency does not only financialise the daily life of the possessions and abilities of the individual, but also transforms the civil society structure in compliance with the very spirit of the capitalist ideology. While the civil society structure was mainly framed in the economic structure and its limited sublation in the public sphere, the developments in the social media and surveillance technologies in the 1980s expanded the depth and scope of the state-society complex and built a new consented social control on individuals based on the needs of the capitalist development.

In sum, the transnationalization process in the last decades should be considered a gradual evolution in the capitalist development redefining the class compositions and alliances as well as the global civil society structures. A new cosmopolitan capitalist class and the different state-society complexes have been the very results of this process. Besides, as we have discussed above, there is no solid proof that the nation states disappear, or a new TNS apparatus replace them. Thus, the transnationalizing capitalist class cannot be accepted as a hegemonic force, but rather it seems to act in a

strategy of *war of position* rather than *war of manoeuvre*[61] in a more passive revolutionary way. Indeed, it should be stressed that the nation states have gradually been undermined and their custom regimes have been challenged during this period. Besides, global regulative bodies and international organizations seem to find new ways around the state restrictions. However, these attempts were resisted by the national capitalists whose interests require high custom duties and restrictions of the movement of goods to refrain from competition with more productive capitalist forces. Their reactionary class position seems to be realized in a class alliance with the labour aristocracy based on the nostalgia of old Fordist/Keynesian economy politics. Indeed, after 2007, this class alliance was welcomed in many European countries and the US in the form of political victories of populist leaders or successful mass movements against immigration or in its most successful form as Brexit. Nonetheless, the transnationalization attempt should be accepted as an inseparable essence of the capitalist development. This tendency might not be eradicated or reversed but could be stopped or retarded as can be seen in the long nationalist period after the First World War. The developments after 2007 indicate that the transnationalization period may be resisted more effectively by national/local forces or even by corporate-liberals, although the level of capitalist development requires a stronger market integration and a globalised economy. This contradiction seems to form the main conflicts of the future political environment worldwide.

2.5. Concluding Remarks

In this chapter, some most-known Gramscian theoretical concepts have been reinterpreted based on his Americanism and Fordism articles in the Prison Notebooks. It is argued that the Gramscian conceptual framework should be reproduced to describe

[61] Gramsci believes that there are two methods to challenge the hegemonic class. While the 'war of manoeuvre' is a direct confrontation with the capitalist state in an armed revolution or uprising, the 'war of position' is a resistance to the hegemony of the capitalist class with cultural and ideological tools to slowly build up a new hegemonic bloc. Different fractions of capital may also deploy the strategies of 'war of position' and 'war of manoeuvre'.

the European integration process but in its continuation of the Hegelian-Marxist school. In that way, the concepts of hegemony, civil society, and passive revolution as well as transnationalism have been reframed in a renewed perspective of class antagonism and economic base structure.

CHAPTER III: THE EUROPEAN PASSIVE REVOLUTION TOWARDS BREXIT

This chapter indicates the different moments of the European passive revolution and the emergence of the basic dynamics of the Brexit process. It will be argued that the US Fordist transformation in the production cycles has triggered a European-wide passive revolution in the form of the unification process. While the rise and decrease of the Fordist mode of accumulation in the European continent led different moments of the European passive revolution, it also gave rise to the fragmentation of the European bourgeoisie and different factions of the European ruling class actors; namely, the neo-liberal and corporate liberal social forces.

3.1. First Moment: The emergence of the Fordist Passive Revolution (1930 – 1973)

Gramsci seems to have puzzled over the emergence of the Fordist mode of accumulation in his prison cell for a very long time. The articles written under the title Americanism and Fordism in his *Prison Notebooks* have been accepted as unique as they are mostly structured on the Marxist economic base. The superstructural and cultural influences are described as sublated from the economic evolution. However, as Gramsci has repeatedly highlighted in his other writings, the economic developments may not be reflected immediately on the superstructure, as they should be accepted as a separate layer with their own framework and rules in relation to the economic structure. However, as a hard-line member of the Communist Party, he never assigned the superstructure an autonomous role and seemed to look after the economic processes to understand the developments in the state structure. Indeed, in his articles titled Americanism and Fordism, Gramsci (1999) seems to have focused on the economic developments to understand the political processes in modern Italy and the basis of Italian fascism. Accordingly, the developments of the corporate movement and fascism in Italy should be considered as a hybrid Italian version of Fordism. To be more precise, the crisis of capitalist structure and the transformative pressure on the

liberal mode of accumulation worldwide could lead to the introduction of the productive Fordist-Taylorist structure in the US, but also to structurally defected corporatism and fascism in Italy. “In Italy there have been the beginnings of a Fordist fanfare: exaltation of big cities, overall planning for the Milan conurbation … But afterwards came a conversion to ruralism…” (Gramsci, 2000, p. 279). Gramsci sees Fordism as the next step of capitalism, so to say, a middle layer or one of the middle layers between finance capitalism and socialism. “In generic terms one could say that Americanism and Fordism derive from an inherent necessity to achieve the organisation of a planned economy, and that the various problems examined here should be the links of the chain marking the passage from the old economic individualism to the planned economy” (Gramsci, 1999, p.561). Indeed, the 1929 economic crisis of the US resulted in a Fordist passive revolution first in the US and then only later in Europe after the Second World War. In different articles, Gramsci (1999) enquired the failure of the Italian and then different European economic entities of the 1930s to adopt the Fordist mode of accumulation. “In Europe the various attempts which have been made to introduce certain aspects of Americanism and Fordism have been due to the old plutocratic stratum which would like to reconcile what, until proved to the contrary, appear to be irreconcilables…” (Gramsci, 1999, p. 564). On the other hand, the Fordist mode of accumulation could appear in the US quite spontaneously due to its ahistorical nature of class relations and demographic structure. While the European social structure and states bore the traces of the feudal periods in the economic and politic layers of the society, the capitalist development could speed up in the US without the resistance of the parasitical classes. “European [tradition], European [civilisation] is, conversely, characterised precisely by the existence of such classes, created by the ‘richness’ and ‘complexity’ of past history” (Gramsci, 1999, p. 565). Accordingly, the very existence of this richness of the European history produced sediments of the feudal classes in the European states as “civil-service personnel and intellectuals, of clergy and landowners, piratical commerce and the professional (and later conscript, but for the officers always professional) army” (Gramsci, 1999, p. 565). Gramsci (1999) adds, “the more historic

a nation a more numerous and burdensome are these sedimentations of idle and useless masses living on 'their ancestral patrimony,' pensioners of economic history" (p.565). Thus, he claims that the Fordist mode of accumulation could not find a foothold in Europe until the Second World War due to the existence and silent resistance of the parasitic classes. On the other hand, the Great Depression led to a new era of relations of production in the US.

3.1.1. The birth of Fordism in the US

The so-called American New Deal[62] Synthesis provided a new ground for the corporate-liberal transformation of the American monopoly capitalism. The American corporate-liberalism was a combination of "an interventionist and corporatist policy intended to save capitalism from the crisis of its liberal mode of accumulation" (van der Pijl, 2012, p.77). The state monopoly capitalism[63] dominated the economic structure first during the First World War but evaporated after the ceasefire. The liberal tendency started to be questioned only after the Great Depression. However, even before the Great Depression, there was a strong fanfare of state monopoly capitalism among the American bourgeoisie such as Hobson and Ford (van der Pijl, 2012, p.78). They considered that the capitalist class (and the whole society at the end) could benefit from controlled state interference and regulation of the money-capital. However, the state intervention was considered to be in the danger-zone of socialism; thus, it was significantly limited after the Armistice of 1918 (van der Pijl, 2012). The

[62] The New Deal period was started right after the Great Depression by American President Franklin D. Roosevelt to provide radical solutions to poverty, unemployment and finance problems. The public work projects targeting the working classes and unemployed strata and financial reforms to prevent the uncontrolled bank and credit systems had been a social and political success for the Democrat Party. It could gain most of the elections until the 1960s. With the Fordist accumulation and the New Deal process, the American liberalism evolved into corporate-liberalism, which was a combination of international liberalism and state interventionism.

[63] In state monopoly capitalism, the capitalist state intervenes in the market relations to support the larger corporations and rescue them from political and economic threats. Although Lenin preferred the term as monopoly capitalism, the rising state interventionism highlighted the importance of the state structures in the monopoly capitalism. Lenin states the term monopoly capitalism in his book, 'Imperialism: The Highest Stage of Capitalism' as a negation of the liberal capitalism when the bank capital became the dominant form with a centralized and interventionist state and started to control both other forms of capital and the capitalist state. The main features of state monopoly capitalism are accepted as protectionist with an aggressive foreign policy.

Great Depression in 1929 was accepted as the defeat of the *laissez faire* capitalism and led to a significant transformation in the intra-capitalist class relations. While the hegemonic structure of money capital of the US was shattered, the industrial capital materialized in the Fordist production line became the dominant fraction in the capitalist class relations. Gradually, the flexibility of money capital was restrained to increase the stability of the new economic system as well as financial institutions, and eventually, the state monopoly tendency grew. Besides, not only the capitalist intra-class relations, but also the interclass relations were restructured in a corporatist-liberal framework. During this period, a new balance between the capitalist and working classes was constructed. The trade-unions and workplace organizations of the workers became stronger and increased their influences in the economic sphere. The Fordist industry was based on the rising productivity by continuous production of the identical products in big quantities (van Apeldoorn, 2003, p.52). The required scale of market could be achieved for the Fordist production in several ways in the US. First of all, the wages of the workers were increased to enable them to be the customers of the products manufactured by themselves. Besides, the lack of surplus population in the US already pressured a raise in the wages. Secondly, the large internal market of the US without any customs and extra duties supported the mass production of the Fordist output. Last but not the least, the Keynesian welfare state increased the state expenditures in the US, which generated the necessary demand for the Fordist industry. So, the mass consumption could be created by reproducing the class relations and restructuring the monopoly capitalism as well as the state expenditures to be able to further the Fordist large scale production (van Apeldoorn, 2003).

The Fordist model could spread to the continental Europe successfully only after the Second World War. Indeed, van Apeldoorn (2003) indicates that the so-called American hegemony was a result of the spread of this new mode of accumulation to the Atlantic region. “The Fordist model and its concomitant configuration of social forces was extrapolated to the international level when, with the help of Marshall Plan, war-torn European industry was converted to Fordism and successfully integrated into

a US-dominated Atlantic economy" (van Apeldoorn, 2003, p.52). However, there have been important interactions between the American Fordist industry and the European corporatist movement during the interwar period, which eased the spread of Fordism to the continental Europe after the Second World War. These interactions also paved the way for the emergence of the totalitarian and fascist regimes, though.

Since the start of the 20th century, the oil, chemical and automobile industries, the fastest growing American sectors, built strong economic and political relations with the continental Europe. Oil and chemical American industries had significant European competitors, which were organized in cartel structures (van der Pijl, 2012, p. 79). To keep up with the competition, the American state put a series of legal acts into practice and built a political-economic nexus inside the American state. As a well-known instance, the Standard Oil companies managed by Rockefeller family were presented in the Bernard Baruch's War Industries Board during the First World War (van der Pijl, 2012, p. 79), even though the Rockefeller family had strong relations with both German capitalists and political figures and became the main promoter for the American cooperation with Germany. Deutsch-Amerikanische Petroleum Gesellschaft (DAPG)[64] was established in 1920 as the German branch of the Standard Oil and could controlled more than one third of the German market after Hitler became the Chancellor of the *Drittes Reich* as the leader of the Nazi Party (van der Pijl, 2012). Besides, Rockefeller had also a significant influence in the banking and shipping sector. Standard Oil had already signed significant agreements with the German chemical company, IG Farben, which became supportive for the German protectionism and military presence (van der Pijl, 2012, p. 81). They also helped to enhance the public image of the Third Reich by sending public relations experts through their connections with the IG Farben (van der Pijl, 2012). Rockefeller's strong relations with the Dulles Brothers, who were partners of the Sullivan and Cromwell law firm, became also significant in their involvement in the German finance sector

[64] Deutsch-Amerikanische Petroleum Gesellschaft was founded as the German subsidiary of Rockefeller's Standard Oil. It was renamed as Esso Deutschland.

(van der Pijl, 2012). While the American oil sector had helped the fascist tendencies by building strong business relations with the continental Europe, the chemical industry and other heavy industries paved the way for state monopoly tendencies as significant competitors. The German chemical industry had been founded in the isolated circumstances of the German states during the French expansionism led by Napoleon. Later on, the First World War had also contributed to the cartel structure of the chemical companies. Thus, historically, the German chemical industries tended to avoid both the international market and competition. Besides, the rapid development of the American industry rang alarm bells for the chemical companies. Efforts for cartelization of the chemical industry for the state monopoly policies became visible during the 1930s. Not only in Germany, but also in Britain and France as well as other European countries, the chemical industry became the forerunner of corporatism. Imperial Chemical Industries (ICI) in Britain and the Gillette family in France, Algemene Kunstzijde Unie (AKU) in the Netherlands, Solvay and Janssen families in Belgium, Montecatini in Italy contributed to state corporatism and the totalitarian course of events (van der Pijl, 2012).

Moreover, electrical engineering companies had been significant in the process of development of state-monopoly tendencies on either side of the Atlantic Ocean. “Like the auto industry, electrical engineering was a principal vector of emerging Fordism” (van der Pijl, 2012, p.88). Thus, some electrical engineering companies took a stance for corporate-liberal approach like the transportation industry, while some others gave support for the policies of state monopoly. Among others, the General Electric could be considered the main Fordist company in the Electrical Engineering sector based on its innovative labour relations. He did not only raise the wages of the workers but increased their embracement of the company spirit with a division of profit among the workers and provided protective measures against unemployment as well as with other worker-friendly programs (van der Pijl, 2012, p.88). However, except for a few companies, almost all productive industries, including oil, chemical and electrical engineering sectors, contributed to the state monopoly tendency in both the

US and Europe. Only the automotive sector was qualitatively different from the other sectors. While the Great Depression put the state monopoly tendencies forward in almost all heavy industries on both sides of the ocean, the Fordist model in the US paved the way for a new mode of accumulation in the framework of Roosevelt's New Deal (van der Pijl, 2012). In that sense, the US state monopolism reproduced a progressive hybrid capitalist form, which involved elements of both state intervention and liberal internationalism.

The Fordist production model revolutionized the circuit of capital after the Great Depression and subordinated the financial sector with its pioneering role in its highly effective manufacturing capability. Fordism did not only transform the marketing strategies or production practices, but also led to the development of a new understanding of the urban structure (Antonio & Bonanno, 2000). Like the development of the British urbanization in the 19th century, which pioneered a new centralization and road/railway systems, the Fordist model of production led to new road structures and agglomeration of the industries in one place, as can be seen in the city of Detroit in the Fordist period. Its production complexes contained the subsectors of automobile industry such as painting and tires as well car windows and fuel, which are closely related to the chemical and oil industry. Thus, the rapid development of the car industry paved the way for other industries which were stuck in a deep crisis after 1929 (Antonio & Bonanno, 2000). However, its main innovation to the capitalist mode of production lies behind the class relations between capital and workers as the Fordist mode of accumulation could provide high living standards to the deskilled workers while increasing the profit of the company with mass production (Antonio & Bonanno, 2000). In that way, the deskilled workers could also be converted to new automobile customers, who could afford the products they manufactured as well as other consumer goods (Antonio & Bonanno, 2000).

Although the same Fordist tendencies existed in the European continent and the American Fordist industry attempted to internationalize its production line in Europe,

the class relations, and the scale of the market of the European countries did not allow the Fordist mode of accumulation to be successful (Antonio & Bonanno, 2000). First of all, the European human resources of the automobile industry had been mainly the skilled workers until the end of the Second World War. Besides, the limited demand of the fragmented European markets could not meet the costs of the Fordist mass production. The cartel structures of the heavy industries also prevented the development of the Fordist manufacture complexes which comprised different industrial sectors such as oil or glass manufacturing divisions (van Apeldoorn, 2003). On the other hand, not only the economic base, but also the European superstructure could not allow the development of a similar process of Roosevelt's New Deal Synthesis. As Gramsci (1999) pointed out in the Prison Notebooks, the old noble, rentier classes could build a parasitic stratum functioning as traditional intellectuals in the European states. Thus, the aristocratic classes had still quite a significant control on the state bodies. In the civil society, lack of hegemony of the bourgeois classes converged the upper segments of the capitalist class and the nobility, which eased the materialization of the tendencies of state-monopolism. Besides, the corporatist-liberal alternative could not find a foothold as the intra-bourgeois relations were more than fragile during this period, which pretended to make courageous attempts to include the trade-unions, socialist parties, or other worker organizations in the administrative structures. Especially in Germany and Italy, as the nation state and modernization could only be achieved in a gradual passive revolution, the weakness of the bourgeoisie led to reactionary alliances with the rentier classes which could easily be utilized by the fascist organizations. In sum, the lack of the economic basis led to the marginalization of the Fordist mode of accumulation in Europe before the Second World War, while the alliance of the aristocratic classes and upper bourgeoisie formed the basis of the fascist seizure.

On the other hand, as Gramsci (1999) indicated in the Prison Notebooks, Fordism was not only an economic development, but also a cultural and political one as it could only be a dominant mode of accumulation led by the political decisions of

the American officials. Indeed, the Great Depression and the rise of the workers movement paved the way for two viable political options in the US; namely, state-monopolism and corporate-liberalism. The state-monopolist tendencies developed mainly around the interests of the oil and chemical industries and were exclusive of the worker class organizations; to be more precise, it could be only founded on the demolition of the whole subaltern class movement. The Rockefeller's schemes provided a balanced wage system and employee rights to only a thin layer of skilled and organized workers; and the rest of the worker class seems to be ignored (van der Pijl, 2012, p. 80). However, the rising unemployment and the mass radicalization of the members of the worker class may have resulted in an escalated confrontation between the workers and capitalist forces. Steve Fraser and Gary Gerstle (1989) argue that "the Depression fissured the worlds of industry, finance, and commerce, creating among portions of those normally conservative circles an urgent desire for substantial, even structural, economic and political reform" (p.296). The Swope Plan[65], which found crucial support among the capitalist circles, can be considered an important instance pointing out the eventuality of the state monopolism in the US (van der Pijl, 2012). Indeed, the Swope Plan was first enacted with the National Recovery Act by the Roosevelt administration (van der Pijl, 2012). However, in a short period, Roosevelt preferred to abandon the state-monopoly footing and included both the organized and unorganized labour in the administrative structures of the National Recovery Administration.[66] Ironically, this approach was harshly criticized by the leaders of the American Federation of Labor (AFL)[67]. Wendy L. Wall (2009) argues

[65] The Director of the General Electric Company, Gerard Swope provided a plan for economic recovery to the US administration after the Great Depression. Accordingly, for each industry, a trade association would be founded, which would control and plan the general necessities of the sectors. The plan was rejected as it seemed to lead to cartelization and monopolism.

[66] The National Recovery Administration (NRA) was established to bring the leaders of the business, labour and the state together to solve the problems of the American industry. In that sense, the national economic structure would be organized with the representatives of the primary actors to end the destructive competition in the industrial workplace.

[67] The American Federation of Labor was founded in 1886 as the merger of several trade-unions and led to large scale worker movements after its establishment. However, in a short period, it preferred the collective bargaining strategy rather than strikes or other type of confrontations in the workplace.

that “President Roosevelt and his New Dealers promoted an ‘American Way’ built around the twin pillars of majoritarian democracy and economic security for all Americans” (p.6). He believes that the economic security was achieved by a further democratization of the industrial processes, “ranging from the spread of consumer and industrial cooperatives to a greater role for labor in corporate decision-making” (Wall, 2009, p.6). In that sense, Roosevelt led the corporatist-liberal framework in the industrial relations and completed the superstructural dimension of the transformation to the Fordist mode of accumulation. These developments and the general cuts in public spending to balance the public debt led by Great Depression triggered a new wave of workers movement and strikes in many factories (Lichtenstein, 1989). The sharp increase in the unionization trend started after 1933 and continued until the end of the Second World War (Lichtenstein, 1989). During this period, the numbers of the unionized workers reached over 14 million (Lichtenstein, 1989, p.123).

Many unorganized workers became members of the trade-unions, and the mobility of the workers made the trade-unions act courageously to press the demands of the working classes. The 1936-37 strikes paved the way for the recognition of the Congress of Industrial Organizations (CIO)[68] in rubber and car sectors (Lichtenstein, 1989). In a short period, the police forces and private company guards started to confront the factory workers and the factory movements of the CIO and other spontaneous strikes were outlawed. However, there was an ongoing bargain between the trade-unions and the Roosevelt government to build a nation level compromise between the heavy industry and the organized workers (Lichtenstein, 1989). The Fordist accumulation and the increase of the profitability of the American capital allowed a raise in the wages of the industrial workers, while the AFL and CIO accepted the labour-saving mechanisms of the capitalists, which paved the way for transforming them to “junior partners in the post-war organization of an informal American empire”

[68] The Congress of Industrial Organizations (CIO) split from the AFL due to the organizational problems of the worker class. While the CIO preferred combative unionism until the start of the Second World War, it merged again with AFL under the name of AFL-CIO trade-union in 1955.

(van Der Pijl, 2012, p.97). On the other hand, both political and economic conditions were inadequate in Europe to form a collaboration between the capitalist class and the organized workers until the Second World War. Although the socialist parties may tend to adopt some practical implications of the corporate-liberalism, even they were quite far apart from the theoretical understanding for an organic collaboration with the capital based on state intervention. Besides, their influence decreased in a short period after the First World War and the organized European worker movement was largely liquidated by fascist political organizations. A small minority of the European worker movement became under the sphere of influence of the radical socialist or communist organizations, but their attitude to a similar pattern would be negative as well, although the Soviet Union provided one of the most successful instances of the development of the Fordist production.[69] Nonetheless, Gramsci indicates that the European worker class had never been against the progressive development of capitalism. Accordingly, Fordism could be enthusiastically embraced by large masses of the European working classes (Gramsci, 1999, p. 621).

> The criterion then is that both the intellectual and moral reactions against the establishment of the new methods of production, and the superficial praises of Americanism, are due to the remains of old, disintegrating strata, and not to groups whose destiny is linked to the further development of the new method" (Gramsci, 1999, p. 621).

The remains of old, disintegrating strata could create the main obstacles against Fordism in the European continent, which could not be overcome until the end of the Second World War. The Fordist transformation in the US could only be realized in the leadership of the bourgeoisie, which passively revolutionized both the economic basis and the superstructure in different aspects. However, the European reactionary rentier classes were strong enough in the superstructural domain and could effectively resist the progressive developments. Not only in the state structures, but their resistance

[69] Even Stalin argued in his several speeches that the essence of Leninism could be found in the combination of Russian revolutionism and American efficiency.

could also be traced in the cultural domain.[70] In Britain, though, the rentier classes were quite weak after the First World War. The expansion of the Fordist production and administrative techniques could be first felt there long before the continental Europe. Basically, van der Pijl (2012) points out that the state monopoly tendency had transformed into a specific conciliatory form in Britain similar to the US. The industrial capital was mainly forced to operate in a general framework of labour rights (van der Pijl, 2012). The English bourgeoisie did not seem to have been disturbed by the increasing state interventionism (van der Pijl, 2012). Both Tories including Churchill and Macmillan and the Labour Party declared their early support for the corporatist policies inspired by Mussolini's New Order declaration (van der Pijl, 2012, p.98). However, money capital in Great Britain could maintain its hegemonic position even after the Great Depression. Thus, the modifications in the production relations could not transform the dominant mode of accumulation as the money capital in the UK could not be subordinated under the industrial capital. The British corporate-liberal experiments could only escalate into full-fledged economic and political orientation after the Second World War under the Labour leadership.

3.1.2. The spread of Fordism to Europe

The Second World War did not only raze the bridges and railroads to the ground, but it also undermined the absolute domination of the traditional European intellectual stratum with the collapse of the European state structures. While the Kingdom of Italy was replaced by the Italian Republic, Germany was divided into four different zones and ruled by the occupation administrations for a long period. The main economic steps toward the Fordist mode of accumulation in West Germany were taken by the US officials (Schröter, 2005). The autonomy of the German Central Bank from the central and local governments was established by the American officials (Schröter, 2005). Even the German currency, *Deutsche Mark*, was introduced by the US

[70] Gramsci criticises European bourgeois intellectuals as they had lost their progressive function in the cultural domain. Rather, the intellectual strata was dominated by the ideology of the rentier classes, which led to the European culture crisis experienced in Italy and Germany.

occupation authority unilaterally, and the German officials were only informed of it (Schröter, 2005, p.55).

However, even the denazification[71] policies in the post-war Germany and the consolidation of the anti-Fascist forces[72] in Italy did not purge the bourgeois supporters of the state-monopoly tendencies completely out of the state structures; or not all of them were accused or executed as collaborators of the totalitarian regimes. On the contrary, "nearly all European decision makers in industry and governments as well as economists understood cartelization as a positive benefit to the national economy" (Schröter, 2005, p.67). Regardless, the state-monopoly tendency was quite strong among the European bourgeoisie. Although the US occupation authority divided the large banks and chemical and steel industries into smaller companies, almost all of them re-emerged (Schröter, 2005, p.56). Most of them also abstained from any kind of reform process in the custom regimes as it meant for them to lose their good profit margins due to the high degree of cartelization. However, the increasing capability of the American mass production required a new worldwide wave of market liberalisation. The European states were quite discriminatory to the American companies and applied additional taxes to goods and services (Schröter, 2005). On the other hand, the US was also not fully ready to get involved in European affairs. Nonetheless, the internationalization of the New Deal regime started during the Second World War period. The 1944 Bretton Woods Agreement was an important milestone for the European market liberalization, but it aroused significant suspicion. Although the Western European countries could not raise an objection, they didn't welcome it enthusiastically, either (van der Pijl, 2012, p. 144). The American bourgeoisie had great difficulty in finding partner forces to increase the capitalist internationalism to

[71] After the failure of the Nazi Germany, the Allied forces started the liquidation of the Nazi regime supporters out of the state institutions and executed them in public trials. The Nazi ideology was attempted to be removed from the public sphere and from all layers of the German society.

[72] After the Second World War, all anti-fascist parties including communists and socialists formed a coalition under the leadership of Ferruccio Parri. A massive number of public officers were purged during this period. However, an anti-purge movement had developed, and the anti-fascist purges started to be slowed down, when Parri was resigned in November 1945 and Gasperi formed a more moderate government.

liberalise the state monopolist stalemate. Neither the liberal parties nor the social democrats were keen on the transformation of the state-society complex in an American way. While the European liberal parties opposed Americanism by indicating its wage mechanisms and state-interventionist features suppressing the invisible hand of the market forces, the Social Democrats tended to protect and reproduce the European corporatist mechanisms shaped by the state-monopolist tendencies to build a progressively planned economy. Even though they wanted to participate in the American internationalism, both the European liberals and social democrats were quite in a weak position right after the war (van der Pijl, 2012). The European liberalism had lost its revolutionary position almost a century ago right after the 1848 uprisings. Initially, their struggle for the unification and opening of parliaments in different European states had increased the popular support of the moderate liberals in most European countries. However, in a short period, the rise of the worker organizations and social democrat parties concerned the middle classes. The upper segment of the middle classes preferred to act together with the parasitic rentier classes to suppress the working-class unrest. The colonialism was another important political concern of the liberals, which converged the interests of the rentier classes and some fractions of the middle-classes. Right after the First World War, the European liberal parties started to split into different fractions and lost their influence. While fractions defending the interests of the industrial bourgeoisie started to act with the conservative forces, the more liberal cliques became the voice of the lower segments of the middle classes. In a short period, the industrial bourgeoisie began to take advantage of the custom regimes just as the aristocratic rentier classes. The common interests converged the cartelized industrial bourgeoisie and the noble rentier classes in the political scene. Thus, the totalitarian forces increased their capabilities to represent the interests of the European industrial bourgeois classes. As indicated in the previous chapter, the marriage of *Rye and Iron*, the Junker-industrialist collaboration paved the way for the Nazi regime in Germany. Similar rapprochements can be seen in almost all European countries before the Second World War in different degrees. However, the UK was one of the few European countries where the state monopolistic tendencies could be

considered in its lowest level. The liberal common sense among the statesmen and the historical tradition of the Lockean heartland can be accepted as the main reasons of the resistance against the corporatist tendencies. Besides, the ongoing imperial practice and colonial trade provided the economic framework and middle-class support for the liberal ideology. However, the Second World War destroyed this basis even for the UK. The decline of the trade relations with the colonies during the war resulted in the questioning of the hegemonic position of the cosmopolitan bourgeoisie. Consequently, the decline of the Liberal Party since the First World War resulted in a total defeat in the 1950 elections. On the other hand, the Labour Party replaced the Liberal Party as the main rival party of the Conservatives. At the end of the Second World War, the Labour Party was the only option for the US to spread the corporatist liberalism to the UK. However, on the continental Europe, the fascist terror had already annihilated most of the members of the labour forces including the trade-unions and socialist parties. Due to their mild opposition against the totalitarian regimes, they had lost ground to the communist parties backed by the Soviet Union. Besides, their anti-Americanism was as strong as their anti-Soviet attitude, which made them difficult to frame in an Atlantic setting.[73] Basically, the Christian Democrats became the main political power in the continental Europe to facilitate the Fordist transformation. Church was the only establishment which could operate legally during the war period (van der Pijl, 2012, p.139). Besides, there was a significant number of religious sects, which continued their underground existence under the fascist regimes. They had no ideological baggage against Americanism or American-type liberalization. Indeed, Konrad Adenauer who was the leader of the *Christlich Demokratische Union Deutschlands* (CDU) and became the first Chancellor of West Germany had strong relations with both the German and American capital.[74] Besides, he envisaged the main

[73] SDP opposed the West German integration into the Atlantic institutions as this integration might perpetuate the division between East and West Germany.

[74] He could establish these ties mainly through his wife's family. His wife Emma Weyer was a member of a prosperous Cologne family. Through his wife's uncle, Max Wallraff, Lord Mayor of Cologne, he built significant relations with the German business elites. In a short time, he was appointed the Lord Mayor of Cologne in 1917. During his period, pioneer industrial companies preferred Cologne as their

conflict would be between the Christian forces and the Communists after the Second World War (Hockerts, 1978). Although he was a devout Catholic, he believed that both Protestants and Catholics should be united under a single party. On the other hand, he opposed any ideological conversion with the socialists, who were untrusting due to their Marxist ideology like the Soviet-backed communists (Hockerts, 1978). In that sense, he basically shared the same post-war ideology with the Americans. Besides, Robert Schuman who was a Bible scholar and a Christian Democrat French politician was accepted later as one of the founding fathers of the EU. Although he was involved in politics in the Nazi-backed Vichy regime and stigmatized as one of the Nazi collaborators, De Gaulle allowed him to return to the French politics after the war due to his strong relations with German and American politicians. Meanwhile, Italy was also mainly governed by the Christian Democrats who founded Democrazia Cristiana (DC) during the Nazi-occupied Italy in 1943. During the Second World War and thereafter, they built alliances with several anti-fascist parties and organizations including the PCI (Italian Communist Party) and PSI (Italian Socialist Party). They broke the effective anti-fascist alliance with the Marxist organizations when the US started to get involved in the European Affairs and the U.S. President Harry Truman forced the Christian Democrats to build a centrist coalition. Despite the enthusiastic support of the US to the moderate religious political forces, the influence of the Christian Democrats was quite limited in the European political scene and the US statesmen became aware in a short period that the Communist Parties could gain public acceptance and may take over governments in European countries, if they did not change their alliance policy and attempt to interfere with the problems of the European economic and class structures. Rather than specific ideological groups or political parties, the pioneer individuals have also played an important role during this period and were eager to collaborate with the American government and capitalists. During and after the war period, for instance, Jean Monnet became quite often the sole contact

headquarter, including the Ford Company. Starting from this period, he gave significant importance to build special relations with the representatives of the capital.

point between the US and France during the negotiations (Finel-Honigman, 2000, p. 92). As European Commission Ambassador Hugo Paeman (1997, as cited in Hoff and Vedder, 2000) argues: "although Monnet is best remembered as the Father of Europe, he could just as well be known as 'the Father of transatlantic partnership'... [because] he recognized that Europe's future required American ability to embrace new concepts" (p.7).

However, not only the centrist parties or governmental structures should be considered weak in the European continent due to the Second World War, but the whole European bourgeois class structure was also fragile due to its historical development since the 19th century. The European bourgeoisie preferred to act with the rentier classes rather than the popular forces since the French Revolution, which had limited their leading capabilities and thus could not build their own intra- and inter-class hegemonic structure. Thus, the state-monopolist and fascist tendencies could easily find a foothold among the ruling classes. However, the fluctuation of the state structures after the Second World War, the start of the decolonization period and the rise of the working-class parties and organizations resulted in the collapse of the alliance between the aristocratic classes and bourgeoisie. Thus, the European bourgeoisie in the post-war period was quite frail to trigger a social transformation in the mode of accumulation and state structures. In that sense, the European integration process could only be realized in a form of Fordist passive revolution, which was initiated with both the US economic intervention realized in the Marshall Plan and the European trade-unionism shaped by the Labour Party and the European Social Democracy. Like the Italian Risorgimento, the European passive revolution that started right after the Second World War triggered a unification tendency by the *simultaneous mechanical collaboration*[75] of the US intervention and the European social forces.

[75] Gramsci indicates the Risorgimento in Italy as a significant decentralized movement, in which both the moderate liberals represented by Cavour and the Action Party played important roles. In 1860, Garibaldi's expedition to the South was unintentionally supported by Cavour's armed seizure of central Italy. This simultaneous mechanical collaboration led to the foundation of the unified Kingdom of Italy.

3.1.3. The role of the Marshall Plan in the European Fordist Passive Revolution

The Marshall Plan was the very result of the Truman Doctrine of 1947, which aimed to contain the expansion of the sphere of influence of the communist forces led by the Soviet Union by providing military and economic support to the capitalist nations. The military dimension was materialised with the Washington Treaty, which established the North Atlantic Treaty Organization (NATO). NATO enabled the US to preserve its military presence in Europe and establish new military bases all around the world, where the Soviet armed forces should be counterweighted. However, the main conflict in the European continent was not expected in the form of an armed confrontation, but an ideological and political one. The Soviet Union had already expanded to Eastern Europe during the Second World War and was accepted as the main liberating force which fought back against fascist and totalitarian forces. The Marxist guerrilla forces led the resistance movements in almost all European countries against German and Italian occupation during the war. Besides, the Stalingrad resistance[76] against the Nazi armies had already been mythologized and spread abroad in the hearts of the European vanguard workers. The increasing political influence of the Communist parties could be felt in the local and national elections. In France, *Parti Communiste Français* (PCF) was the biggest party after the Second World War and participated in De Gaulle's provisional government between the years 1944 and 1946. Similarly, *Partito Comunista Italiano* (PCI) became the second party in the Italian elections after the Second World War. It played a significant role in the popular referendum of 1946, which ended the Kingdom of Italy and institutionalized the Italian Republic. *Kommunistische Partei Deustschlands* (KPD) could also revive in quite a short period after the war, although it was an underground organization since the 1933 election. It organized one of the most effective anti-Nazi resistance movements during the war,

[76] The Battle of Stalingrad was recognised as the biggest defeat of Nazi Germany and became a turning point in the Second World War. Beside its strategic importance, Stalingrad had become a symbol for both Germany and the Soviet Union. German defeat in Stalingrad ended the German faith in their invincibility and the Soviet Union. The communist parties all around the world gained a significant confidence in their victory first against the Nazi Germany and Fascist Italy as well as the rest of the capitalist world.

which cost lives of 30,000 of its members. In 1949 elections, it won 15 seats in the *Bundestag* and became influential until the foundation of East Germany under the Soviet influence. The KPD was banned and labelled as an extremist organization in West Germany in 1956. On the other hand, the Communist Party of Great Britain has never become a mass party or influential in the political processes of the UK. However, the victory of the Labour Party was considered a political earthquake by the US and the communist threat started to be felt even more closely. The US administration was shocked when the first day of the British Parliament opened with the socialist Red Flag anthem[77] and the pledge of the Labour Party to nationalize the Bank of England, key industries, and coal mines (Brown, 2001). Although it was terrifying and timid in the first years, the US administration realized in a short period that the Labour government could be compatible with the American policies, even quite more instrumentally than any other political party to increase the transatlantic political ties. Indeed, the anti-communist stance and the trade-unionism of the Labour Party was as strong as the American working-class organizations. In practical terms, the US administration was quite experienced to conform with the interests of the American trade unions such as AFL and CIO since the Great Depression. Besides, the Labour government could spread the influence of Americanism to the European Social Democrat Parties, which would become influential in a short period in European parliaments. On the other hand, the reluctance of the social democrats to appear as US collaborators was a significant political concern, if the active communist propaganda against the social democrats was considered. This could be concealed with the help of the Labour Party. Their conflict with the communist parties, which labelled them as social fascists, were as cruel as European conservatives or liberals. It was obvious that they were going to lose the working-class support to the communist parties without an active introduction of anti-communist policies to the European political scene. Thus, active political involvement

[77] It is a socialist song accepted as the anthem of the Labour Party. The lyric of the song points out the sacrifices and the solidarity of the workers movement.

of the US in the European policies was secretly welcomed by the social democrat parties.

In that sense, the Truman Doctrine of 1947 was an attempt to simplify the international political conflict into mainly two camps and to force each political organization to choose one of these sides (Hogan, 1989). Besides, it aimed to balance the diminishing international role of the UK, which was not able to confront the communist unrest in the European and Middle Eastern countries (Hogan, 1989). Indeed, the British government ended its aid to the Greek government, which was pursuing an armed civil war against the Greek revolutionary forces (Hogan, 1989). Truman speech was first of all about to declare a generous foreign aid to the Greek government. Due to the historical enmity between Greece and Turkey, Turkey was also included in the Truman aid to treat the two countries equally and not to push the Turkish government further to the communist camp. After the communist changeover in Czechoslovakia, the European economic recovery and foreign aids to European countries came at the top of Truman's agenda (Hogan, 1989). Several European countries, including France, Austria and Italy were handed a substantial amount of money for their immediate economic problems (Hogan, 1989). However, even the most generous American foreign aid campaigns could not improve the severe economic conditions of the individual European countries due to the degree of cartelization and the limited size of the fragmented market structure. The American officials were afraid that the worsening economic conditions could pave the way for the communist uprisings. In these conditions, the US administration decided to initiate the Marshall Plan, which may replicate the same conditions that could lead to the American economic success and prevent the European states from a total collapse.

The Marshall plan was implemented between the years 1948 and 1952. During these years, the US aided $13.2 billion, which was 5 percent of its gross domestic product, to the European countries (Hogan, 1989). The Marshall Plan was first discussed with the British government before its introduction to the West European

countries. Both countries agreed that the aid program would serve Europe's evolution toward a "viable economic unit" (Hogan, 1989, p.51), but British concerns were also noted during the negotiations that the European integration may reveal special difficulties for the UK. There was a significant difference between the American and British administrations' approach regarding the recovery of the European economic structure. While the US would mainly like to treat Britain as *just another European country,* Britain insisted its international role in other areas of the world (Hogan, 1989, p.49). Indeed, the UK still preserved (neo-) colonial ties with the Commonwealth countries and performed a substantial volume of trade with them. On the other hand, the US advocated the immediate removal of the preferential trade barriers (Hogan, 1989, p.51). In that sense, the US aim to involve the UK in the European integration process would increase US political influence over the European continent, but also restrain British imperial power and intentions. Besides, the U.S. administration believed that the UK did not have a sufficient economic power after the Second World War to play an independent role in the international relations (Hogan, 1989, p.49). Although the British Labour government had still objections against the long-term visions of the US for the European economic structure, they shared the same worldview regarding the survival of the European capitalist economic structure, which was in significant danger considering the increasing economic and political power of the post-war Soviet Union.

After the preliminary agreement between Britain and the US, the Marshall Plan was first discussed in an intergovernmental forum organized by France in Paris by the Foreign Ministers of France, Britain, and the Soviet Union. While the French Minister Georges Bidault and British Minister Ernest Bevin from the Labour Party accepted the aid framework enthusiastically, the Soviet Foreign Minister Vyacheslav Molotov objected to the plan as it was against the prior agreements framing the German reunification. Besides, he claimed that the countries which would participate in the program would lose their national sovereignty and be subject to the rule of the *High Authority* proposed by the Marshall Plan. In that way, the East European countries

were prevented from joining the aid program. However, Molotov's objection did not prevent the American policy towards the European integration. Moreover, it was rather expected by both the American and the West European officials. The exclusion of the East European countries sped up the implementation of the Marshall Plan towards a West European integration.

The Marshall Plan provided the economic and material resources to transform the West European economic structure and the initial impulse towards the European unity. After interviewing 300 business and state representatives, Edward McCreary (1964, as cited in Schröter, 2005) describes this process in his book *The Americanization of Europe. The Impact of Americans and American Business on the Uncommon Market* as such: "What is happening is that portions of the economic structure of the countries of Europe are changing and growing, and from this flows much more change..." (p.61). Schröter (2005) states that "...technology transfer, together with the introduction of mass consumption and mass distribution changed traditional European mentalities about the consumption of goods and natural resources" (p.61). However, the technology transfers, mass production and consumption were not sufficient to replicate the American success in the European continent.

3.1.4. The role of the Trade-unionism in the European Fordist Passive Revolution

The corporative mechanisms, which constituted a significant part of Americanism, could only be achieved by the volunteer participation of the European working-class organizations in the institutional bodies of the Marshall Plan. Hogan (1989) suggests that the Marshall aid planners gave special importance to include the European trade-unions in the consultancy mechanisms of the aid program. However, it was not an easy task as the European trade-unions were mostly dominated by communist ideology. Hogan (1989) indicates the significant role of the American trade unions to divide the trade-union movement and disrupt the labour solidarity. Both AFL and CIO aimed to

influence the European trade-union leaders to participate in the advisory board of the Organisation for European Economic Cooperation (OEEC)[78]. The AFL leaders' strong anti-communist stance and collaborative approach excluded them from institutional bodies of the communist-oriented World Federation of Trade Unions (WFTU). They attempted to influence the independent trade-unions to participate in the institutional bodies of the Marshall Plan. Their meetings with the non-communist trade-union leaders were considered as the initiatives of a class-collaborationist strategy, and thus became ineffective among the wider segments of the worker movement. However, the CIO leaders, who still believed in labour solidarity and class struggle, had strong relations inside the WFTU. Indeed, van der Pijl (2012) suggests a gradual transformation in the ideological structure of the CIO during this period. "Because of the McCarthyist witch-hunt, the CIO gradually divested itself of its radical heritage and democratic procedure" (van der Pijl, 2012, p.150). Thus, not quite surprisingly, they decided to join the London meeting of the non-communist trade-unions which supported the Marshall Plan. At the end of the meeting, the participant trade-union leaders decided to create the European Recovery Program-Trade Union Advisory Committee (TUAC) to build official relations with the OEEC (Hogan, 1989). In the meetings of the TUAC, the *productivist* and *integrationist* policies were accepted as the main targets. Accordingly, the role of the committee was described to participate in the larger policies to *promote the European production* and *propagate the European integration*. In 1948, a new trade-union initiative became distinct again in the European continent and linked itself to the ideological influence of the OEEC. In that sense, the TUAC became influential to transpose the American trade-unionism into the European worker-class movement. It became the nucleus of a new workers' international organization supporting the class collaborationist framework, which was involved in the politics of the European integration. As Hogan (1989) points out,

[78] Organisation for European Economic Co-operation (OEEC) was established in 1948 as a permanent institution to distribute the Marshall Aid and promote the recovery of Europe by increasing the intra-European trade. All of its members were European states. In 1961, it was reorganized under the name of Organization for Economic Co-operation and Development (OECD) with additional members outside the European continent, mainly the US and Canada.

"these were important steps toward transnational integration on the labour front and toward the formation of a non-Communist international devoted to the ideology of bureaucratic management and greater productivity" (p.151). In 1949, the CIO decided to organize a split in the WFTU and joined the initiative of the AFL to organize a new international workers association, the International Confederation of Free Trade Unions (ICFTU) (van der Pijl, 2012, p.150). In that sense, the CIO played an important role in the formation of the anti-communist European trade-union initiative. The Trades Union Congress[79] (TUC) leadership under the influence of the Labour Party was also influential in the transposition of the American influence to the European trade unions and social democracy. As indicated by van der Pijl (2012), "The TUC leadership not only played a critical role in splitting the WFTU, but also propagated the American methods of scientific management..." (p.154). The AFL and CIO as well as the Labour Party and TUC increased their influence to reproduce the European social democracy by supporting the pro-American factionalism, which led to split-offs among the social democrat movement. As a result, as van der Pijl (2012) points out, "the trade union Cold War was greatly facilitated by the overall reorganization of the international trade-union movement which was part of the Marshall offensive" (p.155). The formation of a moderate worker-class movement by splitting the trade-union federations had been a significant milestone for the spread of the Fordist passive revolution from the US to the European continent. In that sense, the Marshall Plan paved the way for the achievement of the passivity of the subaltern classes in the reproduction of an anti-communist trade-union movement. This further developed in the political scene with the influence of the Labour Party and the ICFTU over the European social democracy. The rising Social Democrat Parties, which participated in

[79] TUC is the federation of trade unions in England. It was established in 1860s, and in its 1899 Congress, it was decided to form a parliamentary group, which evolved into the Labour Party. Although there was no legal relationship between the Labour Party and the TUC, there has been a strong bond between the two organizations throughout the history. For instance, Ernest Bevin had been the first general secretary in the Transport and General Workers Union affiliated with TUC as well as later the Labour MP and Foreign Secretary of the UK.

the European Parliaments in the form of transformismo, were basically oriented in a pro-American stand during the Marshall Plan period.

3.1.5. The European integration process and the decline of Fordism

When the Marshall aid period ended and Eisenhower was elected as the President of the US, the spread of the Fordist passive revolution was slowed down and the state-monopolist tendencies were on the rise again. After this period, the money capital started to be favoured on both sides of the Atlantic and protectionist measures began to be applied in the US, especially to protect the interests of the oil companies (van Der Pijl, 2012, p. 179). The interest of the US toward the European integration decreased gradually during this period. While the Schuman Plan of 1950 and the establishment of the ECSC treaty of 1952 could get significant attention and support from the US, the political initiatives of the European states after this period such as the European Defence Community toward further integration failed dramatically. The temporal disengagement of the US from the European continent after 1952 did not completely alter the corporate-liberal consensus among the European social forces, but a political and military integration would require a compromise between Britain and France and active involvement of the US (van Der Pijl, 2012, p.182). Nonetheless, the establishment of the EEC as an autonomous European initiative could be achieved, although the European integration was still not a significant concern for the US. Indeed, the treaty of the EEC presented significant nuances, which indicated a more Europeanized vision than the ECSC (Schröter, 2005). For instance, both treaties put bans on cartelization. However, the EEC did not reject the need of cartels in specific areas when a positive cooperation was required. In that sense, it legalized some cartel structures in rare circumstances (Schröter, 2005, p.76). Still, the temporal US disengagement after 1952 did not prevent the Fordist transformation completely, but in a more Europeanized way. The social forces which were mainly shaped during the Marshall aid period were still in power and furthered the integrationist tendencies into a wider European market, which was required to establish the Fordist mode of accumulation to enable the circulation of the Atlantic finance-capital (van Der Pijl,

2012, p.182). This new Europeanist rather than Atlanticist initiative started to concern the UK.

While the leaders on both sides of the Atlantic were extremely glad of the new political orientation of the US, the UK was the only country disappointed by the deterioration of the Atlantic relations. The UK officials were worried that the US was pushing them toward the European continent, while the American leaders were trying to reduce their active involvement into the European economic and security problems. The British administration was not only uncomfortable with the US federalist vision. More than that, the British economic predictions clearly highlighted the losses of the British Empire with the entry into any European customs union. As its trade with the Commonwealth countries was four times larger than with Europe, Britain refused to be a part of the planned integration process. In order to undermine the negotiations between the Inner Six[80], Britain proposed a larger free trade area in 1956 named Plan G. However, it could not prevent the establishment of the European Communities. The British proposal was finally rejected by De Gaulle unilaterally in 1958. Thereafter, a smaller free trade area, European Free Trade Association (EFTA) was established by the Outer Seven[81] as an alternative organization to the European Communities. The disagreement over the future of the European security and integration further deteriorated the Atlantic relations and consolidated the independent and imperialist behaviours of the states within the Western Alliance.

The harm of the imperialist competition within the Atlantic Alliance was first revealed with the Suez Canal affair in 1956. While the Western Powers could not collaborate effectively and their imperialist ambitions were revealed in a colonialist competition, the socialist influence started to be felt as an immediate threat outside

[80] The term 'inner Six' basically refers to the founding member countries of the ECSC and later to European Communities. They were Belgium, the Netherlands, Luxembourg, France, Italy, and West Germany.

[81] 'The outer seven' were the countries which did not respond to the Schuman declaration and stayed outside the ECSC and later formed the European Free Trade Association. The founding members of EFTA were Austria, Denmark, Norway, Portugal, Sweden, Switzerland, and the UK.

Europe. In this environment, the Soviet Union could easily increase its sphere of interest in the Third World countries, especially in the Middle East. The increasing imperialism after the Suez crisis and the success of the EEC redirected the focus of the US to the European continent and its protectionist policies started to be released after 1958. A full-fledged international liberalism geared up with the Kennedy administration. The US engagement in the European continent in that period was similar to the Marshall period, but Kennedy's vision was more universalist considering the relations with the Soviet Union (van der Pijl, 2012, p.202). The East European states and the relatively weakened communist organisations and the trade-unions in West Europe were also not excluded from the Atlantic Partnership. In that sense, the configuration of this new Atlanticism was closer to the Roosevelt's than Truman/Marshall political setup. The Kennedy administration revealed their intention to support the EEC with the speech of the Secretary of State Rusk (1962, as cited in van der Pijl, 2012): "It is not our intent to join the European Common Market… We look for a partnership between the US and an increasingly unified Europe" (p.203). Kennedy's renewed design of the Atlantic Partnership was shared by the British administration and led them to apply to the EEC membership. However, the deteriorated relations between France and the US since the 1950s in the NATO setting led to a significant suspicion of this new Atlanticism by the French President De Gaulle. De Gaulle vetoed the first attempt of British admission to prevent Kennedy's increasing influence on the EEC. The UK was perceived by De Gaulle as an American Trojan horse toward the European integration. Indeed, the French veto against the membership of the UK was considered as the rejection of the Atlantic integration. A more nationalist or at best a Europeanist approach prevailed against the American involvement in the European affairs. The French attitude was followed by other European states. In West Germany, the 1966 elections resulted in the failure of Ludwig Erhard.[82] The Grand coalition, which comprised CDU-CSU and SPD, signalled a

[82] Ludwig Erhard was a Christian Democrat politician and the second Chancellor of West Germany after the Second World War. He was succeeded by Kurt Georg Kiesinger, who formed the grand

change in the German real-politik and a passive resistance against "the comprador Atlantic Union tendency considered too subservient to the United States" (van der Pijl, 2012, p. 246). This tendency resulted in the Brandt's *Ostpolitik*.[83] The centralization of the energy companies and the public funds in Belgium, Italy, and the Netherlands as well as Germany and France led to a new (supra-) nationalist challenge to the Atlantic capital. Meanwhile, the precedence of the Fordist mode of accumulation started to be overcome by the money capital. The decrease in the mass consumption could be felt in almost all industries on both sides of the Atlantic, especially in the automobile sector. "Fordism however suffered decisively, as cost-cutting on wages cut into the potential mass market for automobiles at the same time" (van Der Pijl, 2012, p.261). On the other hand, the restrictions on the money-dealing capital imposed in the 1930s started to be lifted by the American administration; and the European banks also freed themselves from separating their capital into different branches based on their functions. In that way, the commercial and investment banks could merge their finance structures, which made the money capital more flexible and occasionally quite disruptive as can be seen during the Great Depression.

The London City did not lose its prominent role in the British economy even during the rise of the industrial capital and global Fordist transformation. However, the reinvigorating boost of the High Finance made the city again the attraction centre for the European continent (van Der Pijl, 2012). Rather than Pound transactions, the British banks focused on the Dollar market of the European states. Their significant role in the so-called Euro-dollar market evolved them into the main finance centre of the EEC (van Der Pijl, 2012, p.264).

coalition involving the SPD. The coalition government was mainly accepted as the start of the decrease of influence of the Christian Democrats in the German politics until the 1980s.

[83] Ostpolitik was the politics marked the normalization of the relations between Federal Republic of Germany (West) and German Democratic Republic (East). It was mainly proposed by the SPD to ease the tensions between the two German states and triggered change in the East by rapprochement.

The decrease in the Fordist mode of accumulation and the rise of the international bank capital slowed down the developments of the European passive revolution and gave rise once again to the nationalist and imperialist tendencies. The corporate liberalism in the European continent started to be disintegrated and the political expectations regarding the Atlantic integration disappeared even for the UK. In the EEC, the supranationalism was superseded by the principal of intergovernmentalism, and the nation-states seemed to come to the fore once again in the European integration process. These tendencies transformed the European integration even further in the 1970s with the entry of the UK and the Oil Crisis of 1973.

3.2. Second Moment: The negation of the European Fordist Passive Revolution (1973 – 2007)

This chapter highlights the continuity and the changing characteristics of the European integration process as a passive revolution during the post-Fordist period. The emphasis on the European passive revolution indicates a lack of the hegemonic influence of the European bourgeoisie after the Second World War and its dependency on the Atlantic partnership. Besides, its class collaborative features continued after the European Fordism of the 1960s, while the US and the UK could realize quite harsh neo-liberal austerity policies. “In this climate, the US corporate right mobilized politically and culturally against the social side of Keynesian liberalism; well-funded conservative foundations and think-tanks initiated an effective ideological counteroffensive against regulation...” (Antonio & Bonanno, 2000, p. 38). The 1973 oil crisis was considered to be the end of the political climate and the class relations of the Fordist period. However, the immediate response to the economic crisis and the world recession was quite diverse by the European countries and could not solve the structural crisis the European states were experiencing. Indeed, as indicated by Andrew Cox (1982), the rise of the oil prices by the Organization of the Petroleum Exporting Countries (OPEC) was not the real reason why the European countries were

hit so hard by this crisis but the structural problems, which could be felt just before 1973. Initially, the European countries gave diverse and noncoherent responses to the economic recession. The unilateralism of the European states and the increasing imperialism during this period was described as the *Eurosclerosis*[84] and felt as an era of euro-pessimism. Wolfgang Streeck and Philippe C. Schmitter (1994) believe that the European states experienced a new tendency of corporatism during this period and preferred to bargain with different interest groups individually. They bypassed not only the European mechanisms, but even their own parliaments. "...they were relying more and more on deals with interest groups as distinct from electoral and parliamentary participation; they were sometimes bypassing and generally downgrading their parliaments as places of political decision making" (Streeck & Schmitter, 1994, p. 136). Thus, the oil crisis of 1973 started a new era of national corporatism, which led to a new class reconfiguration within the national boundaries. However, the second oil crisis of 1978 revealed that the European states could not rescue themselves from the effects of the world economic recession with national responses. A new European-wide cooperation and deepening started to be debated between 1973 and the mid-1980s. The Second Oil crisis and the weakening of the Fordist social and economic forces led to a new European level bargaining period between different fractions of capital and labour as well as their competing ideological and national agencies. Indeed, the bargaining process spearheaded a new deepening period first with the Single European Act (SEA) and then with the Maastricht Treaty. While the 1973-1985 period disassociated and fragmentated the different interest groups representing the divisions inside capital and labour, it also revealed that the national corporative responses and continuing Keynesian macro-economic could not be sustained in the changing global economic structure. During this period, the regulations chained the money capital and investment banks to the productive social forces, which started to be loosened. The subordination of money capital to the industrial capital ended first in the US and then

[84] Herbert Giersch defines Eurosclerosis as an economic regime which leads to recession due to overregulation and non-flexibility due to state aids and full employment.

in the UK. The bourgeois organic intellectuals began to raise their objections to unleash the European market forces and the invisible hand of capitalism from the state and supranational interventionism. In that sense, van Apeldoorn (2003) indicates the emergence and participation of the neo-liberal social forces to the restructuring of the European integration process in the 1980s. While the neo-liberal forces mainly defended the interests of the money capital, they were in favour of an open European market for the global finance capital. The UK had been the main promoter of the neo-liberal transformation of the European Community. On the other hand, the European worker organizations and industrial capital defended integration into the European markets, but they were also in favour of protective measures to the third-party countries. While the worker organizations and social democrats abstained from the flexible working arrangements and deregulations in the workplace, the industrial capital resisted the increasing competition with the capitalists of the US and Japan. However, the changing global economy and the decrease of Fordism forced different class fractions to come together and focus on a European level solution. Despite their differences and diverging interests, all different fractions of European capital and labour were pleased to establish the European single market. The Euro-pessimism period ended with the SEA and the Maastricht Treaty, which were signed on the compromise of all these different fractions of big capital and big labour. However, the mortgage crisis, which started in the US and expanded then to the European countries called Euro-crisis, ended the compromise between the money and industrial capital.

3.2.1. The increasing tendency of National Corporatism in Europe

The 1973 Oil crisis started with the petroleum embargo of the Arab members of OPEC to influence the political stance of the countries which gave support to Israel during the Yom-Kippur[85] war. The embargo increased the oil prices tremendously in a short period. As a result, the economies of the oil importing OECD countries including the US were deeply influenced by this price increase. The world experienced a period of

[85] Yom-Kippur is the fourth Arab-Israeli war in 1973. It completely altered the relations of the Arab states with Israel and the developed Western countries.

stagflation, high interest rates and high unemployment, which led to a world-wide economic recession. The rise of the oil prices after 1973 was accepted as the main reason for the structural changes in the industrial structure of the Western bloc. It cannot be denied that the oil shock has been quite influential in the global political economy. The embargo after the Yom-Kippur war accelerated changes in the world economic structure and the dominant mode of accumulation in both the US and Europe. However, it should also be highlighted that the Fordist mode of accumulation had already been in a deep crisis since the end of the 1960s and the deindustrialization period had already started as the mere result of the ongoing trend of the decline in profits in Western countries. Cox (1982) states that "without the oil crisis therefore the need to resolve the problems of lower growth, higher unemployment and de-industrialisation would have been pressing for the West" (p. 4). Accordingly, the need for change was the result of the declining economic power of the Fordist social forces, which were vulnerable to declining demand and problems of overproduction (Cox, 1982). Besides, the increasing international competition and the high wages of labour in Western countries in comparison with the developing countries led to a new low productivity problem. On the other hand, the organized working class and the progressive middle-classes became more militant in Europe and achieved a significant bargaining power during this period. They pressed for better living standards, which reduced the ability of competitiveness of European industrialists in the international market. Although the Fordist mode of accumulation was in a world-wide gradual crisis, the oil price increase hit hard first and foremost the US. When the first oil crisis started, the US could only produce 65% of its oil requirement and was highly dependent on foreign oil (Cox, 1982). At that time, OPEC could control almost 90% of all oil trade. The Arab countries of the OPEC increased the oil prices from $3 to $5 and decided to decrease the oil production by 5%. They continued to increase the prices and decrease the oil production each month when the US and the other Western bloc countries would not withdraw their support of Israel. The embargo continued for five months and during this period, the oil prices tripled, and the gas shortages influenced the daily life in the US. As initiated with the abolition of the Bretton Wood

System, the US economic power was already declining. The oil crisis further deteriorated the US economic structure. The recession started in 1973 and the Watergate scandal[86] resulted in the resignation of President Nixon. The US unilateralism in the foreign policy was accompanied by changes in domestic policies. The class compromise of the New Deal Synthesis was abandoned. The deregulation and deindustrialization became the main political strategy of the US, which led to a diversification of the financial tools of the investment banks. In that way, the money capital could increase its economic and political influence over the industrial capital. The US Fordist mode of accumulation which indicates the hegemony of the industrial capital on the financial institutions ended in the 1970s. In that sense, once again, the industrial capital became subservient to the money capital. Especially, after the second oil crisis, the Federal Reserve became free to deindustrialize the US capital and trivialize the trade unions based on the Fordist class compromises (Streeck & Schmitter, 1994, p. 145). Indeed, the transformation in the organic composition of the US capital could be quite hassle-free thanks to the general weakness of the producer classes. Besides, the tendency of the rate of profit in the Fordist mode of accumulation continued to fall during the 1960s. The state interventionist politics seemed to increase the economic turbulence and the unrest in the popular classes. During this period, the bourgeois organic intellectuals such as Friedrick Hayek[87] and Chicago Boys[88] became prominent in the global liberal fractions who mainly argued to return to the paradigm of the invisible hand of the market forces and to unchain the austerity politics worldwide while diminishing the Keynesian macro-economic demand management. However, European countries could not apply the same politics during this period due

[86] The Watergate scandal was a political incident between the years 1972 and 1974 which started with the arrest of five burglars who attempted to break in to the building of the Democratic National Community headquarters. In a short period, it was revealed that the burglars had relations with the President Nixon administration.

[87] Friedrick Hayek is an Austrian-British economist who was awarded with the Nobel prize for his defence of the liberal economic system. He had been one of the prominent figures of the Chicago School of Economics.

[88] The Chicago Boys had been used to define the Latin American economists who defended the neo-liberal policies such as deregulations, flexibilization and privatization. They became influential in the Latin American politics during 1980s.

to the militant working-class movement and Social Democrat Parties. Rather, they preferred to increase the corporatist economic precautions. They focused on "…close linkage between state and society through privileged participation of organized interests in policy, and through mutually supportive organizational arrangements between the machineries of government on the one hand and of large, centralized interest organizations on the other" (Streeck & Schmitter, 1994, p. 135). On the other hand, on the European level, the interests of big business and organized worker class could not be easily represented, which caused the interest groups to focus on the nation state governments. Streeck and Schmitter (1994) point out that not only the European Community mechanisms were too weak to meet the requests of the different class fractions, but also the interest groups were mostly organized at the national level and their international bonds were quite loose. This prevented them from conducting organized supranational lobbying activities. Indeed, the tradition of the international organization of the workers class was disrupted during the First World War when the socialist parties approved the war budgets and sided with their own national bourgeoisie. The Second International was dissolved at the start of the First World War due to war time conditions and the increasing ideological and political differences among its members. The international socialist movement split into three factions, the left-wing Bolshevik faction, the pro-war right-wing national socialist faction, and the pacifist centrist faction. After the unsuccessful Zimmerwald Congress and the October Revolution in 1917, the right and centrist factions became ineffective. The Bolshevik faction founded a new international workers movement in 1919, which was realized in the institutional structure of the Communist International, which comprised Communist Parties and groups. However, the Communist International was also dissolved during the Second World War by Stalin to calm the Soviet Union's war time allies. Although the international tradition was attempted to be maintained by several socialist and communist factions, they had always been quite politically ineffective, and the proletarian internationalism was reduced to a mere political discourse after the Second World War. The failures of the international worker organizations led the communist and socialist parties of different countries to organize within the national

boundaries and limit their joint political activities to solidarity movements until the foundation of the EEC. The Marshall Plan triggered new transnational organizations to be represented in Brussels. While the European bourgeoisie was organized in several transnational associations such as *Union des confederations de l'industrie et des employeurs d'Europe* (UNICE) [1958], the workers could build a European-wide parent organization, European Trade Union Confederation (ETUC) only in 1973. However, both the transnational bourgeois and proletarian organizations became ineffective due to their national-oriented traditions. Thus, the national interest groups preferred to act independently and opened their own offices in Brussels. Although the political climate was quite favourable for a European level neo-corporatism, the attempts toward a Eurocorporatism failed dramatically. Indeed, the rise of the social democratic parties after the 1968 movement and the militant working class in Europe prevented the deregulations of the banking and industrial capital for a while. The Paris summit of 1972 brought the heads of state and government of the European states together and concluded with an emphasis on the increasing involvement of the European Community into a wide range of social policy domains. The Labour organizations attempted to participate in the European level corporative mechanisms to achieve the macro-economic aims of the European Community. In the summit, the heads of states and governments of European countries decided to take "…vigorous action in the social fields as to the achievement of the Economic and Monetary Union. They thought it essential to ensure the increasing involvement of labour and management in the economic and social decisions of the Community" (Bulletin of the European Communities, 1972, p. 5). Instead of the Economic and Social Committee, the European leaders decided to organize the Tripartite Conferences to give the labour representatives more voice to ensure their participation in the Community policies. Until 1978, the representatives of national governments, capital and labour organized six meetings and discussed European wide economic problems and possible solutions. However, these European wide corporative attempts failed dramatically when ETUC withdrew from the Tripartite Conferences (Streeck & Schmitter, 1994, p. 139). In short, both the weakness of the bodies of the European Communities and the

transnational representative capabilities of the interest groups as well as the transformation in the global economy prevented the development of a supranational European corporatism during this period. On the other hand, the European national governments increased their corporatist acts and continued to put Keynesian economic projects into practice in government expenditures and bargaining processes. In that sense, the Economic and Social Committee[89] (ESC), the corporatist body of the EU and the Tripartite Conferences[90] became quite ineffective during this period. Beside the organizational and institutional deficiencies of both European Communities and interest groups, the change in the global political economy had been decisive in the failure of the attempts of Eurocorporatism.

On the other hand, the global economic changes deteriorated the European national corporatism as well, although the political climate and the balance of the social forces of the European countries were quite supportive for Keynesian and state interventionist macro-economics. The Second Oil Crisis revealed that the national responses to the repetitive economic crisis and the ongoing world recession would be insufficient, and a structural change should be triggered at both European and national levels. Meanwhile, the political change in the UK triggered a new economic and political stance which would balance the corporatist attempts during this period. In the following years, the UK became the main promoter of the neo-liberal politics under the Prime Minister Margaret Thatcher's leadership. She played a decisive role in the neo-liberal counter-revolution of the UK in the 1980s. Besides, her influence on the European unification paved the way for further hybridization of the European passive revolution.

[89] ESC was founded in 1957 with the Rome Treaty to involve different interest groups in the European integration process.
[90] The Tripartite Conferences aimed to bring the leading figures of the trade-unions, corporations and government together to sustain economic stability, productivity and full employment.

3.2.2. The rise of Thatcherism as the negation of the European Fordist Passive Revolution

The UK could easily adopt the neo-liberal deregulations due to several reasons. First of all, the liberal tradition of the UK already limited the state-interventionist practices, even during the peak periods of Fordism after the Second World War. As van der Pijl (1998) states, the British Isles had been the basis of the liberal tradition and the Lockean state-society complexes. The state-interventionist practices were quite new and met with significant suspicion among the British business elites and statesmen. On the other hand, the continental Europe was accustomed to the Hobbesian state practices and Caesarian welfare policies as it can be seen long before the Keynasian macro-economics in the Bismarckian social programs to balance the socialist party and trade-union movement. Thus, the rise of neo-liberalism and decline of the Fordist period was welcomed with great enthusiasm by the traditional social forces of the UK. Secondly, money capital had preserved its efficiency during the Fordist period despite significant nationalization practices of the Labour governments. Indeed, the Bank of England was nationalized by the Clement Atlee's Labour government while other banks were forced under heavy regulations. Even during this period, money capital could preserve its hegemonic power and profitability thanks to the emergence of the Euro-dollar market under the Bretton-Wood system. The London City became a prominent financial centre after 1957 when it started to accept dollar deposits from the European countries to lend them to finance international trade (De Cecco, 1987, p. 200). Last but not least, the foundation of the British civil society, (Bürgerliche Gesellschaft), which should be considered bourgeois in character, was developed in a bloodless revolution, which enabled the British bourgeoisie to establish its hegemonic power and strong inter-class alliances. In that sense, during the Fordist period, the British civil society could flexibly expand to the working class and subaltern masses, which enabled them to build alliances with the labour organizations and trade organizations, but still protect the bourgeois characteristics of the British state and society. Precisely because of its hegemonic character, the British bourgeoisie could end its alliance with the working

class in the 1980s and resolutely practice the neo-liberal policies and austerity precautions when the Fordist mode of accumulation fell into crisis and the global economy started to transform.

David Coates (1982) indicates the political crisis of the UK during the 1960s. Accordingly, both the Conservative and Labour Parties lost their electoral support after this period. “In 1951 the Conservative and Labour Parties together captured 96.6 per cent of all the votes cast. By 1974 they could manage to capture 75 per cent…” (Coates, 1982, p. 141). The world recession and the failure of the mainstream parties to manage the economic recovery was the main reason for the growing political crisis. Their share in the global economy and trade fell dramatically during this period. Meanwhile, the British political crisis grew rapidly as the unemployment rate grew faster than any OECD member state because of the deindustrialization which started in Britain much earlier than any other European country. While the labour force in the British manufacturing sector was 8.6 million people in 1961, the number of workers in this sector declined to 7.4 million people in 1975 (Coates, 1982, p. 144). On the other hand, the growing unemployment seems to have been balanced with the public sector employment. While the number of workers employed in the public services were 2.9 million in 1961, it became 4.7 million in 1978. The increasing government spending were considered to be one of the main reasons for high inflation, which reduced the general living conditions of the working-classes. Thus, the decline of the Fordist production and the failure of the corporatist attempts as well as the growing hegemony of money capital paved the way for Margaret Thatcher’s Conservative government. When Thatcher came to power in 1979, she was determined to prevent the harm of the Fordist Passive Revolution in both the UK and then in the general European framework. Indeed, her commitment to the neo-liberal macro-economics was much more developed than the previous Conservative leaders (Coates, 1982, p.145). She started to apply a new taxation scheme and a general reduction in the government spending to redistribute the wealth, which was generally considered an anti-Robin Hood practice, who *took from the poor and gave to the rich*. Besides, an

important share of the government spending shifted from social welfare budgets to the increasing expenses of the coercive forces, which were called quite more often by the government to suppress the gradually growing mobilization of the subaltern classes. Thatcher's anti-corporatist and neo-liberal legacy was acknowledged by most scholars. They believe that this legacy continues to dominate the British economic politics since 1980s. However, her Eurosceptic political influence was mostly ignored or disregarded, although her approach towards the European Community was quite related to her neo-liberal economic understanding. Indeed, Andrew Adonis and Tim Hames (1994) indicate that the victory of Margaret Thatcher changed the national mood of the UK and marked a new era, which had altered the old one formed by the Labour governments after the Second World War. Accordingly, Thatcher believed that she did not only launch a campaign against corporatism, Keynesian macro-economic demand programs or trade-union control on the economic system, but she struggled to rescue the UK from the paralysis of socialism. According to her, large-scale nationalizations including railways and banks should be considered the path of socialism as they deteriorated the British liberal market structure and paved the way for a centralized and bureaucratized authoritarian state. On the other hand, her Euroscepticism also mainly derived from her ideological stance against the centralization of the economic life and bureaucratization of the state structure (Higazy, 2020). In several speeches, she pointed out clearly how her Euroscepticism was related to her neo-liberal ideology: "we haven't worked all these years to free Britain from the paralysis of Socialism only to see it creep in through the back door of central control and bureaucracy from Brussels" (Thatcher, 1988, as cited in Higazy, 2020).

As indicated before, in Chapter 3.2.1, the UK resisted becoming a part of the European integration process, which was mainly framed in the Marshall Plan as a replication of the economic success of the corporate liberal economic structure of the US after the Great Depression of 1929. The UK refused to sign the Treaty of Rome and to be part of the EEC. Beside other issues, the main reason for this refusal was the ongoing colonial trade between the UK and the Commonwealth countries. However,

the success of the anti-colonial independence movements in Palestine, Jordan, India and Pakistan, Ceylon and Burma, Sudan, Malay states, Ghana, Nigeria, and the Caribbean as well as other African colonies paved the way for a pursuit of new economic trade channels (Higazy, 2020). The EEC was considered the most feasible economic alternative to balance the losses of the decline of the British Empire. During this period, the British Fordism had also infiltrated into the economic and daily structure of the UK and was advocated strongly in the British political society. Besides, re-increasing tendency of the US towards the European continent at the end of the 1960s spearheaded the Atlantic integrationist dreams of the British capitalists. In that sense, the Lockean heartland could be re-established under the leadership of the US, which at this time would also include the continental Europe. Indeed, van der Pijl (2012) claimed in his book, *The Making of an Atlantic Ruling Class,* first published in 1984, that the Lockean heartland had already expanded to the continental Europe during the Fordist period after the Second World War and the Hobbesian tradition of the European States disappeared in an Atlantic integration process. Similarly, Wolfgang Streeck (1997) believes that German variant of corporate capitalism disappeared under the pressures of globalisation and neo-liberal practices in the 1980s. However, as can be seen in different periods of the European history, the gradual Atlanticist expansion of the Lockean state-society complex was refused and at least resisted in different critical political moments by the European states. In fact, the successive refusals of the UK's applications for the accession to the EEC should be considered as instances of this resistance of the Hobbesian state-society complexes against the expansion of the Lockean heartland. This resistance might be seen as unsuccessful, since after the resignation of De Gaulle, the UK could be a part of the European integration process in 1973. Indeed, the UK increased the Atlanticist influence on the European integration process and transmitted neo-liberal counter-revolution, which started in the US with the Reagan period. However, the spread of neo-liberal practices could only start after the election success of Margaret Thatcher and her victory against the British Fordism and subaltern classes.

The decline of Fordism in the global scale and the rise of money capital starting with the deregulations in the US paved the way for the Thatcherist neo-liberal counter-revolution in the UK, which disabled the trade-union movement and mobilised the state forces against the workers and other subaltern groups.

James Tobin (1983) defines Thatcher's economic program as the start of the conservative counter-revolution in the UK. He believes that "the aim of the counter-revolution is to shrink the economic influence of government, especially central government, relative to that of private enterprise and free markets" (Tobin, 1983, p.30). One of the main results of this counter-revolution has been the retreat from the full employment policies which had started in the US with the avoidance of the Employment Act of 1946 and the Full Employment and Balanced Growth Act of 1978 (Tobin, 1983, p.30). While the unemployment rate increased during this period, real wages started to shrink due to the decreasing influence of the trade-unions, but also the increasing inflation. Thatcher believed that the market forces were paralysed by the excessive state power on the British economy with a high level of taxation and increasing government spending (Williams, 2019). According to her, the state-interventionism raised the prices and prevented the development of the businesses with over-regulative practices. Indeed, her first budget suggested a tremendous reduction in the government and public spending, which would harm the state-run industries and impose social costs on a large population in the UK. This triggered an important opposition movement in the Conservative Party and increased internal party tensions (Williams, 2019). However, Thatcher refused to make compromises to the opposition and executed her economic program no matter what the consequences would be in the inner-party disturbances and in the larger society. She unleashed the dynamics of free market in all areas including living and working conditions of the British workers. David R. Troitiño (2009) states that the Thatcher's first period was significantly influenced by the Second Oil Crisis (p.125). Her economic measures caused a large scale of discontent among the working-classes, but her victory in the Falklands War against Argentina paved the way for her second term as prime minister. She continued

to privatize the economy, reduce the role of the state institutions, and take strict austerity measures. During her second term between 1983 and 1987, the British Trade Unions grew their resistances with huge strikes and working-class solidarity movements. However, they could not achieve their aims and could not slow down the neo-liberal economic policies. Thatcher was determined to implement the austerity politics and cut the benefits of the working classes (Troitiño, 2009, p.125). In her third and last term, she could continue to privatize the education and health system and could liberalize the British economy to a large extent. Her neo-liberal vision was not limited to her opposition to the British state-interventionism, but she could extend it to the European level. Her political stance against Europe triggered an internal revolution in her party (Troitiño, 2009, p.125).

Although the Eurosceptic political tradition in the UK was not mainly started or ideologically formulated by Margaret Thatcher, her own strain of Euroscepticism became the most influential one in time. For instance, the British contribution to the European budget was first politicized by Thatcher in the British Parliament and then negotiated in the European Council for a long period. The debate on the British contribution to the European Community started right after the election of Margaret Thatcher. Accordingly, Britain spent too much for Europe but received too little. Thatcher insisted on discussing the British rebate in the European Council and threatened at that time to withdraw her country out of the EU (Troitiño, 2009, p.130). After several years, she could successfully put this debate on the European agenda. The UK rebate mechanism was adopted in 1985 and became quite beneficiary for the Britons. Indeed, it should be negotiated during the European Central and Eastern enlargement process, as the UK contributed too little to the EU budget. Later on, during the Brexit referendum period, the contribution of the UK to the EU budget was highly politicized by the Leave campaigners and became influential in the result of the Brexit decision. However, the figures announced to the larger public was significantly distorted and the UK's contribution seemed to have been exaggerated, while its benefits and gains were completely ignored.

Basically, Thatcher was not against the integration of the European markets or elimination of the customs of the European states, but mainly refused the strengthening of the supranational institutions, which may act as a super social democratic state and interfere with the market relations. She believed that the European single market should be part of the global market, which would allow free trade without state-interventionism. Besides, she would like to remove the obstacles to the money capital, which would help the City to increase its transactions in the Euro-dollar market. In that sense, Thatcherism was coherent to the global transformation of the structure of capital, which increased the hegemony of the money capital and made the industrial capital subservient to it.

3.2.3. The development of Embedded Neo-liberalism as the EU

Based on his research on the European Roundtable of Industrialists (ERT), van Apeldoorn (2003) suggests that the struggle of different social forces for the integration of different national markets into a single market ended in a hybrid European social order, which he called the *embedded neo-liberalism*. This social order was described as a post-Fordist structure, where the corporate-liberal features of the European passive revolution was significantly alleviated and the class compromise between the big business and the big labour has deteriorated. Accordingly, the deregulation and *flexibilisation* of the workforce ended the full employment regimes in the European continent. The wages of the workers started to decline as a result of the rising unemployment and the *deunionization*. Indeed, van Apeldoorn (2003) suggests that "embedded neo-liberalism is neo-liberal at its core – thus reflecting the outlook of the most globalised sections of European capital" (p.170). He describes the embedded neo-liberalism as a "hegemonic project - although preserving some elements of the post-war European model – entails a comprehensive transformation of the European order" (van Apeldoorn, 2003, p.170). However, the post-Fordist European order cannot be described as a full neo-liberal regime, because "it seeks to accommodate the orientations of other social forces" (van Apeldoorn, 2003, p.170). Basically, van Apeldoorn (2003) describes the developing European regime as

different from neo-liberal structures of the US and the UK due to the struggle of two additional European social forces against the global neo-liberalism, mainly the European neo-mercantilist[91] social force and the supranational social democratic[92] movement. Accordingly, the neo-liberal social forces were described as the mere result of the changing world economic regime and globalisation. They became hegemonic in the US and the UK in a short period. However, a deepening in the global economic regime did not transform the Fordist orientation and the corporate-liberal structure of the continental Europe immediately but started a gradual transnationalisation process in the European class structure. Unlike the class structure of the US and UK, which had been historically part of the liberal tradition and of the Lockean heartland as described by van der Pijl (1998), the emerging European transnational capitalist class has developed different fractions due to the influence of different capital structures and its reflections on the political and social structure. According to van Apeldoorn (2003), the European transnational capitalist class consists of two fractions: the *corporate-liberal Europeanist* and *neo-liberal Globalist*. Besides, the European worker movement should also be accepted as part of the *corporate-liberal* social forces in the form of social democrat parties and trade-unions. They can influence the political processes on both national and European levels.

The *corporate-liberal Europeanist fraction* of capital consists of the neo-mercantilist social forces. They seek to develop a strategy of European protectivism against the market forces unleashed by the globalisation process. On the other hand, the *globalist fraction* should be seen as the reflection of the neo-liberal social forces, which became influential in the European continent after the Thatcherist conservative counter-revolution in the UK. It should also be highlighted that the neo-liberal transformation enabled the money capital to rise again globally by unchaining it from

[91] Neo-mercantalism indicates an economic and political regime which attempt to centralize the monetary and fiscal policy in the hands of state. The neo-merchantalist regimes support exports, but attempt to prohibit imports.
[92] The social democratic ideology indicates welfare state and the supranational institutions as barriers against the market forces as they can limit the destructive features of vulture capitalism.

the state regulations. In that way, the industrial capital could once again become subservient to money capital integrated as finance-capital. In that sense, the gradual crisis of the industrial capital and the rise of the money capital could be first felt in the countries which controlled the finance centres. The underdevelopment of the money capital in the European continent enabled the industrial capital and worker movement to resist the neo-liberal forces in both national governments as well as in the European supranational bodies. As a result, the struggle between the *corporate-liberal Europeanist* and *neo-liberal globalist* social forces ended in a new regime of embedded neo-liberalism, which indicated a compromise between them. "The transcendence of the old globalism versus Europeanism divide has helped to establish the unity of the European transnational capitalist class, but it was a gradual process taking place through fractional struggle" (van Apeldoorn, 2003, p. 158). This compromise was constructed on the hegemony of the neo-liberal social forces. "Within this struggle, the globalists had now become the dominant group, but it also required leadership on the part of this now reinforced globalist fraction to effectuate" (van Apeldoorn, 2003, p. 158). However, the leadership of the neo-liberal forces could only be formed by a gradual struggle within the European supranational bodies such as the ERT and the Commission as indicated by van Apeldoorn (2003) in the rise of the European transnational capitalist class. Research focusing on the industrial capital should be considered limited to understanding the main dynamics of the intra-class struggle of the new transnational capitalist classes as it mainly avoids the rise of the money capital, which became once again dominant in the global economy. Indeed, the crisis of the Fordist mode of accumulation since the end of the 1960s paved the way for two different capitalist evolutions in the Lockean heartland and the continental Europe. While the US and the UK unchained money capital from finance regulations and unleashed market forces by limiting the state-interventionist practices, the European countries such as Germany and France attempted to practice a national level corporatism during this period. It should be seen as quite interesting that both dynamics undermined the European integration process, but their struggle for the European market deepened the integration process and furthered the evolution of the European

passive revolution. Indeed, the rise of the money capital and the neo-liberal regime of the UK resulted in a counter-balancing dynamic against the increasing power of the supranational bodies, which may act as regulative authorities against the market forces. On the other hand, the rising national corporatism among the European states threatened the very existence of the European integration process and started a new rise of the national custom duties and state-monopolist attempts. However, the national corporatist attempts failed dramatically at the end of 1970s. The social forces advocating the national corporatism, which targeted a new rise of the Hobbesian state-society structures on a national level, consolidated under the European-wide corporate-liberal movements in a transnationalization process. The corporate-liberal social forces were also in favour of establishing the European single market, but unlike the neo-liberal social forces, they defended a protective European market, not open to the global market forces. It is important to highlight that the corporate-liberal movement should be seen as an alliance of intra-class fractions and basically composed of the Europeanist fraction of the industrial capital and social democratic worker and trade-union movements.

While most of the European industrial capitalists advocated a neo-mercantilist approach to avoid competition with the industrial capitalists of the US and Japan during the 1980s, the social democrat workers defended a corporate-liberal Europe to continue the class compromise between the European big business and worker aristocracy. Basically, the resistance of the corporate-liberal social forces should be seen as a defensive movement against the rise of the money capital and the globalisation process. Both the European workers and the industrial capitalists would like to prevent and further develop the economic and social structures of the Fordist regime as the main beneficiaries of this mode of accumulation. On the other hand, money capital was highly regulated and restricted in the Fordist mode of accumulation and became subservient to the industrial capital. Thus, the gradual transformation after the 1973 oil crisis should be seen as the rise of money capital and its construction of hegemony over the industrial capital and the subaltern classes. Although the money

capital and the neo-liberal social forces became the dominant fraction in the emerging EU, they also compromised with some demands of the corporate-liberal forces. The neo-liberal and corporate-liberal forces confronted each other and then reconsolidated mainly in three interactions, basically in the financial market, production, and political relations. First and foremost, the compromise with the industrial capital occurred in the market relations. The European countries and industrial capitalists seem to accommodate the finance-capital of the US and the UK in order to receive more foreign direct investment (FDI) to increase their production capacity. Some national industrial champions[93] should attract British and American bank credits and foreign investors to be able to reach a capacity to function as a European-wide industrial power. In that sense, the transnationalisation of the European capitalist class was at the same time a new intertwinement between the Atlantic finance-capital and the European industrial bourgeoisie. In that sense, the development of the hegemonic leadership of the money-capital formed a new Atlantic order, which built a new hierarchy between the Atlantic finance-capital and the European industrial capitalist fraction. As money capital was significantly underdeveloped in the continental Europe, the hegemony of money capital also meant a hierarchical relationship between the dominant Atlantic financial centres and subservient European industrial giants.

Besides, the neo-liberal counter-revolution influenced the social relations in the production process. The changing ideological paradigm promised the industrial capitalists to deregulate and to further flexibilization of the workforce to compensate for the losses incurred by the general tendency of the rate of profits to fall[94] (TRFP). In that sense, the dismantling of the European welfare-states was also in line with the interests of the industrial fraction of the corporate-liberal social forces as were the neo-liberals. However, they did not advocate a distinctive austerity program for a long time.

[93] Although the term "national industrial champions" originates from the neo-merchantalist ideology, the unchained financial capital could penetrate through the national borders during the post-Fordist period and merge the industrial capital in a transnational capital regime.

[94] The Marxist law of capital points out that the ratio of the profit to the capital cannot stay stable, but decreases over time. This was interpreted by the Marxist theory that the growth of capital undermines the sustainability of the capitalist system and engender frequent crises.

For example, Wisse Dekker, Chief Executive Officer (CEO) of Philips from 1982 to 1986, the spokesman of the ERT between 1988 and 1992, saw the welfare state incompatible with the interests of the European productive forces. However, he defended a selective protectionism rather than a bourgeois offensive against the workers' rights. "…Dekker's position in fact reflected the general orientation of most members of the ERT at the time. Although it was acknowledged that the so-called [European model], with its high social security costs and its labour market inflexibility, needed reform, a radical restructuring of this model was not envisaged" (van Apeldoorn, 2003, p. 127). Until the 1990s, the corporate-liberal social forces did not dissociate, although their antagonistic interests were irreconcilable in the production processes.

Last but not least, the rise of money capital and the neo-liberal social forces became influential in political relations. The election of Margaret Thatcher started a new transformation in the Conservative Party towards a Eurosceptic political stance against the European supranational integration. Although Andrew S. Roe-Crines (2020) starts Thatcher's struggle against the European bodies with the negotiations for the SEA, the debate for the UK rebate regarding the Value Added Tax (VAT) contributions began just after Thatcher's election victory and formed the initial anti-European stance in the British public. This struggle lasted for four years, and during this period, it paved the way for the development of a new Europessimism inside the Conservative Party. Besides, *I want my money back*[95] rhetoric did not only mark an era of the 1980s in the British history but became highly influential during the Brexit campaigns. Thatcher's political attitude should not be considered only an inspiration for the Brexiters, but also for the Europessimistic political rhetoric, which was formed during this and subsequent campaigns against a centralized Europe. It was further developed inside the Conservative Party and then among the larger British public, even

[95] Thatcher's rhetoric on the British contribution to the European budget became a significant political motto during the Brexit campaign. Boris Johnson used the same rhetoric with his famous Brexit bus: "We send the EU £350 million a week. Let's fund our NHS instead."

after Thatcher's resignation. Indeed, her Bruges speech of 1988 set the framework of the Euroscepticism until the British withdrawal from the EU. "The impact of the speech laid the foundations for the Eurosceptic arguments she and others would later use whilst no longer prime minister. These arguments matured within the various Eurosceptic groups in British politics between 1988 and 2019" (Roe-Crines, 2020, p.189). It should be highlighted that Thatcher's Euroscepticism gradually changed after 1983 (Roe-Crines, 2020, p.189), although she continued to contribute to the establishment of the Single European Market. This was indicated as a "schizophrenic attitude towards Europe" (Gowland, 2016, as cited in Roe-Crines, 2020, p.189) as she would like to further the integration process, but at the same time attempted to block the development of the supranational bodies and requested autonomy for the nation states. This dual characteristic of her attitude towards the European integration process could only be understood in her struggle against the corporate-liberal social forces of Europe. Indeed, Thatcher saw the developing supranational institutions as tools of a new kind of bureaucratic centralization, which would prevent the free market forces from functioning properly. She believed that even the communists abandoned their centralization tendencies. "It is ironic that just when those countries such as the Soviet Union, which have tried to run everything from the centre, are learning that success depends on dispersing power and decisions away from the centre, there are some in the Community who seem to want to move in the opposite direction" (Thatcher, 1988, as cited in Roe-Crines, 2020, p.195). Thatcher could slow down the deepening process and could transform some of the European institutions during the negotiations for the SEA and then the Maastricht Treaty. The transformation of the capitalist class in the market and production relations and the political struggle of Margaret Thatcher to prevent the supranationalist transformation of the European integration process has been decisive in the further hybridization of the European passive revolution. The Fordist corporate-liberal setting of the European passive revolution was negated during this process and dialectically transformed into its opposite as an embedded neo-liberal order. The corporate-liberal social structure of the European bodies and as well as the individual nation-states evolved to adopt a neo-liberalized global and European

structure. However, as van Apeldoorn (2003) indicated "within [continental] Europe, there are so far stronger limits to this process of disembedding than for instance in the Anglo-Saxon countries, and inasmuch as these limits are acknowledged, the neo-liberal project tends to be reformulated by incorporating elements of other ideological orientations into its discourse as well, albeit at a subordinate level" (p. 159). In that sense, the neo-liberal counter-revolution became effective in the transformation of the European integration process but only to a degree, and this resulted in an embedded neo-liberal regime. The new regime was an outcome of the struggle between different social forces for the reproduction of the economic and social relations on the one hand, but it was the transformative influence of the economic and political neo-liberalism against the corporate-liberal structure of the European integration process, on the other. Indeed, the neo-liberal social forces have been successful against the corporate-liberal political mobilizations by opening the European borders to the global capitalist class and by dismantling the European welfare states. However, the unification of the national markets into the European single market resulted in further deepening the process in the European passive revolution in areas such as the common currency and the financial integration, as can be seen by the establishment of the European Central Bank. In that sense, the development of the European market in the SEA and then in the Maastricht Treaty resulted in a new recentralization and supranationalism. While the neo-liberal social forces could effectively defeat the economic and social policies of the corporate-liberals, who would like to build a new Euro-protectionism to compensate their losses due to the decline of the Fordist mode of accumulation, they helped to build a new European supranational structure, which aimed to further the deepening the process in areas such as economic and social policies. In that sense, the achievements of the neo-liberal social forces could be considered a *Pyrrhic victory*, which led to a new centralization and bureaucratisation in Brussels.

The term embedded neo-liberalism points to the dialectic characteristics of the EU, formed in the struggle of the opposing intra- and inter-class fractions. Thus, the concept was derived from two antagonistic concepts, which may be considered an

oxymoron (van Apeldoorn, 2003, p. 159). While the neo-liberalism indicates the deregulation of the markets from the state rules and rescuing the economic domain from the non-economic political and social mechanisms, the embeddedness implies protective measures in the border regime as well as social protection. However, it should be distinguished from the embedded liberalism, which belongs to the framework of the Fordist mode of accumulation. Although both embedded liberalism and embedded neo-liberalism imply a mixed-economic regime, in which the market forces are balanced by non-economic social and political institutions, their main difference could only be understood in their historical development. While the embedded liberalism defines an embedding process of market forces to the political and state institutions, embedded neo-liberalism indicates a disembedding and unleashing process of market forces. The analytic approach might interpret their difference in the degree of the state-interventionist policies and their influence on the economic and social structures. However, the historical materialist approach defines them as two opposite hegemonic structures due to the changing role of the class actors. While the money capital was severely chained by state regulations in the embedded liberalism, and the industrial capital became the dominant fraction in the capitalist class, the embedded neo-liberalism was a result of the global transaction flows of the Lockean heartland to the European continent in the form of the FDI. "… FDI flows have increasingly come to dominate global economic transaction flows and have become the driving force behind the globalisation process…" (van Apeldoorn, 2003, p. 166). In that sense, van Apeldoorn (2003) indicates that the changing composition of the global capital and the class structure of bourgeois classes during this process. According to him, the change of the strategies of the industrial capitalists spearheaded the transformation in the globalized capitalist mode of accumulation. "An ever more liberal attitude vis-à-vis FDI both in the industrialised world and in the host countries of the developing world has played a crucial enabling role in this process" (van Apeldoorn, 2003, p. 166).

In that sense, the embedded neo-liberalism emerged as a consensus between the neo-liberal and the corporate-liberal social forces. However, the contradiction between these social forces did not disappear in the Maastricht Treaty but only compromised further economic development in the form of a unified European market. Thus, the European model of capitalism has never been a pure neo-liberal economic structure, as "within the European context that the neo-liberal offensive had to overcome the resistance of the institutionalised traditions of corporatist class relations, social and industrial protection offered by an often interventionist state, and other elements of embeddedness" (van Apeldoorn, 2003, p. 180). This very compromise between the different fractions of the transnational capitalist class and the trade-unionist social democracy over the embedded neo-liberalism led to the establishment and development of the Single European Market. The European Single Market removed the custom tariffs and standardized the technical obligations and product documentations. It enabled trade and capital flows between the European countries without any restrictions. Common rules were applied to market players in all European countries. However, common rules meant to have a single authority above the nation states, further deepening the European supranationalism. Thus, the success of the unification of the European market did not end the contradiction between the different social forces but crystallized it and became visible in the political domain. The monetary union was the very result of the establishing of the single market to be able to function smoothly. However, the implementation of the Economic and Monetary Union, which was decided in the Maastricht Treaty, became the first main debate between the neo-liberal and corporate-liberal social forces.

Irish government archives, which were opened in 2020, indicate the struggle between the Delors committee and Margaret Thatcher over the single currency ("Margaret Thatcher said", 2020). Delors saw the single currency and the single market as indivisible and believed that the success of the single market was very much depended on the monetary union of the European countries. On the other hand, Thatcher believed that a common currency would never be successful and ruin the

European economies. Besides, she was also terrified that the unelected European Commissioners would attain too much power abuse this power to achieve a supranational Federalist European Union. She insisted on transforming the Commission into a technical civil service by reducing its initiative and increasing the authority of the Council of Ministers ("Margaret Thatcher said", 2020). The released transcripts of the talks between Margaret Thatcher and the Irish Prime Minister Charles Haughey indicates that the British Prime Minister felt uneasy about the autonomous initiatives of the European Commission and Delors' federalist plans over the European integration process. "We are trying to get Eastern Europe to accept democratic standards and here we are recreating our own politburo. They are just too much" ("Margaret Thatcher said", 2020, para. 15). During their talk, she claimed that "In talking of a single currency, [Jacques] Delors must have had a rush of blood to the head" ("Margaret Thatcher said", 2020, para. 4). Besides, she believed that giving the right of taxation to the European Commission should be considered a violation of the national sovereignty of the British Empire.

Although Thatcher could not prevent the launch of the single currency, her political attitude seems to politicize the Eurosceptic Tories against the EU. Thatcher's political arguments continued to be propagated in the Eurosceptic circles as the Brexit campaigns were mostly launched around similar arguments such as the British tax contribution, the *unelected bureaucracy* of Brussels and the violation of the right of the national sovereignty. Thatcher's last struggle to prevent the EMU was at the Rome summit in October 1990. Her fervent anti-EMU speech triggered a revolt in the Conservative Party and led to her resignation. However, her Eurosceptic stance grew inside and outside the Conservative Party until the 2016 referendum, which resulted in Brexit. Thus, Brexit should be seen as the very result of the Eurosceptic arguments defended in the Rome summit.

The Euro-enthusiastic Foreign Minister Sir Geoffrey Howe indicated the danger of the decrease of the influence of the UK in his resignation speech after the Rome

summit in October 1990: “Of course, as I said in my letter of resignation, none of us wants the imposition of a single currency. But that is not the real risk” (“Sir Geoffrey Howe’s resignation”, 1990). He further added: “The 11 others cannot impose their solution on the 12th country against its will, but they can go ahead without us. The risk is not imposition but isolation” (“Sir Geoffrey Howe’s resignation”, 1990). “The real threat is that of leaving ourselves with no say in the monetary arrangements that the rest of Europe chooses for itself, with Britain once again scrambling to join the club later, after the rules have been set and after the power has been distributed by others to our disadvantage. That would be the worst possible outcome” (“Sir Geoffrey Howe’s resignation”, 1990, para. 22). According to him, the US had lost the opportunity to influence the integration process from the start as she joined quite late the European club, but it became an influential member since 1973 and could shape the European politics. He states that the Community should not be accepted as a *static entity* and the UK should participate in the European politics as the real danger for the UK was to isolate itself in the EU. In that sense, Sir Geoffrey Howe’s resignation points out a strategic difference in the Conservative Party, not an ideological one. Both Thatcher and Howe seem to oppose the single currency and the pooling sovereignty as well as the increasing supranationalism of the EU. In that sense, they both opposed the corporate-liberal development of the European integration process. Besides, both Thatcher and Howe had worked together for the neo-liberal transformation of the EU. However, Thatcher advocated a defensive Eurosceptic strategy, which meant isolating itself from the rest of the EU. On the other hand, Howe believed in active engagement to transform the EU with a neo-liberal agenda. Sir Geoffrey Howe’s resignation triggered the events which ended Thatcher’s active political career in the British Parliament. Besides, after this period, the UK continued to pursue the active engagement strategy in the EU. In that way, the British politicians preferred to involve the European neo-liberal transformation to slow down the supranational development of the Union. Until the Euro-zone crisis, which was the mere result of the 2007-08 mortgage crisis in the US, the corporate-liberal social forces made compromises with the neo-liberal open market strategy and the deregulation policies.

3.3. The Third Moment: The Increasing Tendency of Corporate-Liberalism and Brexit (2007-2022)

The 2007-08 mortgage crisis in the US signalled a new global era with the gradual decline of the hegemonic position of the money capital. The neo-liberal ideologies weakened during this period. This resulted in the gradual rise of both the corporate-liberal and state-monopolist tendencies. Indeed, the state-interventionism to rescue mainly the financial markets revealed the main contradictions of the neo-liberal project based on the *self-regulating market* ideology. The global response to the mortgage and the subsequent Euro-zone crisis was mainly accepted as the signal of "a return of the state and of statist regulation to the center stage of global capitalism" (van Apeldoorn et al., 2012, p. 467). Angela Wigger and Hubert Buch-Hansen (2012) indicate that the outbreak of the crisis has damaged the myth of the self-regulating markets as a result of the 2007-08 and then the subsequent Eurozone crisis (p.24). Besides, van Apeldoorn et al. (2012) state that the 2007-08 crisis differs from the previous financial crises as the "underlying crisis of over-accumulation, and with a crisis of the neo-liberal hegemonic project that has shaped the course of global capitalism for the past decades" (p.471). The previous crises such as the Argentina crisis of 2001 or Asian financial crisis of 1997 occurred in the capitalist periphery, which had little effect on the advanced economies. However, the capitalist heartland was hit hard with the 2007-08 financial crisis and the US became the epicentre for other core capitalist countries and the developing states, which basically relied on the neo-liberal economic growth strategies and had strong ties with the global financial system. The 2007-08 crisis also marked the differences between the state-regulated and neo-liberal capitalist development strategies. The countries outside the core such as India, China and Russia could escape from the effects of the crisis due to their state-regulated economies. On the other hand, the capitalist West adopting the neo-liberal strategies could not manage the financial fluctuation due to the chronic problems of overaccumulation and the developments in the production cycles, which resulted in the growing poverty gap since the 1980s. The worldwide liberalisation of the

transnational capital and financial markets had led to the acceleration of the rise of the new corporate giants both inside and outside the capitalist core. This created new production cycles and capitalist markets, but also an intensification of the capitalist exploitation, which resulted in a high rate of unemployment and wage reductions. The increasing global competition may raise the levels of accumulation in the capitalist heartland due to the financial hegemony, but the industrial capital started to be transferred to the growing Global South. This spatial shift revealed a new level of geographical divergence of hegemony based on the capitalist fractions of finance and production. Despite the new financial giant cities in the Global South, the industrial capital continued to dominate these new Hobbesian state-capital nexuses and gave rise to alternative international structures such as Brazil, Russia, India, China, and South Africa (BRICS) meetings. On the other hand, the neo-liberal transformation since the mid 1970s consolidated the hegemony of the money capital in the capitalist core. The collapse of the financial markets declined the hegemonic power of the neo-liberal social forces, although they continued to be the dominant fraction in the capitalist class. However, the gradual decline of the neo-liberal ideological structure changed the relations in the EU. Once again, the corporate-liberal social forces became dominant in the Union and paved the way for the subordination and then even exclusion of the main neo-liberal actors.

3.3.1. State-civil society relations before the crisis

The Fordist passive revolution transformed the state and civil society structure of the US before the Second World War. Although the Fordist industrial revolution proved its productivity since the 1920s, it became the dominant mode of accumulation only after the Great Depression of 1929, when all other options were exhausted, and the American financial system collapsed. In that very moment, the hegemony of finance-capital started to threaten the whole American capitalism, hence it was believed that the self-regulating markets should be embedded with the state institutions. Indeed, the New Deal synthesis could be considered a deterioration in the bourgeois ideology and capitalist understanding, which was mainly based on the distinction of the political and

civil societies.[96] Starting from the New Deal Synthesis, it was the first time when the boundaries between the civil society and the political community was blurred in the Lockean heartland. The American state-society nexus, which was accepted as the closest to the pure form of the capitalist society by Marx, started to regulate the self-regulating financial markets in a state-interventionist liberal way. This passive revolution could be well managed due to the emergence of the new industrial revolution of the Ford companies, which enabled to raise the wages of the ordinary unskilled factory workers. While the money capital was confined with the state regulations, the industrial capital could build a new hegemonic bloc with a progressive alliance including the subaltern classes. Indeed, the trade union movement could also take part in this transformation at the expense of the general passivity of the American worker class. The American passive revolution during the New Deal Synthesis was shaped in the hegemony crisis of the bourgeoisie but resulted in the hegemonic leadership of industrial capital in a class collaborative alliance. Thus, it took the form of a corporate-liberal structure.

At the same period, before the Second World War, the European states also experienced a passive revolution. However, the dominance of the old parasitic classes in the state structures led to a state-monopolist transformation, which was the result of the alliance between the land-owner aristocracy and the industrial bourgeoisie. The confrontation of the Lockean heartland and the European state-monopolist Hobbesian state-society nexuses ended in the Second World War and the corporate-liberal system spread to the continental Europe in the form of a Fordist passive revolution. Not only

[96] In its pure form, the civil society was mainly regulated by the rules of the market and the superstructures emanated from the economic base was basically created or transformed by the bourgeois hegemony. In that sense, the notion of civil society in the Marxist sense involves the economic base, the social structures as well as all types of civil organizations. They are basically ruled by the market relations or to regulate the market relations to enable them to perform better. However, the political community was mainly seperated from the civil society in the capitalist system by the revolutionary act of the bourgeoisie such as in the Glorious Revolution of 1688 or in French revolution of 1789 as well as in the American Independence War of 1775.

American Fordism, but also Soviet Fordism[97] shaped the continental Europe after the Second World War and established quite stable economic structures until the start of the 1970s.

The global corporate-liberal structure started to collapse at the end of the 1960s with the decline of the profits of the Fordist mode of accumulation due to the overaccumulation crisis in the industrial capital. However, it continued to be the dominant mode of accumulation until the emergence of the two oil crises of 1973 and 1978. Once again, different solutions were experimented with in different capitalist countries from mainly state-monopolist corporate solutions to the post-Fordist self-regulated market relations. The deregulation of the financial markets in the US and then in the UK prevailed over other state-interventionist economic programs. The renewed liberalisation and the differentiation of the state-economy relations; namely, the political and civil societies took the form of a bourgeois offence to the acquired rights of the working classes. Basically, the state-society relations were attempted to be transformed in its original set-up framed in the capitalist ideology. The production and market relations were decoupled once again from the political relations and all economic relations were attempted to be depoliticised. In that ideological sense, all problems of production and market relations should be handled in the structures of the self-regulating civil society. Any attempt of politization of the production or market relations was seen as interventions to the self-regulating markets, which corrupted the capitalist relations and prevented it from performing its inner logic. Accordingly, the monopoly of the labour in the form of worker unions and their strikes were also considered the politization of the production and market relations or an outer intervention against the smooth functioning of the capitalist relations. In the liberal ideology, the political community should take the form of a capitalist state, which prevents the self-regulating capitalist markets from the outer interventions. Hence, the

[97] The Fordist technology and organisation transferred to the Soviet Union in 1929 through the Dybets Detroit commission as part of the First Five Years Plan. Later on, Stepan Dybets became the Head of the Soviet automobile and tractor industry.

political community was reduced and limited to the mechanisms of the state, which protected the freedom and autonomy of the self-regulating markets.

The neo-liberal bourgeois counter-revolution became the main offence of the bourgeoisie as a re-enactment of the liberal ideology at the start of the 1980s. It re-established the capitalist ideological set-up and transformed the dominant mode of accumulation, but as Marx once admitted in his book *Der 18te Brumaire des Louis Napoleon* that the history repeats itself twice *the first time as tragedy, the second time as comedy* (Marx, 2008). Indeed, the reactionary neo-liberal practices have never played a progressive role as once did the liberal praxis in the industrial and bourgeois revolutions.

First of all, the neo-liberal offence was born out of the Fordist mode of accumulation to materialise the hegemony of money capital over the industrial capital and labour, which formed a collaborative alliance in the state-interventionist system during the Fordist passive revolution. It freed money capital from state regulations but also unleashed destructive dynamics of the capitalist reproduction, which had once caused the 1929 Great Depression. The deregulation of the money capital and the decline of the profits in the industrial capital changed the hegemonic relations inside the capitalist class.

The neo-liberal offence ended the collaboration between capital and labour by limiting public funding such as income supports, housing benefits and pension supports. Besides, it led to a wide range of privatisations and restrained the state outside the market economy. Above all, the neo-liberal state was revealed once again as the bare instrument of monopoly of violence on the defence of the self-regulating markets. Indeed, the resistance of the British miners and other working organization strikes against the neo-liberal offences were quelled by the brutal force of the *democratic* state. The Fordist period enabled the political community to intervene in the market relations in the form of worker rights such as minimum wage and other social supports. In the post-Fordist era, all these privileges and the rights of the workers

in the advanced capitalist countries were attacked by neo-liberal free market. The reactionary social agenda of the neo-liberal offence could also be seen in the deterioration of education, healthcare, and other public systems. While privatization may increase the competitiveness of the industrial capabilities of the capitalist heartland, it definitely reduced the ability of the majority of the population to reach their basic needs. However, the neo-liberal agenda could not keep its promise for the industrial efficiency, either. More and more, the industrial capital shifted to the Eastern production centres. In that way, the hegemonic influence of money capital over the industrial capital was reduced to bare economic tools such as FDIs. This geopolitical constellation of the different capital fractions changed the global relations, especially after the financial crisis of 2007-08.

The clear separation between the civil and political communities based on the neo-liberal ideology revert the capitalist states to their essence as the capitalist tool functioning as market-protecting and market-creating. While it attacks the rights of the worker class inside the national borders, it started to pursue an interventionist violent foreign policy to open new markets and control rich underground sources to guarantee the continuation of the accumulation cycles. These practices paved the way for a new era of imperialist strategies of the Western capitalist states and increased the tension between them.

Indeed, the decline of the neo-liberal mode of accumulation since the start of the 2000s led to the questioning of the US hegemony. The fault lines in the Western alliance became more visible since then. While the US-led war on terror could become quite successful initially and resulted in the unanimous decision of the Western Alliance to invade Afghanistan, the period starting with the Iraq war of 2003 revealed the disagreements in the Western Alliance and resulted in polarisation among the advanced capitalist states. While Blair-led UK joined the Iraq invasion, which was decided unilaterally by the US, Germany and France resisted passively to the armed intervention and proposed a rather peaceful mediation in the area. Although the

successful military campaign of the US in Iraq decreased the tension initially, the long-term effects of the invasions in Afghanistan, Iraq and then in other Middle Eastern countries increased the problems in the Western Alliance as the growing economic burden of these invasions continued to be covered mainly by the US. Indeed, the European countries refrained from sharing the military and social costs of the U.S. troops in the form of NATO military command forces.

During this period, the EU member states were also polarised basically in relation with the global disagreement on the militarisation of the world affairs. The debates on the EU unified armed forces basically pointed out the same fault line in the European continent. While some EU members led by France and Germany insisted on the independent European Army, the other member states including the UK stated the dangers of the duplication of the NATO capabilities.[98] During the 2003-2004 debates in the EU institutions, the UK-led member states strongly opposed an alternative EU armed organization to NATO and declared their aim that the NATO continued to be the main security organization for the EU. The polarisation during the Iraq war and the debate over the European unified army revealed the confrontations in the Atlantic Alliance and inside the EU. The 2007-08 crisis relieved the tensions between the continental members of the EU initially but then escalated it to a confrontation between the ideological understandings of the Anglo-Saxon and continental European capitalism.

3.3.2. Reconfiguration of the state-civil society relations after the crisis

Despite the tensions in the Western Alliance, the core states of the Lockean heartland and the transnational financial capitalist class could build its hegemony once again after the Iraq war. However, the outbreak of the financial crisis of 2007-08 and its contagion to the EU in the form of Euro-crisis changed the power relations inside the

[98] The US and the UK worry that the military capabilities of the EU may undermine the transatlantic relations and the functionality of NATO. Thus, they believe that the EU military operations should be performed by NATO capabilities. In that sense, the military assets which belong to the US should be borrowed or rented by the EU.

capitalist class. The hegemony of the money capital started to be questioned again. The comprehensive state-interventionist practices to rescue the self-regulating financial markets weakened the neo-liberal ideological approaches. The importance of state was rediscovered once again by the organic intellectuals of the bourgeoisie. A more interventionist and populist state culture became an alternative to the liberal globalist worldview. This led to a variety of different approaches in the state-civil society relations in various capitalist states. While the countries such as the US and the UK continued to pursue the neo-liberal practices after a short fluctuation, the Global South continued and benefitted from its state-led grow strategies. On the other hand, the populist leaders became stronger and more visible. Indeed, the decreasing influence of the liberal ideology resulted in the rise of state-monopolist tendencies in the European continent. The devastating effects of the capitalist crisis increased the political interest for both right-wing and left-wing populist movements advocating to return the Hobbesian European states once again in the global politics. It is not surprising that this increase of populism took the form of Euroscepticism and anti-globalism.

While the US and the UK hesitated to take responsibility to rescue the crisis-ridden European states such as Greece, they also started to withdraw their armies from some failed states in the Middle Eastern countries. This further increased the humanitarian crisis in these states and paved the way for the booming of the migration practices. Thus, the European refugee crisis, which started in 2015, should be considered in relation with the crisis of finance-capital and neo-liberalism since 2007-08.

Both the Euro-crisis and then the European refugee crisis increased the Euro-sceptic political movements and populist leaders. On the other hand, the corporate-liberal forces revealed once again in the political scene to rescue the crisis-ridden European countries and led the rescue packages, which may include quite intensive austerity measures. In a short period, Germany started to lead the rescue programs in

the Eurozone countries through EU instruments or state-led initiatives. The main attempt of the rescue programs was to secure the financial structure and accumulation cycles of the European states. Along with austerity policies, the financial system of the European states was regulated once again, and the industrial capital attempted to be revived. This led to a further deepening with new regulations regarding the investment banking and financial structure in the EU. Due to the hesitation of the UK to intervene in the crisis-ridden countries in the EU, Germany took the initiative to rescue the Euro area from the crisis and thus became influential in the regulative practices in the EU. As a result, the money capital lost its hegemonic power during the financial crisis and could not prevent the banking regulations in the Eurozone area. However, after the peak period of the crisis, a mild and unsuccessful resistance by the UK could be seen in the EU bodies.

3.3.3. Reconfiguration of the banking regulations and financial system in the EU

In 2007-08, the major mortgage crisis, which started in the US, became effective worldwide in a short period (*The History of the - 2008*, 2018). The crisis was revealed when the mortgage lender companies, Freddie Mac and Fannie Mae were bailed out by the US intervention (*The History of the - 2008*, 2018). The financial markets on both sides of the Atlantic started to experience fluctuations. Not only the US banks, but also the European banks started to experience the effects of the crisis. Some important steps were taken during this period by the EU institutions. In October 2008, the European Council decided to apply new European-wide regulations on the financial markets such as international surveillance and new regulatory standards (*The History of the - 2008*, 2018). One month later, the G-20 meeting took similar decisions to implement new reforms on a global scale. On February 2009, the *Larosiere Report* was published, which became influential in the later decisions of the EU. The European Council decided to transfer 5 billion Euro aid to the countries, which started to be affected by the ongoing US economic crisis (*The History of the - 2008*, 2018). Two months later, a special EU meeting was organised in Prague to speak about the

influence of the crisis on the employee markets. However, these steps became ineffective to prevent the escalation of the crisis in the Eurozone. As the hard-hit country by the Euro-zone crisis, the Greek economic rescue plan became a hot topic in the EU. The UK refrained from participating in the rescue discussions. On the other hand, the European leaders started to meet regularly to discuss the developments in the Greek economic crisis and its efforts to apply the austerity and other financial measures *called Stability Program for 2010* (*The History of the - 2008*, 2018). In March 2010, the European Council announced the agreement of 16 European countries to back Greece in its efforts for its recovery. In another European Council meeting, the *Europe 2020* program was accepted. Its targets were mainly constructed to reduce the effects of the Eurozone crisis and to stabilize the European Economic Area (*The History of the - 2008*, 2018).

However, the effects of the Eurozone crisis expanded further to other countries. The EU decided to support Ireland to contain the effects of the crisis and to stabilize the Euro rate (*The History of the - 2008*, 2018). Meanwhile, the EU decided to audit the core European banks and started the so-called stress tests to reveal their ability to resist the economic shocks. However, eight of them could not pass the tests, which was accepted as a major risk in possible further escalation of the crisis (*The History of the - 2008*, 2018).

In 2011, new European institutional authorities started to regulate the European banks further. The European Banking Authority (EBA) was founded to increase the transparency of the financial structures and discover their weaknesses for the EU bodies and member state governments by undergoing stress tests. It was established as a supranational body which has the authority to overrule the European member states if they cannot take the necessary precautions regarding the weakness of their financial institutions. Besides, the European Insurance and Occupational Pensions Authority (EIOPA) was established as part of the European System of Financial Supervision (*European Insurance and Occupational Pensions Authority (EIOPA)*, 2021). Its

executive board consisted of the representatives of national insurance and occupational pensions authorities. Its main aim is to keep the financial systems stable by ensuring the transparency of the financial products. In that way, it protects the insurance holders and pension scheme members. At last, the European Securities Markets Authority (ESMA) was established to enhance the protection of the financial investors (*ESMA*, 2021). Besides, the European Stability Mechanism (ESM) was initiated by the European states, which can lend €500 billion to the countries in crisis. These institutions were also perceived as supranational interventions to the national authorities and independent financial markets. However, the devastating influence of the Eurozone crisis could still be felt, thus the opposition of the neo-liberal social forces was significantly weak. In November 2011, the Commission introduced a new package to deepen the EU economic integration. One month later, the European Council announced the new fiscal compact (*Treaty on Stability, Coordination and Governance in the Economic and Monetary Union*) of the European member states, which pointed out their aim to coordinate the financial policies. At the start of 2012, the fiscal compact was accepted by almost all European countries, but the UK refused to be part of this coordination. Starting from 2012, the opposition of the UK against the stricter surveillance on the financial markets became more visible. Besides, the Greek financial crises debates were narrowed only between the Euro area governments led by Germany. In February 2012, the Euro area finance ministers met to debate the Greek financial problems and a second program was introduced to keep Greece in the Eurozone. It meant more control on the Greek financial markets and debt structure. On the other hand, the European Parliament adopted new legislations on the derivative markets, which were accepted as the main reason for the global financial crisis. In May 2012, the European Commission proposed a new guidance plan for the European member states to balance their national budgets. In June 2012, the European leaders agreed on a new economic body, *Compact for Growth and Jobs*, which immediately released an aid of €120 billion for investment. Another important development towards the deepening of the intervention of the EU in the financial markets has been the foundation of the Single Supervisory Mechanism (SSM), which allowed the European

Central Bank to assess and supervise other Euro area banks. Besides, two new EU regulations called 'two-pack' agreements passed. This allowed the EU to surveil the public finances of the EU member states. At the end of 2013, the first pillar of the Europe's Banking Union (BU) was adopted as the SSM. The EU leaders accepted a uniform approach for the supervision of the European banks and other financial institutions. In August 2014, the second pillar of the Banking Union, the Single Resolution Mechanism (SRM) was established (Stamegna, 2021). Accordingly, stronger supervision and enhanced transparency of the banks and other financial institutions was not considered as sufficient against a fluctuation in the financial markets. The EU took the responsibility if a bank fails, so that the member state governments and the taxpayers do not have to pay the devastating effects of the disintegrating financial markets. Although the UK did not strongly oppose the treaty establishing the SRM, it also refused to sign the agreement. Besides, the UK also refused to participate the Single Resolution Fund (SRF). Just before the Brexit referendum, in June 2015, an updated EMU reform was accepted by the EU bodies. The plan suggested a further deepening in the supervisory and interventionist role of the supranational European mechanisms. Fiscal Compact and SRF became a part of the EU acquis in 2017 (Stamegna, 2021). Despite being outside the EMU, the UK refused the implementation of the BU, which was accepted as the biggest step in the European economic integration after the EMU (Davies, 2016). Davies (2016) argues that the BU has been the main debate between the EU and UK before Brexit referendum. One of the main demands of David Cameron was a derogation from the uniform rules of the EU which the European Central Bank (ECB) would start to introduce in the whole Eurozone area (Davies, 2016). The continental member states of the EU refused to give concessions to the UK which may utilize this permit for a competitive advantage (Davies, 2016). However, Davies (2016) believes that the controls on banks in the UK is much tighter than the other EU member states. He argues that the main reason of the disagreement is derived from the difference of the financial structures of the core countries of the continental Europe and the UK. Basically, in the continental Europe, more than half of the non-financial companies are

financed by the banks. On the other hand, the debt and equity markets are much more significant in the outsourcing of the business investments in the UK (Davies, 2016). This organic difference in the composition of capital should be understood in the historical development of the industrial and money capital. The financial markets of the UK have been historically more flexible and independent. However, contradiction between money capital and industrial capital should differentiate quantitatively from class antagonism between capital and labour as the production relations are also highly dependent to bank loans and other financial tools. Besides, during the neo-liberal period, the dependency of industrial capital was much significant in the continental Europe. However, the decreasing hegemony of money capital in the global scale changed the intra-class relations of the capitalist class. The Eurozone countries could take a further supranational step to regulate the money capital in the EU with the BU. Although the UK was outside the Eurozone area, it would be deceptive to think that it has not resisted against the BU during the resolution negotiations.

3.3.4. The UK's resistance to the developments to the EU's Financial Governance Framework

After 2007-08 financial crisis, the EU experienced a long reform process to regulate the financial structure of the Eurozone countries. The reform process further decreased the hegemonic influence of the already weakened money capital in the continental Europe. However, this curbing of the financial capital was reflected negatively in the GDP rates. While the US and UK continued their growth rates between 6% and 9%, the growth rate of the continental Europe has been dropped to 2% (Davies, 2016).

Davies (2016) believes that the ECB and some member states would like to "find ways to stimulate the growth of non-bank financing channels across the continent" (para. 10). However, the UK preferred to continue to be the financial centre of the EU but stay outside the BU as the UK's financial markets were deeply oriented to the non-European markets. However, the reform process was forcing the UK to be involved into the financial integration processes to secure their passporting rights. Darvas et. al (2016) indicate that the financial regulatory integration was quite slow before the

2007-08 crisis but accelerated significantly after the outbreak of the fluctuations and bankruptcy in several European countries. The three European supervisory authorities (ESAs) were created in 2011, namely the EBA, ESMA and EIOPA. Although the foundation of these financial authorities was reluctantly supported by the UK due to the ongoing crisis, it clearly resisted the establishment of the European BU starting from 2012. Quaglia (2019) indicates the different political stances of the UK against different financial policy areas. Accordingly, the UK has been a *foot-dragger*, *fence-sitter* or *pace-setter* in regards to different financial reforms (Quaglia, 2019). She adopts Börzel's conceptualisation, which categorizes the roles of the member states regarding their approach in a European policy process or reform (Quaglia, 2019). Accordingly, a member state is a foot-dragger, when it tries to block a European policy reform (Quaglia, 2019). It is a fence-sitter, when it does not actively participate the policy-making processes and takes a *wait-and-see* approach (Quaglia, 2019). However, it neither blocks nor slows down the reform process. On the other hand, a pacesetter moves actively on the EU level and pushes the member states that a regulation or reform is adopted by all European member states. Although the UK has actively participated in the creation of the Single Market and the establishment of the embedded neo-liberal regime in the EU, it has been mainly a foot-dragger in some areas of the EU financial regulation during the post-financial crisis period until 2012 (Quaglia, 2019, p.2). It became mainly a fence-sitter after 2012 regarding the developments of the BU and did not get involved in or resist actively the developments of the further financial regulations. The reason why the UK did not completely resist the reform process is related to its position in the EU. As the UK was outside the Eurozone area and immune to the developments in the EMU, it could not oppose the BU completely, although it would affect its financial markets.

Accordingly, the UK feared that the Eurozone countries may impose their own rules to the non-Eurozone countries (Quaglia, 2019, p.10) The financial institutions and banks of the UK may be forced to lose their market share in the continental Europe, thus the UK negotiated most of the new regulations, but it could not provide a positive

policy solution, but rather preferred to stay mostly as a fence-sitter (Quaglia, 2019, p.13). The decision towards the BU can be seen as one of the reasons why the neo-liberal social forces and the money capital did not perform a much influential Remain campaign before the Brexit referendum of 2016.

Quaglia (2019) indicates the dilemma of the money capital, and the political community experienced before the Brexit referendum (p.14). They could not take a clear stand and could neither be for Remain nor for Leave. Basically, in case of a Hard-Brexit, the UK financial sector would lose its unlimited access to the EU financial markets and some of the financial companies would prefer to move to a European country (Quaglia, 2019, p.14). The passporting rights of the UK financial institutions could not be preserved (Quaglia, 2019, p.14). Besides, the City of London may lose its prominent position as the main entry point to the financial markets of the continental Europe for the third countries or financial institutions (Quaglia, 2019, p.14). Last but not least, the UK as a member of the EU could block or modify the financial decisions of the European institutions including the ECB (Quaglia, 2019, p.14). Especially, until Brexit, it could prevent the transfer of the euro clearing activities to the Eurozone area (Quaglia, 2019, p.14). Due to these reasons, the UK money capital and the neo-liberal social forces would be harmed by a possible Brexit decision on 23 June 2016.

On the other hand, the price to access the European financial market would be to further comply with the rules and institutions of the EU (Quaglia, 2019, p.14). The continuing regulation process since the mortgage and then the Eurozone crisis had been significantly unfavourable for the UK financial sector. Before the 2007-08 period, it could modify or block most of the financial decisions of the EU institutions. However, the rapid financial market integration of the Eurozone member states has been a next step in the European Passive Revolution in a corporate-liberal understanding. Rather than state institutions, the EU institutional structure became the main interventionist actor to the self-regulating financial markets. Before the 2009

Eurozone crisis, antagonism between the corporate-liberal and neo-liberal social forces could be balanced in an embedded neo-liberal European structure. The hegemonic power of money capital and the neo-liberal social forces concentrated in the economic and political structure of the British state-society complex was decisive on the EU institutions until 2009. The form of the European Passive Revolution seemed to be finalized in an embedded neo-liberal structure by the ratification of the Lisbon treaty. However, the global financial crisis had been a turning point in the EU. While the neo-liberal social forces started to withdraw and lose their influence on the EU structures, the corporate-liberal forces led by Germany and France took the initiative to rescue the crisis-ridden European countries. The global and European retreat of the neo-liberal social forces resulted in the decision of Brexit in 2016 referendum.

3.3.5. Brexit: the retreat of the neo-liberal social forces

Although the money capital and the neo-liberal social forces could resist most of the European financial reform processes after the 2009 crisis, the corporate-liberal forces increased their influence in the EU. In the first years of the crisis, the European Parliament acted to adopt significant financial regulations, but money capital could prevent the rigid precautions and won the lobbying battles in the EU (Corporate Europe Observatory, 2018). Besides, through the UK, it could involve the US in the political battle against the European financial regulations. The U.S. Treasury Secretary Timothy Geithner sent a protest to the EU member states for the new regulations and advised against a possible trade war between the US and EU (Corporate Europe Observatory, 2018). Although lobbying activities and diplomatic relations could slow down the regulation processes, Eurozone countries could continue to further financial integration in a corporate-liberal dimension. The inevitability of the new financial regulations led the UK to renegotiate its obligations of membership. It asked for a special status from the EU. Although the UK and the European Council could agree on a reform package, the UK could not get a privileged relationship from the EU (BBC News, 2016). On the contrary, the UK could not overcome the French resistance on

any kind of financial exception (BBC News, 2016). “The French wanted to underline that Britain would not win any [exceptions to the rules of the EU] - particularly in relation to regulation in the City …” (BBC News, 2016, para.12). As a result, the neo-liberal social forces could not achieve their aims with the renegotiations. However, the result of the referendum was also not desired by the UK authorities and the different fractions of the UK capital. On the contrary, the result of the referendum on 23 June 2016 was not even expected or intended even by the politicians, who decided to go into the polls.

The Leave result of the British referendum should have knocked, first of all, the then Prime Minister. Nonetheless, the British governmental crisis which started with the resignation of the Prime Minister David Cameron could have been overcome easily inside the Conservative Party. The new government was formed as a combination of the ministers of Leave and Remain supporters led by new Prime Minister Theresa May, which should be accepted as a compromise between the Leave and Remain sides of the Conservative Party which were highly polarized during the referendum process. Although the first governmental crisis could be coped with quite smoothly, the withdrawal decision from the EU could not be taken that easily.

The prolonged decision process was a result of a combination of the preferred acts of the British government and the undesired obstacles present due to the complexity of the political process. First of all, the result of the referendum should not be considered a legally-binding decision and the withdrawal decision should be taken by a British legal authority. However, it was not certain when the leaving process would start and which governing body should take the withdrawal decision. For a long period, the government seemed reluctant to start the withdrawal process from the EU. Besides, the withdrawal process could not be furthered in a unilateral approach but had to be progressed with the Union in accordance with the Article 50 of the Lisbon Treaty of the EU, which regulates any possible leaving process.

Despite significant pressure from the Leave campaigners, the Theresa May government did not only retard the withdrawal decision to extend to the two year period indicated in the Article 50 but also it seemed that the delay of the decision had several political and organizational reasons. One dimension of the delay was the confusion about the roadmap for the withdrawal. Indeed, it was not certain how Britain would advance the negotiation process with the EU. Warhurst (2016) indicates this unpreparedness: "Neither camp had any plans for anything else. For the Government there was no Plan B and for Brexiteers there was no Plan A" (p. 819).

The extemporaneous acts of the government as well as its organizational deficiencies revealed the unpreparedness of the British Government and the Conservative Party. During the first days of the negotiation process, it was claimed that the Secretary of State for Exiting the EU led by David Davis, who was one of the two ministers to manage the leaving process from the EU, has no office room, and therefore the ministry meetings were often held in Starbucks.[99] It was also revealed that the International Trade Department, led by Liam Fox, another ministry for the withdrawal process from the EU, spent most of its energy to prevent the Ministry of Foreign Affairs, led by Boris Johnson, from interfering in his authority field.[100] However, it would be misleading to think that only complexities of the process or undesired obstacles led to the delay of any act of the government to take the withdrawal decision, but it should be also seen as a deliberate distraction to wait until some of the uncertainties in the global political atmosphere could be clearer. First of all, the new government was unwilling to start negotiations with the EU until the US elections that would take place in November 2016. Moreover, there might be stronger EU-exit tendencies after the Netherlands or France elections, which could have changed the Brexit negotiations significantly. If we look at the developments that began immediately after the referendum, the short-term impacts, the political and economic

[99] For the referred article: https://www.huffingtonpost.co.uk/entry/department-for-brexit-theresa-may_uk_579f6339e4b0f42daa4ac9a6?guccounter=1

[100] For the referred article: https://www.theguardian.com/politics/2016/aug/14/liam-fox-attempt-wrest-control-foreign-office-duties-boris-johnson

crisis which might cause a profound damage on the economic and political structure of the UK had been easily controlled.

With the resignation of the British Prime Minister David Cameron after the referendum, the need to establish a new cabinet was born, and Britain had to go to a governmental change. The fact that all Brexit sensitive posts of the new established government led by Theresa May had been given to the Leavers made the impression that Britain would take a strong negotiator position and threaten its EU partners with a Hard Brexit[101] possibility. A smooth divorce option from the EU was diminished completely after the resignation of the EU Commissioner Jonathan Hill, Britain's top executive bureaucrat in the EU as a reply to the EU Commission President Jean-Claude Juncker who attempted to order Britain to *speed up the leaving process*. This had been interpreted that Britain would impose its own pace to the EU. Meanwhile, the depreciation of Sterling against Dollar and the major fluctuations in the British financial market after the referendum shock was stopped by the interventions of the Bank of England. Although the UK became successful to obstruct the first wave of economic and political changes, the long-term impact of the Brexit process had to be felt more in-depth. The main political and social problems which continued as aftershocks for a long time could not be solved easily. Above all, the border issues have become significant subjects in the negotiation process such as the Spain's claim for its rights in Gibraltar and the Irish border. Mutual agreements seem to be signed, but satisfying solutions could not be found, which may increase the political gap between the EU and UK. However, the main border issues Britain had faced was not related with its overseas territories or already accepted lines but were inside its territory. Brexit had deepened and triggered the separatist tendencies inside the UK. While the legal representative of Scotland (Scottish National Party) stated clearly that they would repeat the Scottish independence referendum[102] to stay in the EU at the

[101] The Brexit scenario in which the UK would leave the EU Single Market and Customs Union.
[102] The referandum on 18 September 2014 in which the voters living in Scotland were asked whether Scotland should be an independent country. 'No' side won with 55.3% voting against the 'Yes' voters of 44.7%.

expense of quitting the UK, the representatives of Northern Ireland declared that instead of leaving the EU, they may consider merging with the rest of Ireland. The pre-Brexit referendum process had also caused or deepened important socio-political problems. The most visible of these had been the anti-immigrant rhetoric, which the Brexit supporters utilized frequently during the referendum period. Although the racist and offensive behaviours did not cause big social events such as the *London riots*[103] of 2011 which started in the Tottenham region of London, this very recent incident indicates that ethnic and migrant related problems should be considered important fault lines in the British society and may result in bloody social conflicts. The racist harassments and acts of violence against migrants did not trigger huge counter-reactions but flamed the Black Lives Matter protests and racism debates. Beside the ethnic and national problems, the economic precautions and the austerity debates started to be heard more frequently. Many white-privileged British worker-class member started to experience that the right-wing British government, which was also liberated from the EU regulations, forced the British workers to shoulder the cost of the Brexit bill through being reluctant to the general expensiveness or through privatization steps in the health system. Thus, the governing party had faced quite a long problem list after the Brexit vote. However, this should not be considered that the main opposition party, Labour Party, gained political capital from the results of the Brexit period. The aftershocks of the referendum did not only cause multi-dimensional headaches for the ruling party, but also the main opposition party suffered intensively during this period. The Labour Party carried out a Remain campaign in the referendum process and thus should bear the cost of the failure in the form of a great internal crisis. The tension in the Labour Party started with the resignation of 11 Labour Members of Parliament (MPs) and turned into a crisis of leadership with the vote of insecurity given by their deputies against the *socialist highlighted* Jeremy Corbyn.

[103] The protest against the police shooting of a young man of non-white race, Mark Duggin, had sparked a large scale riot in London from 6th August to 11th August, 2011.

Although Corbyn's leadership started to be deeply questioned by the party members and blamed not be able to stop the Trotskyist intrigues to infiltrate the Labour Party, he could win the inner-party struggle against its low-profile opponent, Owen Smith. However, Owen's defeat did not end the turbulence and unrest in the Labour Party, but Theresa May's early election move did. Thanks to the bad timing of the Conservatives, the differences and the conflicts were forgotten and all different factions in the Labour Party united behind Corbyn's leadership. The public concerns for the privatization of the National Health Service (NHS)[104] and the increasing expensiveness as well as the planned austerity measures resulted in the weakening of the Conservative Party in the election of 8th June 2017. Although the Labour Party could not win the election, it increased the number of Labour MPs and ended its inner turmoil. However, the indecision of the Labour Party for a Second referendum resulted in the electoral defeat in the subsequent election and led to the resignation of Jeremy Corbyn.

It should be considered quite interesting that while the Remainers in the ruling party and the leadership of the main opposition party attempted to struggle with the problems caused by Brexit during this period, the fervent defenders of the Leaving camp preferred to avoid receiving any political responsibility. They stayed outside the political scene, although the most influential advocates of Brexit were inside the ruling Conservative Party. They could play important roles right after the referendum process. One of the prominent figures of the Brexit process, Boris Johnson, following the outcome of the referendum, declared that he would not be a candidate after the resignation of David Cameron. He had also resigned from his Foreign Secretary position in July 2018 after another prominent Brexiter David Davis. Besides, Nigel Farage, the leader of the UKIP, which was the only political party that took the Leave stance, declared its retirement as he claimed that he had already achieved his political aims with the referendum result. During this whole initial period, the Brexiters

[104] NHS (National Health Service) is a government funded medical and healthcare services covering the costs of treatments for everyone living in the UK.

refrained from any decision-making position. However, they would return to the political scene when all hopes were lost other than a Hard Brexit. The time following the referendum made it even clearer that there would be no political alternative beside leaving the European Single Market and that the supporters of the Leave vote would reveal on the political scene once again to complicate the problems the referendum had created.

The British economic relations seem to have been deeply affected by the Brexit decision. Considering the custom relations, the Department of International Trade has been founded on 14th July 2016 right after the Brexit referendum to frame a new basis for the customs agreements with the European and non-European countries after leaving the EU border regime. Besides, the Brexit influence on the British economic structure could not be limited to the changes in the import, export, and taxation rules. It is quite obvious that Britain did not only alter its legal economic framework with the EU but also its whole economic relations with both the European and non-European countries. Highlighting the changes in the British economy can be deceptive as it could be considered that the Brexit decision was meant to change the British economic structure. However, the contrary is true. The Brexit result was first of all to preserve the organic composition of the British capital and the balance of the British economic structure. The finance capital may lose some of its profits during this period, but it is important to consider that it also gained its independency. Brexit preserved the hegemonic power of money capital against the supranational-interventionism and freed it from the EU regulations. In that sense, City of London may lose its passporting rights and its short-term profits with the Brexit decision, but the continuing membership of the UK meant a gradual decline of the hegemonic power of the money capital of the UK. With the withdrawal of the UK, money capital could preserve its independency from state and supranational interventions. Besides, it could preserve its hegemonic position over industrial capital and subaltern classes. Moreover, considering the weakness of the financial centres in the European continent, the UK money capital could still exert its hegemonic influence on the European productive

forces. However, the continuation of the gradual decline of the neo-liberalism in the post-Brexit period indicates that money capital and the neo-liberal social forces may lose significant ground in the global economic and political relations. The Covid-19 period and the retreat of the US from the Middle East further indicates the continuing tendency of *the return of the state*. While the Global South experiences a new rise of state-monopolist tendencies in the Hobbesian state-society nexus, the continental Europe may continue to construct a new supranational interventionism in the form of a further integrated corporate-liberal structure.

3.3.6. Post-Brexit period: further diversion between the neo-liberal and corporate liberal social forces?

The collapse of the financial markets in 2007-08 initiated a remarkable debate regarding the *post-neoliberalism* and *the end of American hegemony*. During this period, some scholars mainly argued that the neo-liberal mode of accumulation had already exhausted its self-sustaining dynamics and a gradual decline in the neo-liberal global order should be expected (Ceceña, 2009; Altvater, 2009; Bayer, 2009). Ana E. Ceceña (2009) believes that the neo-liberalism has reached its end point with the crisis and there is no possibility to go back again to recover. According to her, contrary to liberal understanding, the financial markets are not self-regulating, but self-destructive (Ceceña, 2009). She states that neo-liberalism could sustain for 30 years with extreme dispossession of labour and destruction of nature (Ceceña, 2009). However, the abuse of the asymmetrical power relations and destruction of the natural resources came to an irreversible point. According to her, capitalist relations reached a new stage of complexity with neo-liberalism that it became more and more difficult to keep it in equilibrium (Ceceña, 2009). Indeed, neo-liberalism could integrate the territories and labour forces as well as natural resources into capitalist processes, which were formerly excluded from extreme commodification. However, the 2007-08 crisis indicated that the self-regulating markets could not sustain the capitalist balance anymore and different post-neoliberal dynamics may become dominant in a short period (Ceceña, 2009). Michael Brie (2009) argues that different scenarios after the

2007-08 crisis may emerge. Neo-liberalism may continue even in a form of a more deregulated capitalism. On the other hand, more authoritarian or social democratic alternatives of capitalism may also be possible. In that sense, he indicates the state-monopolist tendencies are based on the alliance of the interests of the upper-classes. The state-monopolist tendencies may be revealed in the rise of a populist, Bonapartist or fascist leadership, as can be found in different examples in history. On the other hand, social democratic alternatives may result in corporate-liberal state-society complexes led by populist leftist leaders in the form of a collaboration between the worker class and a fraction of the capitalist class. However, Brie (2009) believes even more radical transformations may occur and result in a new mode of society based on solidarity and participatory democracy. After fifteen years from the 2007-08 crisis, no alternative mode of accumulation seems to become dominant in the world order. These different tendencies could be seen during this period in different countries. While the populist politicians took the leaderships in the mainstream political parties of the core capitalist countries, the socialist activists such as Jeremy Corbyn or Bernie Sanders could pursue influential campaigns inside the opposition parties. On the other hand, the neo-liberal policies continued to be implemented in the old Lockean heartland countries such as the UK and the US, under more deregulated practices. However, Elmar Altvater (2009) indicates that the *neo-liberal counter-revolution* is the monetarism of capitalism. Thus, the collapse of the financial markets should be considered the end for the neo-liberal system. Kurt Bayer (2009) provides a similar point of view to the financial crisis of 2007-08 as the end of the neo-liberal system. Accordingly, he believes that the successful development could only occur in countries such as China as they did not implement the neo-liberal policies (Bayer, 2009). He indicates ineffectiveness of open private financial markets before and during the crisis. Besides, he believes that the most powerful states and international financial organizations started to change their strategies after the financial crisis.

Although the neo-liberal practices have not disappeared right after the crisis, the deterioration in the smooth functioning of the capitalist world order started to be felt

in almost all countries. While the state-monopolist tendencies and populist leaders started to rise in almost all countries including the US, the social democrat movements and leftist leaders in the mainstream opposition parties started to become visible again in the political arena of different states. The rise of opposition from right and left against the neo-liberal world order should be considered as one of the signs of the decline of the hegemony of the neo-liberal social forces. However, the failure of the neo-liberalism and the end of the American hegemony started to be debated among the prominent liberal intellectuals only recently after the retreat of the US from Afghanistan.

Francis Fukuyama (2021), known for his "End of History" (Fukuyama, 1989) article right after the collapse of the Eastern bloc, wrote recently in the by-invitation commentary section in *Economics* on the future of the US. The title of his article is "the end of American hegemony". In his article, he points out that the images of Kabul after the retreat of the US point to a turning point in the world history and the collapse of the current world order. However, he believes that the American era has already ended much earlier than this retreat. Basically, he states that the end of American hegemony is related to the internal polarisation, but not with American foreign policies (Fukuyama, 2021). He believes that the peak period of the American hegemony has lasted from the collapse of the Soviet Union to the mortgage crisis of 2008 (Fukuyama, 2021). He argues that the US was the world hegemon before the crisis in different domains such as military, economy and culture (Fukuyama, 2021). He believes that the militarization of the US and its invasion of Afghanistan and then Iraq was the biggest mistakes of the US as it preferred its military power to change the political climate in the Middle East rather than using free market relations and economic power (Fukuyama, 2021). The war in the Middle East and then the financial crisis of 2007-08 ended the unipolar world order and new multipolar world order started to emerge with the rising powers of China, Europe, and Russia (Fukuyama, 2021). Niall Ferguson (2021) sees similar trends in the current world order. He believes that Biden's decision of final withdrawal from Afghanistan is the result of an ongoing trend

that started with the Obama administration. He believes that Obama had also left the Iraq state in quite a fragile structure. Moreover, Trump's *American first* is a politically well-formulated motto of this political trend (Ferguson, 2021). Besides, it should be considered that the retreat plan of Afghanistan has been prepared by the Trump administration. Not only the US, but also the UK got involved in almost all military operations in the Middle East and experienced the same problems. However, at the end, the UK was also obliged to retreat from the Middle East with the US troops. The British administration had attempted to preserve its imperial influence in the Middle East after the Suez Canal crisis, but after 65 years, it seems that its influence has quite significantly diminished.

The recent developments made it obvious that the influence of the neo-liberal state-society complexes decrease in the global world order. Although there is almost a consensus that China is on the rise as a huge economic and military power, it would be a mistake to accept the Western Alliance as one transnational entity and avoid the differences in the economic bases between the US/UK neo-liberalism and the countries in the EU. The 2007-08 crisis and the supranational financial reforms in the Eurozone countries deteriorated the embedded neo-liberal institutional body of the EU and increased the differences between the neo-liberal and corporate-liberal social forces.

In this context, Brexit should be considered as one of the signs of the decrease of influence of the neo-liberal social forces. Like the retreat from Afghanistan in the military field, Brexit should be considered as a withdrawal of the neo-liberal social forces from the EU in the economic field. For the UK, it became more and more difficult to prevent the regulations on the financial markets and the City of London would be unable to act freely and flexibly in the long-term. However, it is important to highlight that the passporting rights of the British financial institutions could not be preserved in the withdrawal agreement. Besides, the free trade agreement between the UK and the EU does not include any statements regarding the rights of the financial institutions. Thus, the short-term influence of the Brexit referendum on the financial

institutions has been significantly negative (Cazan, 2017). Besides, the Brexit influence continued to affect the British money capital after the completion of the withdrawal. However, most of the British financial institutions did not prefer to relocate to the EU and rather stayed in the UK. Despite the short-term loss of the profits, the UK money capital started to enjoy the independency of the financial markets from the EU. On the other side, the European countries seem to compete to be the next City of London as the financial hub of the Euro clearings (van Kerckhoven, 2021). France and Germany attempted to complicate the third-party access to the Eurozone area to reduce the financial transactions of the UK. However, neither Paris nor Frankfurt seems to fit this role. Basically, the attempts to create a financial hub in the Eurozone area should not be considered a new project. The Euro transactions tried to be cleared in the Eurozone area by the European Central Bank since 2009, but these attempts failed dramatically until now (van Kerckhoven, 2021). Thus, replacing Paris or Frankfurt as the next financial hub for the Euro clearings cannot be realized in any short-term period. Besides, the attempts to prevent access of the UK financial sector from the Eurozone area seem to divert the financial activities to the US (Heneghan & Hall, 2021). In the long term, it would be wise to predict that the City of London would regain its status as the financial hub of the EU. However, this time, the UK would not have a say on the ECB practices and on the new regulations imposed by the EU on the financial markets (Kalaitzake, 2021). Thus, the City of London may *independently* prefer to adopt the EU regulations. It is important to indicate that the money and industrial capital would split geographically, and this would change the hegemonic relations in the UK and the EU. While the British money capital may continue be the dominant fraction of capital, the industrial capital may be significantly harmed during the post-Brexit period in the UK. Indeed, Manolis Kalaitzake (2021) indicates that the financial institutions had been provided an exceptional protection during the Brexit negotiations and thereafter. He indicates the statement of Labour Party MP, John McDonnell: “the financial policy committee are confident that the banking sector will survive intact if Britain crashes out of the EU. But what about the fate of other British industries” (as cited in Kalaitzake, 2021, p. 498). The influence of the UK money

capital would diminish in the EU. As no neo-liberal financial social force can replace the City of London, the industrial capital seems to dominate the economic and political relations of the EU, which may trigger corporate-liberal dynamics to further the European Passive Revolution in a more unified institutional body. Indeed, the weakening of the neo-liberal social forces since the 2007-08 global crisis and then Brexit triggered the deepening attempts in the economic structure of the EU. As an experienced French diplomat, Gérard Araud (2021) believes that the role of the EU in the global politics has changed with the rise of global authoritarianism. He believes that the Europeans should face the harsh reality and take action to gain their *strategic autonomy* (Araud, 2021). He states that the US has already lost its interest in the Ukraine, in the North African regions or in the Middle East. However, the EU would be vulnerable to the developments in these areas. Thus, he argues that the EU should develop the required political and military capabilities to intervene in these areas. He argues that a European army should not be debated at this point, but rather the EU should focus on an integrated political approach (Araud, 2021). In that sense, Araud (2021) believes that the EU will have to act independently as a military and political power. The withdrawal of the UK seems to ease the autonomous acts of the EU by reducing the influence of the neo-liberal social forces.

Indeed, it is important to highlight that there will be a geographical split in the fractions of capital during the post-Brexit period. While money capital may dominate the economic and social relations in the UK, the industrial capital seems to be the dominant fraction in the EU. The global decrease of the hegemonic power of the money capital indicates that the EU Member States led by corporate-liberal social forces may act in a more coordinated way. Although it is important to highlight that the influence of the neo-liberal social forces may decrease in the EU, they will still be influential in some institutions through the pro-neoliberal member state countries such as the Netherlands, Ireland, and some Nordic countries (van Kerckhoven, 2021). Indeed, the *New Hanseatic League* has emerged during the post-Brexit period to support the finance-friendly policies and counterbalance the Franco-German alliance

(van Kerckhoven, 2021, p.64). Before the financial crisis, the UK could mainly oppose the market-shaping countries in the EU and lead the financial reform processes (van Kerckhoven, 2021). However, after the financial crisis, Germany had already defeated the market-making coalition led by the UK with a rule-based market understanding. In that sense, the retreat of the UK may accelerate the reform processes for a stronger rule-based approach in the financial markets of the EU (van Kerckhoven, 2021).

The process after the withdrawal of the UK points to an exceptional transformative process in the British and European politics. However, Brexit should not be considered the reason of this transformation, but as one of the consequences of the decline of the neo-liberalism. On the other hand, Brexit may not have started the transform in the political and economic structure of the EU and the UK, but it will accelerate the evolution of these political entities in two different diverging paths.

3.4. Concluding Remarks

This chapter indicates that the European integration process can be described as a passive revolution that started with the spread of the Fordist mode of accumulation from the US. In the first moment, the industrial capital could provide the superstructural basis to constitute a corporate-liberal European structure with the help of the Marshall Plan and the social-democrat trade-unionism. In the second moment, however, the decrease of the Fordist productivity and the Thatcherist counter-revolution negated the European passive revolution to an embedded neo-liberalism as a compromise between the corporate-liberal and neo-liberal social forces. In the third moment, the mortgage and then the Eurozone crisis deteriorated the balance between the fractions of capital and weakened the neo-liberal social forces. This spearheaded the retreat of the neo-liberal social forces from the EU in the form of the Brexit process.

CONCLUSION

Should we consider the Brexit process through a European passive revolution perspective, it should be expected that the withdrawal of the UK may spearhead a shift in the economic and social structure of the EU. Moreover, it is fair to assume that it might trigger a conceptual change in the European theoretical understanding. In that sense, the Brexit process should be accepted as more than just a withdrawal of a member state, envisaged in the Article 50 of the Lisbon Treaty.

First and foremost, the British Empire had been significantly influential in the foundation and development of the European integration process. It did not only lead the negotiation process during the embodiment of the European unification after the Second World War. It also put some significant effort in the reconfiguration of the EU after its accession. As has been detailed in the previous chapters, the Thatcherist counter-revolution spearheaded the transformation of the European integration process, which was formed on the Fordist principles for an embedded neo-liberal structure. In this way, the balance between the fractions of capital in the EU has been significantly altered and reconfigured based on the principles of the neo-liberal mode of accumulation. The British Empire has been the core of the hegemonic influence of money capital on the European countries and the City of London became the base of the financial establishment. Thus, the withdrawal decision has changed the organic composition of capital in the European integration process. Although it is almost certain that the freedom of the money capital will continue to be restricted in the EU, it is still not very clear if the industrial or technological capital may balance the losses to reproduce a consistent economic structure in the European countries. However, it is important to highlight that the decrease of the hegemony of the money capital has not started with the withdrawal decision of the Britons. On the contrary, the Brexit process should be seen as the result of the gradual disintegration of the current historical bloc and its hegemonic relations.

The British withdrawal has not only undermined the British economic and political realities but also the theoretical paradigms, which formed our common assumptions for the ontological understanding of the EU. The successive crisis in the neo-liberal world order brought out the theories, which are equipped to explain the transformation in the social structures. Thus, it should not be seen as surprising that the Marxist critical theory has been the forerunner in the theoretical pursuits during periods of crisis.

This thesis argues that the Brexit phenomenon can be comprehensively analysed in a historical materialist understanding with the help of the Gramscian concepts of hegemony, civil society, and passive revolution. However, these concepts have long been interpreted in the domain of superstructure, which should be accepted as a divergence from the Marxist theoretical school. In the theoretical body, these main concepts were discussed to reproduce a theoretical structure framing the recent developments in the EU. Basically, it was mainly argued that Marxist theoreticians including Gramsci have structured them on the economic base to understand the basic dynamics of the capitalist society based on class antagonism. Accordingly, civil society was not accepted as a third layer different from the superstructure and economic base but considered as the domain of the economic activity and the institutions to reproduce the relations of production. Besides, civil society was defined as the root of the hegemonic relations. In that sense, the hegemonic relations were referred to as the hierarchical configurations between classes or fractions of classes, but not states. Thus, this dissertation has accepted the fractions of different classes as the main actors in the European integration process. In this way, it has been crucial from the start to answer whether there had been any hegemonic class in the reproduction of the European continent after the Second World War. For a comprehensive analysis, the Gramscian contribution of the hegemonic relations between the class fractions to the Marxist theory should be reconsidered.

Although it is mostly accepted as a postulate among the Orthodox Marxist theoretical school that the bourgeoisie has emerged as an intra-hegemonic class since its first appearance in the modern history, there is also an important literature indicating the fragmental structure of the bourgeois classes and their compromises with different social strata due to a lack of their hegemonic leadership. Indeed, starting from the Marx's *Der 18te Brumaire des Louis Napoleon* as the first theoretical guidance indicating the fragmental structure of the ruling classes, the quite complex relations between different fragments of the modern classes could be analysed in a historical understanding with their influence on the social and political developments.

In a similar way, Gramsci highlighted the different modernization processes of the European capitalist countries that emerged as the result of the hegemonic relations of different social and class forces. Accordingly, the lack of bourgeois hegemony triggered passive revolutions in different European countries since the first stages of the capitalist development. Indeed, both the Italian Risorgimento and German unification could only be achieved through passive revolutions in a long war of position. Besides, the war of manoeuvre of the French bourgeoisie had also triggered counter-revolutionary dynamics after the 1789 Revolution. The Republican values could only be preserved through a period of Bonapartist passive revolution.

The passive revolution term should be considered as key to understanding the historical development of the class relations in the European continent; thus, the emergence of the European integration process. Besides, it also highlights the transnational development of the capitalist classes in the continental Europe in the form of different state-society complexes. Indeed, the lack of bourgeois hegemony in the continental Europe resulted in an alternative modernization process and state-led capitalist structures which were called Hobbesian state-society complexes by van der Pijl (1998). In these structures, the distinction between the state and the economic domain gets blurred. The Hobbesian state intervenes in the market relations and other civil society domains in one way or another.

On the other hand, the Glorious Revolution of 1688 in Great Britain led to the constitutional structure for the self-regulating civil society. Indeed, the British bourgeoisie could emerge as a hegemonic class and spread the capitalist mode of production from the British Isles to its colonies. It was the first time when the distinction between the state and the civil society was prescribed by law. The so-called Lockean heartland was defined as the conceptual opposite of the Hobbesian structures. In that sense, the development of the transnational classes dates back to the first stages of the capitalist development and the emergence of the different state-society complexes. However, these differences were mostly ignored as it was believed that the spread of the capitalist mode of production would disintegrate the differences between societies and transform them into similar entities resembling the British civil society. However, the Gramscian theoretical school revealed that not only the pre-capitalist states but also the modern capitalist societies involve significant differentiation dynamics.

The theory of the variants of the modern state-society complexes was derived mainly from the Gramscian writings on Americanism and Fordism. He revealed the class dynamics led to differentiation in the capitalist regimes. Indeed, Gramsci focuses on the divergence between the American and European variants of capitalism. He believes that the old continent was dying, and Americanism presented the future of the capitalist development. This difference occurred due to the historical processes of the economic development in the old and new continent. Indeed, the capitalist modernization could only develop with passive revolutions in the continental Europe. Thus, it had to bear the burden of the still existing feudal classes. They could exert their influence on the state structures and prevent any progressive development in the economic base. In that sense, the European bourgeoisie had never been hegemonic and was destined to build alliances with the feudal classes. On the other hand, the American bourgeoisie was not only dominant in an intra-hegemonic sense, but it could exert its influence on the rest of the world by its alliance-building capacity with the popular classes. Thus, the Fordist passive revolution could emerge in the new continent as a

class collaboration between the bourgeoisie and American labour. Finally, Fordism as the next stage of capitalism could only be realised in the continental Europe after the Second World War.

As discussed in the theoretical body of this dissertation, the Gramscian concept of Fordism enables the Marxist theory to develop a consistent theoretical body to analyse the European integration process in a class structure. In that theoretical structure, the Fordist passive revolution initiates the European integration process. Besides, the negation of the relations of the Fordist mode of accumulation enables the development of the integration process in a passive revolutionary way as a compromise of different state-society complexes. In that way, the Brexit process can be conceptualized as a moment of the European passive revolution in the negation of different mode of accumulations in the historical development of the European integration.

Basically, the Fordist mode of accumulation did not only reconfigure the national class structures of the European countries but also melted the national borders and reproduced a new wave of transnationalisation in a hybrid form of inter-governmental and supranational structures. The European unification was initiated in accordance with the laws of capitalist development in the Fordist era. Thanks to the Marshall Plan and trade-unionism of the socialist movement, the Fordist mode of accumulation could spread to the European continent along with the development of the European integration process. However, at the end of the 1960s, the rate of the mass consumption started to decrease in different sectors, especially in the automobile industries. The decline of the Fordist mode of accumulation led to a period of national corporatist attempts among the European countries in the European integration process, which was later called the era of Eurosclerosis. In a short period though, different social and political movements compromised on a European level solution to establish the European Single Market. The Euro-pessimism which dominated the European institutions started to diminish in the post-Fordist period with the SEA and

then later with the Maastricht Treaty. The European passive revolution could continue to unify the European continent in the post-Fordist period under a new mode of accumulation based on the compromise between different fractions of social and class forces.

As different paths in the capitalist modernization process resulted in different state-society complexes, different fractions of capital seem to concentrate in various geographical parts of the world. While money capital started to concentrate in the Lockean heartland and attempted to expand to the West Europe, the industrial capital seems to migrate to the Global South during the post-Fordist period and lead to new Hobbesian state-society complexes. The emerging historical bloc led to a new hegemonic relationship between the Lockean heartland and the rest of the world based on the neo-liberal dominance of money capital over the productive social forces. Indeed, the Thatcherist regime challenged the British productive forces in the UK and became one of the epicentres of the neo-liberal cultural dissemination. While the industrial capital gradually migrated from the British Isles, the deregulation and flexibilization became the norm for the British financial markets. The British money capital did not only achieve its leading position in the UK but started to spread its hegemony to the continental Europe. In a short period, the neo-liberal counter-revolution became influential in the European continent and led to the negation of the corporate-liberal setting of the integration process. The contradiction between the neo-liberal and corporate-liberal social forces resulted in a new compromise under the embedded neo-liberal regime. However, this process could not be furthered due to the financial crisis of 2007-08. The mortgage crisis started in the US and expanded then to the European countries in the form of Euro-crisis ended the compromise between the money and industrial capital.

As indicated above, the European integration process started with the Fordist passive revolution during a period when the European bourgeoisie could not reproduce an intra- and inter-hegemony. The alliance between industrial capital and labour led to

a corporate-liberal European structure. While the corporate-liberal social structure was negated by the Thatcherist neo-liberal counter-revolution, the European passive revolution could continue in the form of a hybrid structure of embedded neo-liberalism. However, this hybridization made the European economic structure more fragile. The Euro-crisis of 2009 weakened the dominance of money capital. While financial systems of the European states started to collapse one by one, states were rediscovered as one of the important economic actors to rescue the self-regulating financial markets. State-led economic models started to be debated as alternatives to the neo-liberal political economy. These revealed once again the differences of the economic perspectives between the continental Europe and the Lockean heartland. While the US and the UK chased the same neo-liberal practices right after the global recession, the EU started to regulate the financial markets. The rise of the right and left populism indicated the decreasing influence of the neo-liberal ideology. Euro-scepticism grew once again, and the future of the EU started to be debated with the possibility of the withdrawal of the crisis-ridden European countries.

As a result of the crisis of the neo-liberal mode of accumulation, not only the intra-hegemony of the continental European bourgeoisie was weakened during this period but also the hierarchical balance between the fractions of British capital started to deteriorate. While the industrial capitalists started to advocate for protectionist measures in the British Empire, the British money capital became a fence-sitter in the EU and could not advocate the Remain vote due to the increasing regulations in the EU on the financial markets. On the other hand, the British labour aristocracy turned into the Leave vote due to the European refugee crisis as the asylum seekers after the Syrian war were portrayed by the Tories as cheap labour who came to England to strip the Britons of their jobs. In that sense, the neo-liberal social forces could not continue to keep the UK in the EU and the withdrawal process started with the popular referendum of 23rd June. On the other hand, the retreat of neo-liberalism from the European continent helped to preserve the organic composition of the British capital. While money capital lost their passporting rights and some of their European profit, it

preserved its independency from the European BU and other regulations on the financial markets. In that sense, it could defend its hegemonic territory against the European supranational interventionism. Although the influence of the British money capital decreased gradually after the 2009 Euro-crisis, it can still exert dominance over British industrial capital and subaltern classes. Besides, financial centres in the European continent are still quite underdeveloped in comparison to the City of London. The EU will not be self-sufficient any time soon to provide the financial requirements of the European industrial capital. In that sense, the UK money capital may also continue to exert some influence on the European productive forces. However, as the Covid-19 pandemic and the following world recession points, the gradual decline of the hegemonic influence of the neo-liberal social forces may indicate a significant change in the hierarchical relations between the fractions of capital. The neo-liberal social forces may lose their hegemonic position in the global scale which was described as the end of American hegemony by different scholars (Fukuyama, 2021; Ferguson, 2021; Araud, 2021).

The economic and military retreat of neo-liberalism indicates that the new world order may continue to deteriorate, while the Lockean state-society complexes lose their hegemonic influence over different parts of the world. The rise of the Global South with its state-led capitalist practices and the reconfiguration of the organic capital in the EU should be seen as the signs of the polarization of fractions of capital in the deterioration of the neo-liberal historical bloc. In that sense, the different fractions of capital seem to intensify in different state-society complexes in a spatial dimension. While money capital continues to be dominant in the Lockean heartland countries such as the US and UK, the industrial capital seems to increase its hegemony in the Hobbesian state-society complexes such as in Russia and China. On the other hand, the capitalist transformation in the EU can be characterized with the decreasing influence of money capital. Indeed, the deterioration of the hegemony of money capital since the Euro-crisis of 2009 led to further alienation of the neo-liberal social forces in the EU and reproduced a populist reaction in the form of the withdrawal of the UK.

In that sense, an important dimension of Brexit should be considered the retreat of money capital from the regulations of the European integration process. After the 2009 Euro-crisis, the UK could not prevent the deepening of the EMU in a corporate-liberal setting. In that sense, the balance between the economic and social forces in the European passive revolution started to be reconfigured. The decrease of the hegemonic influence of the European neo-liberal forces resulted in the weakening of the embedded neo-liberal regime constructed in the post-Fordist period as the alliance between corporate-liberal and neo-liberal social forces. The withdrawal of the UK seems to reproduce a new balance between money and industrial capital as well as the subaltern classes. This retreat seems to have a significant influence on both the UK and the EU social and economic structure.

The Brexit process have protected the British money capital from the EU regulations. Besides, no European city seems fit to be the next City of London. The attempts to reproduce a financial hub inside the Eurozone area may fall dramatically in the short term. The City of London may prefer to adopt the European regulations *independently* to regain its status as the financial centre of the European countries. In that way, the British money capital will continue to be the hegemonic capital in the British state-society complex and may exert some influence over the European social forces. However, this influence might be significantly less than the pre-Brexit period. On the other hand, the British industrial capital may continue to lose its economic potential after the withdrawal of the UK. The mobilization of the industrial capital to the Global South seems to accelerate after the Brexit period. In that sense, the Brexit process seems to deteriorate the economic structure of the UK.

Although the neo-liberal social forces continue to be a hegemonic power in the UK, the global decrease in the neo-liberal mode of accumulation seems to diversify the economic problems of the UK. The Brexit process has already triggered a wide range of trade and custom related problems. While many UK companies have permanently closed because of the supply problems, the goods trade dropped down

between 11% and 16% in consequence of the British withdrawal from the EU. On the other hand, the labour shortage increased during this period due to the departure of the European nationals to their home countries. Besides, the post-Brexit immigration rules significantly disturbed the legal framework for labour mobility to the UK. On the other hand, there have been a record number of illegal migrants crossing the Channel during the 2021. Besides, the Northern Ireland customs agreement has been extended unilaterally by the UK, which may endanger the implementation of the free trade agreement between the UK and the EU.

On the European continent, the deepening in the EMU in the form of financial regulations and the withdrawal of the UK may continue to increase the corporate-liberal attempts in the EU. In that sense, the negation of the embedded neo-liberalism may lead to a new institutional transformation in the European passive revolution led by corporate-liberal social forces. However, the rising populist political movements in different European countries point out that state-monopolist tendencies and national corporatist movements may oppose this process in the form of a new Euroscepticism. Besides, the finance-friendly member states organized in the New Hanseatic League continue to resist the corporate-liberal transformation. It is important to highlight that the withdrawal of the UK have already weakened both the neo-liberal social forces and state-monopolist populist movements in the EU.

The Brexit process seems to indicate an exceptional transformative process in the economic and political structure of the EU and the UK. However, Brexit should not be considered as the cause of this process. It should be accepted as one of the consequences of the developments in the European passive revolution that started with the 2009 Euro-crisis. The weakening of the neo-liberal forces led to a further negation in the European passive revolution and the corporate-liberal social forces and state-monopolist populists seem to consolidate during this period in the EU. On the other hand, Brexit may not start this process, but had significant consequences as the retreat of the main body of the neo-liberal social forces from the European economic and

institutional structure. In that sense, the withdrawal of the UK from the EU will accelerate the negation of the embedded neo-liberal structure of the European integration process into a new hybrid institutional body led by corporate-liberal social forces. In the UK, the neo-liberal social forces may still be hegemonic, but the economic and social problems may increase in the British Empire due to the global decrease of neo-liberalism.

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