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Bob Jessop, 'Narrating the Future of the National Economy and the National State? Remarks On Remapping Regulation and Reinventing Governance', published by the Department of Sociology, Lancaster University, Lancaster LA1 4YN, at <http://www.comp.lancs.ac.uk/sociology/papers/Jessop-Narrating-the-Future.pdf>

Publication Details

This web page was last revised on 29th November 2003; the paper was previously published at <http://comp.lancs.ac.uk/sociology/soc014rj.html> in 1999

Narrating the Future of the National Economy and the National State? Remarks On Remapping Regulation and Reinventing Governance

Bob Jessop

Keywords

narrativity; discourse analysis; regulation approach; nation; national-state; Keynesian welfare national state; Schumpeterian workfare post-national regime; Atlantic Fordism; crisis; post-Fordism; culture; governance; meta-governance

In this essay I consider the changing articulation of the economic and the political in contemporary capitalism. This topic is often reduced to the changing relationship between markets and the state. The following account broadens such analyses by examining the cultural and social embeddedness of market and state and their discursive and the ways in which they are articulated both discursively and extra-discursively. To illustrate this claim I refer substantively to changes in the state form that has been centrally associated with Atlantic Fordism.

Theoretically, my account draws on three complementary approaches concerned in their different ways with the discursive as well as extra-discursive aspects of economic and political phenomena. First, the regulation approach suggests that market forces are merely one



contributing factor to capitalist expansion. The economy in its broadest sense includes both economic and extra-economic factors. It is an ensemble of socially embedded, socially regularized, and strategically selective institutions, organizations, social forces, and actions organized around (or at least involved in) the expanded reproduction of capital as a social relation. In this sense, the regulation approach could be seen as providing (at least implicitly) a neo-Gramscian analysis of *l'economia integrale* (the economy in its inclusive sense) and could even be related to Gramsci's own reflections on Americanism, Fordism, markets, and economic agents as cultural phenomena (see Jessop 1997b). Second, neo-Gramscian political analysis treats *lo stato integrale* (the state in its inclusive sense) as an ensemble of socially embedded, socially regularized, and strategically selective institutions, organizations, social forces, and activities organized around (or at least involved in) making collectively binding decisions for an imagined political community. One way to interpret Gramsci's famous definition of the state as 'political society + civil society' is to see it as highlighting the complex and variable articulation of government and governance in underwriting state power. Certainly this definition and Gramsci's related claim that state power involves 'hegemony armored by coercion' both suggest that the state system embraces far more than juridico-political institutions and that there are important socio-cultural aspects to the state (Gramsci 1971).

Third, drawing both on critical discourse analysis and more recent work on social narrativity, I note the discursive constitution and regularization of both the capitalist economy and the national state as imagined entities and their cultural as well as social embeddedness. Thus, the economy is viewed as an imaginatively narrated system that is accorded specific boundaries, conditions of existence, typical economic agents, tendencies and countertendencies, and a distinctive overall dynamic (Daly 1994; Barnes and Ledubur 1991; Miller and Rose 1993). Among relevant phenomena here are technoeconomic paradigms, norms of production and consumption, specific models of development, accumulation strategies, societal paradigms, and the broader organizational and institutional narratives and/or metanarratives that provide the general context (or 'web of interlocution') in which these make sense (see Jessop 1982; Jenson 1990; Somers 1994; Jessop 1995a). The state system can likewise be treated as an imagined political community with its own specific boundaries, conditions of existence, political subjects, developmental tendencies, sources of legitimacy, and state projects (see Jessop 1990; Kratochwil 1986; Mitchell 1991 and this volume). Combining these three approaches enables me to analyze the discursive mapping of the economy as a distinctive object of regulation, to argue that the postwar national state is but one form of imagined political community, and, given the emerging barriers to continued accumulation and the paradigmatic crisis of Atlantic Fordism, to note some key changes in the overall articulation of the economic and political in contemporary capitalism.

The following comments are not a novel effort on my part to introduce culture into state analysis. Instead I show how three theoretical perspectives already widely adopted in critical studies of political economy each share a strong, albeit often neglected, concern with the cultural as well as social embeddedness of economic and political activities. Thus, I am not so much concerned to 'bring culture back in' for the purposes of economic or political analysis as to make the cultural concerns of recent neo-Marxist theorizing more explicit and to highlight their compatibility with the more self-conscious constructivism found in critical discourse analysis. Some Marxist theorists consider the distinction between the economic and the political as just an illusory, fetishized reflection of the 'separation-in-unity' of the capital relation (for example, Holloway and Picciotto 1978; Wood 1981). Although I reject this essentialist position, I do share its insight that the cultural and social construction of boundaries between the economic and political has major implications for the forms and effectiveness of the articulation of market forces and state intervention in the 'reproduction-régulation' of capitalism. And, in offering an alternative interpretation of this insight, I combine arguments from the regulation approach, neo-Gramscian state theory, and critical discourse analysis to highlight the discursive (or sociocultural) construction of political economic realities.

Some Key Features of the Postwar National State

These arguments are developed in relation to the ongoing transformation of the Atlantic Fordist economy. This was defined primarily by its economic foundation in the postwar



dominance, in North America and northwestern Europe, of a mode of growth based, at least paradigmatically, on a virtuous macroeconomic circle generated by mass production and mass consumption. This was linked to a distinctive social mode of economic regulation (involving specific norms, expectations, and forms of calculation as well as special structural forms) and a distinctive mode of societalization (or 'societal paradigm') for the wider society (for a review of accounts of Fordism, see Jessop 1992a). Given the current book's concern with 'state/culture', however, I focus on the state form that helped to sustain Atlantic Fordism. This can be called the 'Keynesian welfare national state' (hereafter KWNS). In tandem with the continued restructuring of the Fordist economy, this particular political configuration is also witnessing significant changes. These changes can be analyzed from a regulationist perspective in terms of the remapping of accumulation regimes and their 'reproduction-régulation' on different spatial scales or from a neo-Gramscian, more state-centred viewpoint in terms of the reinventing of 'government-governance' relations. From the former viewpoint they have been characterized in terms of the development of a 'competition state' (see Cerny 1989; Hirsch 1994) or Schumpeterian workfare regime (Jessop 1993). Here I consider these changes from a more state-theoretical perspective and so examine the restructuring of the state in its inclusive sense. In particular, I contend that, at least since the 1980s, the KWNS has seen major structural reorganization and strategic reorientation as evidenced in three general trends: denationalization, destatization, and internationalization. Before detailing these changes, however, I introduce the idea of 'national state' (as opposed to nation-state) and identify the key features of an ideal-typical Keynesian welfare national state.

Not all advanced capitalist states can be characterized as 'nation-states' in the sense of being ethnonational states based on a Volksnation. Some are based on a civic nation (Staatsnation) encompassing shared commitments to the constitution and representative government; and others incline more to cultural nationhood (Kulturnation) based on the active conforming by an ethical state of its citizens to shared understanding of national culture and civilization.^{FN} Regardless of the nature of their corresponding form of nationhood, however, they can all be described as national states, that is, as formally sovereign territorial states presiding over 'national' territories. Moreover, within the context of Atlantic Fordism, these states can also be characterized as Keynesian welfare national states. In this regard, they are all subject to similar pressures for change due to the emerging dynamic of globalization and regionalization in different functional domains. In this essay I suggest how this particular variant of the national territorial state came to be constituted in and through particular metanarratives concerning economic and political realities in the postwar world and their implications for the institutional design of postwar capitalism. I also consider how the material pressures to change this state form have recently been constructed through particular metanarratives concerning economic and political realities in the postwar world.

The Keynesian Welfare National State

Although most national economies have long been organized around major urban economies and have been integrated into plurinational productive systems (such as colonial systems or trading blocs), the various urban and pluri-national economies associated with Atlantic Fordism were primarily managed in and through national states. Thus, as an object of political management, the complex field of economic relations was handled as though it was divided into a series of relatively closed national economies. One could perhaps argue here that separate Keynesian welfare national states never really existed as such but were just the imaginary, discursively constituted form in and through which a plurinational Atlantic Fordism was organized under U.S. hegemony. However, this would involve ignoring how far national economies and the KWNS were structurally coupled as well as strategically coordinated through the naturalization of these organizational principles; and thus ignoring the extent to which economic regulation through the KWNS itself contributed significantly to the material as well as discursive constitution of national economies as objects of regulation. This path-dependent national structural coupling and coevolution can in part explain the contrasts between different national variants of Fordism (see, for example, Boyer 1988; Boyer and Saillard 1995; Tickell and Peck 1992). These contrasts can by no means be explained by ignoring the specificities of the imaginary spatial constitution of economies as objects of regulation or neglecting the role of national political regimes in consolidating national economies.



International as well as urban and regional policies had supporting roles to play in this regard, of course; but they were mapped onto and organized around these 'imagined' national economies and their national states. Thus international economic policy promoted cooperation to underwrite the smooth workings of national economies and, where possible, to secure and reinforce their complementarity rather than abolish them or integrate them into some superimperialist system. Likewise, urban and regional policies were mainly redistributive in form, pursued in a top-down manner orchestrated by the national state, and primarily concerned with equalizing economic and social conditions within such national economies. Hence they helped to secure the conditions for mass production, mass distribution, and mass consumption and to reduce inflationary pressures due to localized overheating in a largely autocentric economy.

These and other features of the KWNS can be summarized as follows:

- Among the various spatial scales of formal political organization, the sovereign state level was regarded as primary. Local and regional states served primarily as transmission belts for national economic and social politics. The key supranational institutions comprised various international and intergovernmental agencies -- typically organized under U.S. hegemony -- and were designed to promote cooperation among national states in securing certain key conditions for postwar economic and political regeneration in Europe and continued economic expansion in North America.
- State economic strategies and economic regulation assumed a relatively closed national economy. The international economy was understood mainly in terms of financial and trade flows among various national economies.
- Among the various spatial scales of economic organization, the national economy was accorded primacy for state action, defined and measured in terms of national aggregates, and managed primarily in terms of targeted variation in these aggregates (Barnes and Ledubur 1991: 130). Local or regional economies were treated as sub-units of the national economy and inter-regional differences regarded as unimportant.
- The primary object of welfare and social reproduction policies was seen as the resident national population and its constituent households and individual citizens. Many of these policies assumed the predominance of stable two-parent families in which men received a 'family wage' and could expect lifetime employment;
- The primary units of the state's social basis were individual political subjects endowed, as citizens of the national state, with various legal, political, and social rights and organized as members of economic-corporate organizations (trade unions and business associations) and/or as supporters of responsible political parties.
- The axis of struggles over political hegemony at home was the 'national-popular' and its realization in the development, expansion, and protection of such rights in an 'economic-corporate' political process.

In short, there was a close and mutually reinforcing linkage between the national state form and Keynesian welfarism. It is tempting, therefore, to argue that the KWNS represented the apogee of the national state insofar as most of its key features were organized as if they were confined within the 'power container' of the national state. The KWNS probably gave fullest expression to the organizational and societalizing possibilities of the national state with its retreat from formal empire and its limited commitment to integration into supranational blocs. This focus is not due to some teleological unfolding of this potential but to specific economic and political conditions associated with the organization of Atlantic Fordism under U.S. hegemony. Thus, to argue counterfactually, had Nazi Germany secured through economic and military imperialism the conditions for its projected 'New Order', a much more strongly plurinational and far more polarized mode of economic regulation would have been established in Europe. Instead, the Allied defeat of the Axis powers created some essential conditions for generalizing the American New Deal to Europe through the paradoxical reassertion of the organizational principle of the national state. It was through the national state that the national economy would be regulated as a distinctive 'imagined' economic space and efforts made to secure a complementary expansion of national production and



consumption as the basis for a politics of prosperity rather than rightwing or leftwing political extremism (see Siegel 1988; Maier 1978; Hall 1989; van der Pijl 1984; Milward, Brennan, and Romero 1992).

In this sense, the postwar national state can be distinguished from preceding forms, such as the mercantilist, liberal constitutional, or imperialist state -- each of which occupied its own distinctive imaginary national space and had its own distinctive forms of insertion into the system of pluri-national economic orders. It can also be distinguished from currently emerging 'post-national' state forms that are oriented to the management of recently rediscovered or newly formed regional economies on various sub- and supranational scales, including localized cross-border linkages, as well as their articulation with the emerging global-regional dynamics. In short, the construction of the national economy and its associated national state in the postwar period was a specific historical moment in the overall mapping and organization of the 'reproduction-régulation' of capitalism. This suggests, in turn, that the recent transformation of the national economy and its associated national state is related to changing forms of accumulation and their impact on the continued feasibility and/or plausibility of treating economic relations as primarily national in form.

In what Sense is this National State being Eroded?

KWNS development was marked by reformist optimism until the mid-1970s. Expert and public opinion then became more critical and the significance of the national state came to be narrated and debated in other ways. Thus, after initial assertions that the modern state was no longer functioning as expected, proposals emerged for managing or even resolving the crisis in the state: its functions should be shared with non-state bodies to reduce overload on an overextended state apparatus and/or be reduced by returning to the liberal night-watchman state. The diagnosis and narration of failure and crisis and calls for some degree of intervention were important sites of struggle during this period; and, depending on the outcome of this struggle, different political solutions were essayed. Moreover, since the distinctiveness of the KWNS often went unrecognized, its failures and/or crisis-tendencies were often attributed to the 'modern state' as such. After a period of conflictual (if not always crisis-driven) experimentation during the late 1970s and the 1980s, there came growing awareness that the resulting changes in the KWNS have not (and never could have) been restricted to simple redistribution or reduction of pre-given functions. Thus, attention turned to the emergence of a qualitatively new state form and how it might be inserted into the wider political system. Of more immediate interest here, however, are several analytically distinct separate crisis-tendencies of the KWNS.

- The centrality of the sovereign state itself was questioned due to the development of allegedly overloaded 'big government', to a legitimacy crisis as the state no longer seemed able to guarantee full employment and economic growth, and to an emerging fiscal crisis that threatened to undermine the welfare state. These crisis-tendencies were aggravated by growing conflicts between local states and central government. The crisis of the international regimes organized under U.S. hegemony also undermined their ability to facilitate effective economic and political performance by national states. More generally, all three forms of the national state (based, respectively, on the *Volksnation*, *Kulturnation*, and *Staatsnation*) found in the space of Atlantic Fordism were challenged by globalization. The latter trends have contributed to declining ethnic homogeneity due to migration, to declining cultural homogeneity with a plurality of ethnic and cultural groups and even an embrace of multiculturalism (especially in large cities), and to the declining legitimacy of the national state as it is seen to disappoint the economic and social expectations generated by Atlantic Fordism and the KWNS.
- It became harder to achieve official national economic objectives such as full employment, stable prices, economic growth, and viable balance of payments. This helped to undermine the national economy's taken-for-grantedness as the primary object of economic management. These issues led to protectionist calls to defend the national economy (or, at least, so-called sunset sectors and their associated jobs) and/or attempts to create a wider economic space within which 'reproduction-régulation' could be renewed (often in a neoliberal policy context).



- Regional and local economies were increasingly recognized to have their own specific problems which could not be resolved through national macro-economic policies or uniformly imposed meso- or micro-economic policies. This situation prompted demands for specifically tailored and targeted urban and regional policies to be implemented from below.
- Internationalization led to a growing contradiction in the field of social reproduction. As the Atlantic Fordist regime developed, more advanced European economies began to import labour from their colonies, southern Europe, or North Africa (Kofman 1995). Initially intended to reconcile the need for cheap labour with the preservation of the Fordist class compromise for citizens, migration later became a source of tensions. These tensions were especially acute insofar as 'the spatial distinction between the closed welfare state and the open movement of foreign labor across territorial borders was increasingly subverted by the tendency of foreign migrant workers to remain permanently in the receiving state and (legally or illegally) to be reunited with their families' (Klein-Beekman 1996: 451). This shift led to growing concern to police the boundaries of national citizenship and its associated Fordist capital-labor compromises and welfare rights. By the mid-1970s, immigration was being constructed as a threat to national cohesion, full employment, and the welfare state. Further destabilizing factors for the welfare state organized around citizenship rights included the decline of the stable two-parent family, the feminization of the paid labour force, and the rise of long-term unemployment. These factors began to transform the patriarchal nuclear family into an anachronism (Pringle 1995: 208).
- There was a crisis of political representation based on 'governing parties', 'business unionism', and capitalist associations, evident in growing electoral volatility and disaffection with parties and in sometimes militant rejection of the postwar capital-labour compromise. 'New social movements' developed to challenge the industrial logic of Atlantic Fordism and the statist logic of Keynesian welfarism in favour of alternative forms of economic and political organization and an antibureaucratic, autonomous, politicized civil society (see Offe 1985; Hirsch and Roth 1985).
- The 'national-popular' problematic of hegemonic struggles shifted from expanding prosperity and welfare rights toward a more nationalist, populist, and authoritarian discourse and/or toward a more cosmopolitan, neoliberal demand for 'more market, less state' in a more open economy.

These various crisis-tendencies had their own dynamic but were often held to crystallize into an 'organic crisis' of the KWNS as a whole. This theme was more resonant in some economies and political systems than others. But even those less susceptible to domestic discourses of crisis still encountered it at secondhand through international agencies such as the OECD which, under the influence of the U.S.A. and transnational financial capital, relayed the discourse of crisis and its neoliberal solution. Nonetheless, the KWNS was not immediately dismantled. Initially, efforts were made to intensify its features, by reinforcing and complementing them, to rescue it through corporatist concertation and/or top-down austerity measures. In this way, the KWNS underwent specific conjunctural transformations. In the wake of failure to restore postwar growth conditions, however, the problem was interpreted as a crisis of (and not merely in) the KWNS. Economic and political forces alike stepped up the search for a new state form (or forms) able to solve the deepening contradictions and crises of Atlantic Fordist accumulation and restabilize the state system. Now emerging stepwise from this search process is a basic structural transformation and strategic reorientation of the capitalist type of state, closely linked to the remapping and rearticulation of the territorial and functional bases of the postwar national state and to the reinvention of 'government-governance' as it is reoriented in a more Schumpeterian workfare direction.

Three Trends in the Reorganization of the KWNS

This transformation is reflected in three major trends: denationalization, destatization, and internationalization. The first two affect basic structural features of national states; the third concerns their strategic orientation and the changing nature of policy-making. I now briefly discuss them in general terms (for more details, see Jessop 1995a), disregarding their



individual and combined realization from case to case. Thus, my comments on 'denationalization' ignore important differences between federal states, with clear constitutional powers allotted to national and regional levels of state organization, and unitary states, such as Britain, where the local state exercises only such powers as are currently required or permitted by the central state. Similarly, in dealing with the shift from government to governance, I neglect the extent to which some KWNS regimes had tripartite macroeconomic governance based on state, business, and unions and/or adopted forms of regulated self-regulation for delivering social welfare. Nonetheless I maintain that, here too, the role of governance has been strengthened at the same time as the range of partners has changed. Nor do I consider the differential importance of various governance mechanisms (for example, the contrast between the strengthening of the neo-corporatist 'negotiated economy' in Denmark and the rise of neoliberal parastatal organizations in Britain). Finally, in dealing with internationalization, I ignore differences among Schumpeterian workfare regimes (SWRs), the extent to which they can be described as 'postnational', and their combination in specific cases (for a discussion of variant forms of SWS and their combination in specific cases, see Jessop 1992b, 1993, 1994b, 1994c). I also ignore the extent to which different states are more or less hegemonic in defining international policy regimes.

The 'Denationalization of the State'

In part, the reorganization of the national state involves major changes in relations on the same organizational level. Thus, apart from shifts in the relative power of the executive, legislature, and judiciary, there are also shifts in the relative weight of financial, educational, technological, environmental, social security, and other organs (on Britain, see Jessop 1992b, 1994a). But reorganization also extends to the reordering of relations among different political tiers. Sometimes labelled 'hollowing out', this aspect of the current transformation is perhaps better discussed under the less metaphorical rubric of 'denationalization'.

This process involves the active rearticulation of the various functions of the national state. Specifically, whereas the national state retains a large measure of formal national sovereignty rooted in continued mutual recognition among national states and remains an important site for political struggles (on which, see below), its actual capacities to project its power inside its borders (let alone beyond them) in the interests of accumulation have been decisively weakened both by movement toward more internationalized, flexible (but also regionalized) production systems and by the growing challenge posed by risks emanating from the global environment. Nonetheless this loss of autonomy does not lead to the simple 'withering away' of the national state or the steady and unilinear erosion of its boundaries as a 'power container'. Instead the loss of autonomy engenders both the need for supra-national coordination and the space for subnational resurgence and extends thereby the scope for the national state itself to mediate between the supra- and subnational. Thus some state capacities are transferred to a growing number of panregional, plurinational, or international bodies with a widening range of powers; others are devolved to restructured local or regional levels of governance in the national state; and yet others are being usurped by emerging horizontal networks of power -- local and regional -- that by-pass central states and connect localities or regions in several nations.

The Growth of Supranational Regimes

First, supranational state apparatuses and international political regimes continue to expand both in number and in the scope of their responsibilities. This expansion is obvious in the European Union, with its widening and deepening field of operations and growing organizational complexity. It is also evident in the continuing proliferation and/or operational expansion of other supranational regional and transnational associations charged with regulating, guiding, and governing economic activities on territorial and/or functional lines. Some of these activities are considered in the next subsection. Here, I focus on a major area of expansion in the functional responsibilities of state apparatuses: concern with 'structural competitiveness' in the various supranational economic spaces in which they have interests. These 'imagined' spaces range from cross-border growth triangles through various plurinational productive spaces and so-called 'triad' growth poles to hemispheric, intertriadic, and global economic relations. State concern with 'structural competitiveness' goes well



beyond managing international monetary relations, foreign investment, or trade to include a wide range of supply-side factors, both economic and extraeconomic in character. And these changes in turn are actively shaping the structure of the global economy, especially in its three major growth poles: Pacific Asia, European Economic Space, and North America.

The Resurgence of Regional and Local Governance

'Hollowing out' also involves a stronger role for regional or local states below the national level, which reflects the growing internationalization of economic flows and spaces as much as the economic retreat of the national state. Globalization of the world economy means that 'the local economy can only be seen as a node within a global economic network [with] no meaningful existence outside this context' (Amin and Robins 1990: 28). Thus, at the same time as the triad regions are emerging, interest is renewed in promoting subnational regional and local economies rather than the national economy as such. This trend is occurring for many reasons, among them ecological, technological, economic, and political. Whereas some ecological problems need global, continental, or cross-border policy responses, others are best met locally or regionally (see Meinhardt 1992; Hay 1994). New technologies are also giving renewed importance to municipal as well as international policy. In more general economic terms, the supply side is increasingly seen as the key to national competitiveness. But this leads to mounting pressure for the needed improvements in infrastructure, human resources, innovation systems, and so forth, to be identified at the appropriate level and implemented regionally, sectorally, or locally rather than through a uniform national policy. And, in political terms, as national states lose effective powers internationally and prove less capable of delivering jobs and growth nationally, pressures mount for more effective local or regional government that might be able to satisfy economic demands. All these factors are closely linked, of course, to the rediscovery of cities, conurbations, and metropolises as crucial economic sites with major repercussions on the competitiveness and/or growth potential of surrounding economic spaces.

An Emerging Trend towards Trans-local Linkages

Growing links among local states extend beyond national boundaries to include foreign partners. These connections emerged in the 1970s and have expanded rapidly in the late 1980s and 1990s. In ever more cases in all three triad regions, there is increased cross-border cooperation among neighbouring local or regional states from different national states. For example, there are growing links between cities in the growing number of transborder metropolitan regions between Mexico and the U.S. well as along the U.S.-Canadian border in addition to increased cooperation among individual states within the United States where they belong to the same 'imagined' economic region or share common problems (see Fosler 1988: 312-326). Likewise, the European Union is now actively involved -- especially with the collapse of communism in Central and Eastern Europe -- in sponsoring translocal linkages among regions both within and beyond its borders. Thus, we find regional or local authorities engaged in vertical links with EU institutions, especially the European Commission, and/or direct links among nonpropinquitous local and regional authorities in member states. There is also growing interest in cross-border 'growth triangles' involving regional or local authorities in East Asia. And Japanese regional authorities have been encouraged to set up trans-national links with sub-national regions elsewhere in East Asia as part of a more general policy of diversification and decentralization.

The 'De-statization' of Politics

The second general trend in the reinvention of the state in its inclusive sense is the shift from the centrality of *government* to more decentralized forms of *governance*. This trend concerns not so much the territorial dispersion of the national state's activities as a reorganization of functions in the broader political system on whatever territorial scale the state operates. It involves movement from the taken-for-granted primacy of official (typically national) state apparatuses towards the taken-for-granted necessity of varied forms and levels of partnership between official, parastatal, and nongovernmental organizations in managing economic and social relations. Hence it also involves a shift from the top-down hierarchical political organization typical of sovereign states to emphasis on promoting and/or steering the self-organization of interorganizational relations. In this expanding range of networks,



partnerships, and other models of economic and political governance, official apparatuses would remain at best *primus inter pares*. Although public money and law would remain important in underpinning their operation, other resources (such as private money, knowledge, and expertise) are also critical to success. In this sense, the state's involvement tends to be less hierarchical, less centralized, and less dirigiste in nature. This movement is reflected in a change in organizational paradigm which parallels other discursive shifts linked to the development of post-Fordism (without being reducible to this shift). In particular, we can note growing interest across a wide range of academic and professional disciplines and fields of social activity in 'governance' itself as well as the new importance attached to network and/or partnership arrangements in corporate and regional governance (see Cooke and Morgan 1993) and the emergence of strategic thinking about the 'governance of governance' (see Jessop 1995b).

This general trend is linked to the turn from imperative coordination imposed from above by the sovereign state to an emphasis on interdependence and the division of knowledge, on reflexive negotiation and mutual learning. It is variously reflected in conscious deployment of the principle of subsidiarity; in expansion of mechanisms such as 'regulated self-regulation' and officially approved 'private interest government' (see Streeck and Schmitter 1985), in increased importance of the informal sector (especially in the delivery of welfare and collective consumption), and in the role of national and supra-national states in promoting decentralized context-steering and facilitating self-organization (see Matzner 1994; Willke 1992).

Such shifts are evident on all territorial scales of state organization as well as in a wide range of functional areas. They are closely linked to the 'hollowing out' of the national state and to the structural transformation and strategic reorientation of the key economic and social functions of the KWNS. The expansion of regional-local, supranational, and translocal or cross-border linkages has played a major role in promoting the growth of governance at the expense of national government. The enhanced role of the state's supply-side functions in increasingly open economies also points in this direction. For the moment, however, I focus on the multitiered nature rather than the variable functional geometry of governance mechanisms.

Although much of the debate (especially in Britain) about the future of the European Union is highly state-centred, it is actually on the European level that the general 'destatization' trend is especially remarkable. These two phenomena are far from being unrelated. It is difficulties in European state-building as much as changes in the European economy that have prompted the strategic reorientation from government to governance. Thus the current development of supranational European governance involves far more than the emergence of a federal, confederal, or intergovernmental apparatus. It also involves the active constitution of other supranationally organized and/or oriented economic and social partners -- whether functional or territorial -- and their integration into loosely coupled, flexible policymaking networks through specific communication, negotiation, and decision-making channels (see Tömmel 1994: 14). Indeed, 'the European Commission places a major emphasis on the formation of networks as a means of encouraging the achievement of the difficult goal of European integration and ... cohesion' (Cooke and Morgan 1993: 554). Especially interesting in this regard is the commitment to multitiered networks involving both territorial and functional actors (for more details, see Jessop 1995a).

The same trend toward governance is found at national, regional-local, and the translocal (or 'intermestic') levels. Having made the case in general terms and illustrated it from the supranational level, however, I simply refer to the large literature on regional and local governance and its role in promoting the 'joint product' of endogenous economic development based on enhanced structural competitiveness. The strengthening of local and regional governance is linked with the reorganization of the local state as new forms of local partnership emerge to guide and promote the development of local resources. For example, local unions, local chambers of commerce, local venture capital, local education bodies, local research centres, and local states may enter into arrangements to regenerate the local economy. This trend is reinforced by the central state's inability to pursue sufficiently differentiated and sensitive programmes to tackle the specific problems of particular localities.



It therefore devolves such tasks to local states and provides the latter with general support and resources (see Dyson 1989: 118).

The Internationalization of Policy Regimes

This trend refers to the increased strategic significance of the international context of domestic state action and the latter's extension to a wide range of extraterritorial or transnational factors and processes. It involves both a change in the balance of the state's strategic orientations to different scales of political action and a change in the relative importance of national and international sources of policy. This shift blurs the distinction between domestic and foreign policy and widens the territorial bases of actors who are either directly involved in decisionmaking and/or whose opinions and likely reactions are taken into account. International agencies and international regime-building are especially significant in this regard. This trend applies to all territorial scales on which states are organized: it is not limited to the national state.

This trend is reflected in economic and social policy, for example, insofar as the prime object of economic and social intervention by national states in North America and the EU has been changing from the well-balanced domestic performance of the 'national economy' to its overall 'international competitiveness' understood in very broad terms. It can be seen in the tendential shift from the Keynesian welfare concerns of the postwar European national states to less state-centred Schumpeterian workfare concerns in an emerging 'postnational' or 'multiscalar' political regime. Economically, such concerns involve promoting product, process, organizational, and market innovation in open economies in order to strengthen as far as possible the structural competitiveness of the national economy by intervening on the supply side. Such concerns are reflected at local, regional, and supranational levels and in new forms of interlocal or interregional competition as well as at the level of the national state. Socially, they involve subordinating social policy to the needs of labour market flexibility and/or to the constraints of international competition. In both respects, these concerns involve an awareness of the international context of economic and social policy far greater than that which marked the heyday of the Keynesian welfare state.

In particular, the Schumpeterian workfare regime marks a clear break with the Keynesian welfare state insofar as (1) domestic full employment is deprioritized in favour of international competitiveness; (2) redistributive welfare rights take second place to a productivist re-ordering of social policy; and (3) the primary role of the national state is deprived in favour of governance mechanisms operating on various levels (see above). At the same time, a growing trend to the internationalization of policy regimes reflects a perceived need for coordination of policy and policy contexts across scales of economic and political action.

In mentioning the first break, I accept that full employment remains on the political agenda, but it is no longer regarded as an immediate objective of state intervention. Job creation is now seen to depend heavily on the active management of the supply side and on the flexibility of the labour force rather than to flow quasi-automatically from effective management of national demand (see, for example, the recent EC White Paper on growth, competitiveness, and employment). In certain respects, of course, small open economies already faced this problem in the period of Atlantic Fordism; and we can find prefigurative aspects of the Schumpeterian workfare regime, such as active labour market policies, in their operation. But even small open economies have been forced to adjust to the changed conditions of international competition and far wider and deeper range of factors are now considered to bear on international competitiveness. Likewise, in noting the second break, I want to highlight a change in the 'workfare-welfare' mix, that is, an ongoing shift in the importance of welfare rights linked to tax- and/or contribution-based consumption of services as compared to 'workfare' dependency in which reproduction is subject to 'disciplinary normalization' overseen by (para)state agencies (see Fraser 1987; Rose 1993). Welfare rights are tending to become residualized and their provision subject to restrictions on demand and to downward cost pressures, especially for those excluded from the labour market due to age or incapacity; and workfare is tending to become differentiated, subordinated to supply-side and market criteria, and more closely policed. In both cases the implications of welfare and workfare are closely related to their impact on international competitiveness. Finally, it is the increased importance of governance mechanisms in the



delivery of the changing 'workfare-welfare' mix that prompts me now to talk of the Schumpeterian workfare regime rather than, as previously, of the Schumpeterian workfare state. Whereas the KWNS, notwithstanding some cross-national and/or policy-specific variations in the 'welfare mix'), was organized in crucial respects through the national state, Schumpeterian workfare is less state-centred even in its concern with the social reproduction of labour-power, let alone in its concern with the valorization of capital. There is clearly some significant variation in the emerging welfare-workfare mix and the forms in which it is delivered from case to case. But the general trend is certainly evident and becoming stronger.

Is There still a Role for the National State?

In addressing the possible erosion of the national state as a decisive factor in contemporary politics, two accounts of 'erosion' must first be rejected. It should be confused neither with a gradual withering away of the national state; nor with its simple displacement through 'more market, less state'. Instead, erosion is best understood as a process of decomposition involving a progressive loss of effective state unity. This loss of unity need not mean that specific state apparatuses tend to disappear (although this may be a contributory factor); rather it entails a loss of their coherence in securing state functions tied to a specific state project. In the first instance, such an erosion can be discerned in the *internal disarticulation* (institutional crisis) of state apparatuses (in terms of their vertical coherence across different organizational levels and/or 'horizontal' coordination of different domains of state activity) and in *declining effectiveness* (or, in Habermasian terms, 'rationality' crisis) in securing declared state functions linked to the dominant state project. Linked phenomena might be failure in the state's strategic selectivity as evidenced in the disorganization and disorientation of the hegemonial bloc (if any) and its associated state managers and/or dissolution of the social basis of support for this state and its projects. This attenuated selectivity could be linked in turn with a *representational crisis* of the state (whether in its mass or 'national-popular' social basis as reflected in growing volatility or absolute loss of support for governing parties and other 'mass integrative apparatuses' or in growing instability or disintegration of institutionalized compromise in the power bloc) and/or a *legitimation crisis* (that is, loss of faith in the specific claims to political legitimacy of this state form such as, in the current case, its claim to be able to deliver economic growth and generalized prosperity).

Thus interpreted, one can talk of an erosion of the national state. But this erosion applies to the Keynesian welfare national state: not to all possible forms of the national state. Most European national states experienced institutional crisis in the 1970s and major attempts were made to address this through internal reorganization and a redrawing of the state's boundaries. There was also a clear crisis in their capacity to deliver growth, jobs, balanced trade, and stable prices and to meet growing expectations for social welfare. In several European national states there was also a major institutional and hegemonic crisis accompanied by representational and/or legitimacy crises. Evidence for this is above all in the growth of new social movements, the rise of the 'New Right', and the turn towards neoliberalism. But erosion of one form of national state should not be mistaken for its general retreat. It may well be, indeed, that, as the frontiers of the KWNS (especially those which had been extended during crisis management) are rolled back, the boundaries of the national state are rolling forward in other respects and/or other forms of politics are becoming more significant.

In this context, despite the three general trends noted above (denationalization, destatization, and internationalization), a key role remains for the national state. This suggestion can be clarified through Poulantzas's distinction between *particular* state functions and the state's generic (or 'global') function. Poulantzas identified three particular sets of activities: technoeconomic functions regarding the forces and relations of production; political functions (for example, taxation, policing, defense, legislation, official audit) concerned with the self-maintenance of the state's core military, police, and administrative activities; and ideological functions (for example, education, patriotic and national rituals, mass communication). He also defined the generic function as securing the social cohesion of a society divided into classes (Poulantzas 1973). Thus, regarding reorganization of the national state, I refer mainly to the erosion of key 'particular' functions associated with the KWNS state project and the displacement of key 'particular' functions linked to an emerging SWR state project. But this



reorganization does not mean that the loss of the national state's key role in exercising its generic political function. For the *national state remains the primary site for this crucial generic function* and, indeed, national state managers jealously guard this role even as they concede more specific functions. Thus the national state is still the most significant site of struggle among competing global, triadic, supranational, national, regional, and local forces. And, just as the 'hollow corporation' retains its core command, control, and communication functions within the home economy even as it transfers various production activities abroad, so the 'hollowed out' national state retains crucial general political functions despite the transfer of other activities to other levels of political organization. In particular it has a continuing role in managing the political linkages across different territorial scales, and its legitimacy depends precisely on doing so in the perceived interests of its social base (see Kazancigil 1993: 128). Moreover, just as multinational firms' command, communication, and control functions are continually transformed by the development of new information and communication possibilities and new forms of networking, bargaining, and negotiation, so, too, as new possibilities emerge, are there changes in how 'hollowed out' states exercise and project their power (for example, Willke 1997).

Ziebur (1992) notes the continued importance of the generic political function of the national state. He argues that the tendencies toward globalization and transnational regionalization provoke a countertendency in a popular search for transparency, democratic accountability, and proximity. He adds that the desire for local, regional, or (at most) national identity reflects powerful drives, especially in small national states, to compensate for threats from powerful neighbouring states and/or the rise of supra-national institutions that lack any real democratic accountability. This point is reinforced when we consider that the national state is currently still best placed to deal with social conflicts and redistributive policies, social integration and cohesion. Although supranational bodies seem preoccupied with the internationalization of capital and promoting (or limiting) the structural competitiveness of triad regions and their various constituent national economies, they are less interested in social conflicts and redistributive policies. These concerns are still mainly confined within national frameworks and it is national states that have the potential fiscal base to change them significantly in this regard. Indeed, without central government support, it is hard for most local or regional states to achieve much here. This situation presents the national state with a dilemma. On the one hand, it must become actively engaged in managing the process of internationalization; on the other, it is the only political instance with much chance of halting a growing divergence between global market dynamics and conditions for institutional integration and social cohesion.

In short, there remains a central political role for the national state. But this role is redefined due to the more general rearticulation of the local, regional, national, and supranational levels of economic and political organization. Unless or until supranational political organization acquires not only governmental powers but also some measure of popular-democratic legitimacy, the national state will remain a key political factor as the highest instance of democratic political accountability. How it fulfills this role depends not only on the changing institutional matrix and shifts in the balance of forces as globalization, triadization, regionalization, and the resurgence of local governance proceed apace.

Making Culture More Visible

My analysis has drawn on categories from the regulation approach, neo-Gramscian state theory, and critical discourse analysis. Some readers may adjudge it economistic and/or politicistic and claim there is little 'culture' in either the description or the explanation. Here my account is 're-presented' to show how deeply regulationist and neo-Gramscian categories rest on assumptions, concepts, and explanatory principles rooted in cultural analysis. In doing so, I also invoke the insights of critical discourse analysis (and the 'new' narrative theory) and stress their implicit complementarities and potential contributions to integral economic and political analyses.

A useful starting point is Jenson's extension of regulationism to include discourse theory as well as structure-agency dialectics (1989; 1990; 1995). She calls for concrete analyses of



historically developed sets of practices *and meanings* that provide the actual regulatory mechanisms for a specific mode of growth and/or the specific 'societal paradigms' that govern a wide range of social relations beyond the realm of production. Accordingly, economic crises involve more than a final encounter with pre-given structural limits. They are manifested and resolved in an interdiscursive field (or representational system) through which social forces assert their identities and interests. Thus, for Jenson, newly visible and active forces emerge in a crisis and participate in the expanding universe of political discourse. They present alternative modes of regulation and societal paradigms and enter political struggles over the terms of a new compromise. If a new 'model of development' becomes hegemonic in the emerging universe of political discourse oriented to new structural relations, it sets new rules for recognizing actors and defining interests (see Jenson 1990: 666).

Such comments help us to interpret and extend the implicit constructivism in regulationist accounts of the economy as an object of regulation and in theories of governance. They reinforce arguments about the discursive constitution of objects of regulation and/or governance with their insights on how new paradigms may be constructed through the entry of new social subjects. Just as the national state can be seen as but one specific form of imagined political community, so the 'national economy' is only one possible imagined space of economic activity. Accordingly, rather than seek objective criteria to identify the necessary boundaries of economic space (on whatever territorial or functional scale), it is more fruitful to pose this issue in terms of an imaginary constitution (and naturalization) of the economy. At the same time, the social modes of economic regulation helps constitute and naturalize its objects in and through the very processes of regulation (see Jessop 1990: 310-11). Of course, naturalizing discursive formations and specific regularizing practices are contestable. Struggles to define specific economies as subjects, sites, and stakes of competition and/or as objects of regulation typically involve manipulation of power and knowledge. The effectiveness of these public narratives in naturalizing and regularizing specific conceptions of economic space depends in part on their links to wider cultural and institutional formations that provide 'a web of interlocution' (Somers 1994: 614). But their resonance is also related to material contradictions and tensions in existing forms of economic regulation and/or governance as these impact on personal and organizational narratives. Their overall plausibility depends in turn on meta-narratives that reveal links between a wide range of interactions, organizations, and institutions or help to make sense of whole epochs (see Somers 1994: 619). And, of course, the tendential, provisional, and unstable nature of regulation always threatens the continued plausibility of the currently hegemonic technoeconomic paradigms, bounded accumulation strategies, and societal paradigms (on this, see Jessop 1990).

From this perspective, the postwar 'naturalization' of the relatively closed national economy as the taken-for-granted object of economic regulation can be seen as a product of convergent public narratives about the nature of key economic and political changes facing postwar Europe and North America. This approach involved acts of imagination and social mobilization as well as institutional innovation. It depended in part on the definition of an 'imagined economic community' grounded both in an 'imagined economic space' and an 'imagined community of economic interest' among social forces with a joint interest in domestic prosperity and resistance to communism. This economic space became the site and stake in national accumulation strategies aimed at securing the economic and extraeconomic conditions for the successful insertion of the national economy into the Atlantic Fordist mode of growth. The development and consolidation of the latter also involved struggles to establish the economic hegemony of these accumulation strategies and to articulate them into different state projects and national-popular hegemonic projects (on accumulation strategies and hegemonic projects, see Jessop 1982 and 1990: 155-60). There were also major efforts on the part of economic, political, and intellectual forces to generalize new norms of production and consumption. Although this constitution of national economies and national modes of growth was mediated through national states, it was closely connected with the 'making of an Atlantic ruling class' under U.S. hegemony (see van der Pijl 1984; Rupert 1995; Maier 1978). Moreover, once constituted, these imagined national economies co-evolved in conjunction with the dynamic of national politics as shaped in and through struggles within individual



national Keynesian welfare states (see, for example, Scharpf 1988; Keman, Paloheimo and Whiteley 1990; Hall 1988).

Thus, the emergence of a new accumulation regime and its mode of regulation involve a veritable 'cultural revolution' as well as radical institutional innovation. Technoeconomic paradigms are transformed -- witness the contrast between the discourses of economic and political planning and of productivity based on economies of scale in Atlantic Fordism and the emerging discourses of enterprise and market forces and of flexibility in the transition to post-Fordism. Changes are also occurring in organizational paradigms -- witness the newfound emphasis in both the economic and political spheres on the role of networks, partnerships, stakeholding, and good governance. New norms and expectations must be defined to complement new structural forms and social practices -- thus the transition to new accumulation regimes is typically associated with public campaigns to adopt new bodily, production, and consumption practices and to share new visions of economic, political, and social life in addition to Gramsci's classic notes on Americanism and Fordism, see also the interesting case study by Banta, 1993, and, from a more Foucauldian perspective, Miller and Rose, 1993, on neoliberalism. Economic strategies and spatiotemporal horizons must be re-aligned with changes in the structurally inscribed strategic selectivity of modes of growth and their associated political regimes. This is reflected in the rhetoric of the enterprise culture, the learning region, the information society.

Likewise, the Schumpeterian workfare postnational regime tendentially replacing the KWNS is also the product of a new consensus. Of central significance here is the emerging geoeconomic metanarrative concerning 'globalization' and its translation into pressures to prioritize 'structural competitiveness' on various territorial scales. This metanarrative has been linked to other narratives that have been persuasively (but not necessarily intentionally) combined to consolidate a limited but widely accepted set of diagnoses and prescriptions for the economic and political difficulties now confronting nations, regions, and cities and their various economic branches. Significant discourses in this context are those of the enterprise culture, enterprise society, innovative milieux, networks, strategic alliances, partnerships, governance, and so forth. A second major set of metanarratives are more geopolitical in character and concern the end of the cold war, the collapse of communism, and the economic threats to national survival from East Asia. These and other stories combined to reinforce the claim that the national state's borders have been undermined, thereby rendering it anachronistic, and that all national economies are now subject to greatly intensified global competition that is difficult to evade, thereby exerting downward pressure on 'unproductive' public expenditure and prompting a 'race to the bottom'. The prime goals of postwar economic policy (full employment, stable prices, economic growth, and a sustainable balance of payments) can no longer be delivered in and through the national state. This in turn undermines the national state's capacity to deliver redistributive social welfare and limit the degree of social exclusion. In this sense, the postwar economic and political regime has failed and, if economic forces are to escape the consequences, it is essential to modify economic strategies, economic institutions, modes of governance, and the form of state. These must be redesigned to prioritize 'wealth creation' in the face of international, interregional, and intraregional competition since this is the prior condition of continued social redistribution and welfare. Such narratives lead, *inter alia*, to the discovery of triad regions, the 'region state', the 'transnational territory', 'entrepreneurial cities', and so forth, as new phenomena and their naturalization on practical, if not normative, grounds (see Horsman and Marshall 1994; Kennedy 1993; Luttwak 1990; Ohmae 1991; Sassen 1994).

These recent paradigm shifts illustrate well the close, mutually constitutive links between academic discourse, political practice, and changing economic realities. Academic discovery of networks and governance has coincided with economic changes that make big business and big government ineffective means of economic and political organization. This confluence may help to explain the widespread fascination with alternative forms of governance, whether rediscovered or newly invented. This point is surely reinforced to the extent that 'structural competitiveness' is discursively constituted as a 'joint product' requiring active cooperation across a wide range of economic, political, and social actors. For the stage is then set for the proliferation of governance arrangements committed to the pursuit of enhanced economic performance.



Such major changes neither bypass the state nor render it helpless. Thus, the state is actively involved in developing new accumulation strategies, state projects, and hegemonic projects based on the discourses of globalization and structural competitiveness. New governmental rationalities and subjects of governance are also required to sustain changed articulations of government and governance. States have become actively involved in generalizing new norms of production and consumption through such measures as privatization, fiscal incentives to investment and enterprise, flexibilization and market proxies in the public sector, workfare and learnfare rather than social citizenship entitlements, and promoting public-private partnerships. The imagined boundaries of political regimes and their social bases of support are also changing. On a supranational scale, there are attempts to create European culture, to develop an ASEAN or East Asian identity as basis for 'saying no' to the West; on a regional scale, there is a new celebration of regional and 'tribal' identities as the basis for place marketing and imagining.

Indeed, given the argument about the generic function of the state in securing social cohesion in a conflictual society, changes of this magnitude have profound implications for the state and its exercise of power. We see this reflected in the denationalization of the state and the destatization of politics: processes that are far from automatic but always mediated through paradigm shifts and social struggles. Moreover, as politics is not, *pace* Lenin, 'concentrated economics', these changes reflect the relative autonomy of the state in its inclusive sense. Indeed, given the argument about the generic function of the state in securing social cohesion in a conflictual society, changes of this magnitude have profound implications for the state and its exercise of power. Thus each of the trends noted above is associated with a countertrend reinforcing the generic role of the national state. This change is seen in the increased importance of the national state in managing the relationship between different levels of state organization and the corresponding politics of scale in the interests of social cohesion (see Brenner 1997; Collinge 1996; Ziebur 1992); in the enhanced role of the state (on various territorial scales but especially the national) in metagovernance, that is, in managing the forms of governance and intervening in the case of governance failure (see Jessop 1995b); and in the struggle by states (especially national states) to shape emerging international regimes.

Conclusions

We now return to the continuing restructuring and reorientation of the Keynesian welfare national state. Three trends have been identified. First, some of the particular technical-economic, political, and ideological functions of the national state are being relocated to other levels of state organization. Second, some of the particular technoeconomic, political, and ideological functions previously or newly performed by the national state have been increasingly shared with, or wholly shifted to, other (that is parastatal or private) political actors, institutional arrangements, or regimes. And, third, the international context of domestic state action has become of greater significance to national, regional, and local states and their fields of action because domestic purposes have been expanded to include an extensive range of extraterritorial or transnational factors and processes. All three of these trends are associated with partial redefinition of the particular functions of the state.

Many commentators have discussed one or more of these trends, sometimes in terms similar to those deployed here. Few have considered all three. Serious theoretical and empirical problems occur, however, if they are considered in isolation: especially when they are extrapolated uncritically and unilinearly into the future -- when treating post-Fordism as something already achieved and consolidated or, worse still, as the telos of the current economic and political transformation of capitalism. An equally misleading extrapolation from current trends is the claim that increasing globalization requires a world state to organize the general conditions of a production on a world scale. This view ignores the complex global-regional-local dialectic and its implications for securing structural competitiveness and neglects various forms of subnational state and/or cross-border restructuring of the state. Neoinstitutionalism offers another misleading perspective in the erroneous claim that the proliferation of functionally specific and nongovernmental 'international regimes' is producing a 'post-national state' system at the expense of territorially organized national states and intergovernmental arrangements (see Keohane 1992). Not only does this argument one-



sidedly emphasize international governance at the expense of scales of governance, it also gives the impression the need for the state is somehow obviated. Yet the national state is not only a key player in many governance mechanisms but also has a major role in organizing the self-organization of interorganizational relations, regulating self-regulation, promoting the coherence of regimes in different areas, and dealing with the repercussions of governance failure (for a more extended comparison of alternative perspectives on the future of the national state, see Evers 1994 and Jessop 1995a).

My own conclusion from all three trends is that the articulation of the value- and nonvalue forms of reproduction-régulation in the former economic space of Atlantic Fordism is no longer associated politically to the KWNS with its local relays, corporatist bias, and international supports. It has been relocated in an postnational Schumpeterian workfare regime. The latter's particular functions have been dispersed among several tiers of territorial organization and are shared with an extended and institutionalized range of functionally relevant stakeholders. This change poses serious problems in managing the politics of scale since the primacy of the national level and domestic actors can no longer be taken for granted even in powerful states. Yet the generic political function of maintaining social cohesion is still exercised by the national state in this emerging politicoeconomic regime and its fundamentally altered strategic context. It will remain essential to the exercise of the 'generic' functions of the capitalist state until such time as supranational regimes acquire the capacity to manage problems of social cohesion in a class-divided regional bloc or world system. Thus, despite tendencies towards crisis and erosion in its integral economic Keynesian welfare features, the postwar national state is acquiring new economic and social functions and remains significant as a general political force.

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