Disciplinary effects of capital accumulation: Exploring the steering and fiscal capacity of the state in Italy and Spain

Daniela Caterina
Huazhong University of Science and Technology, China

Nikolai Huke
Eberhard Karls Universitat Tubingen, Germany

Abstract
Calls against austerity have entered the political agenda of very different actors in the political spectrum – from social democratic to right-wing populist parties. In this article, we argue that the main failures in realizing these claims and thus overcoming austerity can hardly be explained only in terms of (lacking) political will. We rather approach this problem complex in the two emblematic cases of Italy and Spain by foregrounding the disciplinary effects of capital accumulation in both the countries through a long-term historical reconstruction of the fiscal and steering capacity of their respective state institutions. Despite key specificities in the respective fragile accumulation regimes, the main findings point to the fact that the structure of accumulation has imposed strong constraints in both Italy and Spain. An unstable and crisis-prone capital accumulation characterized by low productivity, a lack of sectoral diversity, regional fragmentation, as well as high levels of exposure and dependency within variegated capitalism have restricted state capacity – a tendency only ruptured in temporary boom-cycles. This, we argue, entails some major implications, first, to address the present failures of social democratic forces and second, to gauge the concrete transformative potential at the politico-economic level of populist calls for ‘breaking the chains’ of austerity.

Corresponding author:
Nikolai Huke, Eberhard Karls Universitat Tubingen, 72074 Tubingen, Germany.
Email: nikolai.huke@uni-tuebingen.de
Keywords
capitalism, dependency, economic crises, Europe, state

Introduction

If the banks don’t have a solvency margin, a profit margin, they can’t finance companies and companies can’t invest, and if the banks aren’t solvent, they can’t finance consumers so that they consume or so that they take out a mortgage. Hence, the economy is everything and, of course, the financial system is our backbone. (Zapatero in States News Service 2010)

I don’t want an Italy slave of anybody, I don’t want any chains, I don’t want the long chain. We are the most beautiful and potentially richest country of the world and I am fed up with each and every decision depending on the signature of some European official – are we or aren’t we free? (Salvini in ANSA 2019, own translation)

The governments of the Spanish Socialist Workers’ Party (PSOE) led by José Luis Rodríguez Zapatero in Spain during the Eurozone crisis just like Syriza in Greece have become symbols for the difficulties of social-democratic governments in the European periphery in overcoming neoliberal austerity and economic stagnation. In explaining these failures, a variety of critical political economy approaches have highlighted the authoritarian drift characterizing crisis management at the European Union (EU) level (Jäger and Springler 2015; Wöhl et al. 2020). The fundamental difficulties in overcoming dominant austerity models, however, concern a much broader audience than the social-democratic one. While the link between austerity and populism is still highly debated, calls against austerity have also entered the agenda of right-wing populist parties. Italy is a case in point in this respect – with the ‘yellow-green’ coalition composed of the Five Star Movement (Movimento Cinque Stelle, M5S) and Lega (‘League’) governing from May 2018 to August 2019. Despite loud battle cries against austerity – especially in the wake of the 2019 European Parliament elections – the Lega’s populist rhetoric could in fact hardly converge into a concrete politico-economic trajectory reversing the country’s previous politico-economic course of action (Pucciarelli 2019: 21–30). What at first sight may appear as the basic failure of social democracy to subvert austerity in a country like Spain thus turns out to be a much broader phenomenon concerning very different political actors in the European scenario, such as the Italian Lega – trapped in between the call to ‘break the chains’ of austerity, as quoted above, and the very impossibility to do this.

How to understand these ‘failures’ of agency – of very different political colour? Do they point just to a lack of political will? The opening quotes, we argue, actually imply two main sets of fundamental risks in trying to make sense of this problem complex. The argument that ‘the economy is everything’ runs the risk to render the dependence of the economy on state politics invisible and to severely downplay the potential to transform processes of capital accumulation. On the contrary, the argument calling for ‘breaking the chains’ easily ushers into a voluntaristic disregarding of the concrete circumstances of action and risks to exaggerate the potential to transform accumulation – whereby a main empirical question concerns who would like to transform the existing system and how.
This study approaches the above questions by focusing on the cases of Italy and Spain, which in the light of the most recent developments continue to be two key political laboratories facing the challenge to reverse austerity – in Italy, with Salvini’s Lega fighting for the collapse of the present conflict-ridden majority coalition composed of M5S and Democratic Party (Partito Democratico, PD), and in Spain, with the recently formed social-democratic coalition of PSOE and Podemos. In the attempt to avoid both kinds of risks pointed out above, we choose to foreground in our analysis the disciplinary effects of capital accumulation in Italy and Spain by performing a long-term historical reconstruction of the steering and fiscal capacity of the state in both countries. Two remarks are paramount in this respect. First, the adoption of a long-term timespan of analysis necessarily sacrifices a certain degree of complexity and detail in favour of a more overarching perspective on the observed phenomena. Yet, we argue, this latter is a key element in the attempt to make sense of (more) recent events in the Italian and Spanish scenario while being aware of past – even very remote – politico-economic dynamics. Second, the stress on capital accumulation also necessarily sacrifices a more complex perspective on inherently related questions of agency and strategy. Our aim, however, is not to disregard underlying hegemony struggles as not important. Rather, true to a thorough dialectical understanding of hegemony in the Gramscian sense, we aim to contribute to an encompassing historical–materialist investigation of the Italian and Spanish political economy. This study thus seeks to complement attempts at problematizing the link between accumulation, agents, interests and political projects both in Italy (Amable et al. 2011; Amable & Palombarini 2014; Amyot 2004; Caterina 2019a; Cozzolino 2019a, 2019b; Cozzolino & Giannone 2019; Palombarini 2003) and in Spain (Bailey et al. 2017; Buendía 2018; Buendía & Molero-Simarro 2018; Holman 1996; Huke 2017; Pérez & Rhodes 2014; Rodríguez López 2015).

Our analysis of the Italian and Spanish cases suggests that the structure of accumulation does impose strong constraints on political agency. Despite key specificities in the respective fragile accumulation regimes, in both countries an unstable and crisis-prone pattern of capital accumulation characterized by low productivity, a lack of sectoral diversity, regional fragmentation, as well as high levels of exposure and dependency within variegated capitalism has resulted in a limited fiscal and steering capacity of the state. This tendency has only been ruptured in temporary boom-cycles – as in the case of the real estate-led growth in Spain prior to the Eurozone crisis, while, concerning the Italian case, it is necessary to go back even to the ‘economic miracle’ of the 1950s. Debt eventually became key to temporarily expand state capacity; yet, in the long run, it has exposed a series of perverse effects further restricting this very capacity. These findings, we argue, entail some key implications. They contribute to explain the current hard times of social democratic actors but are also fundamental to shedding light on the Achilles’ heel of main populist political forces such as the Lega, who often – at least discursively – overtly disregard the capital accumulation dynamics analysed in the article. To be sure, transforming accumulation through state agency is and remains possible; yet, our analysis shows, it is and remains quite a difficult task.

The article will develop these arguments as follows. In section ‘Exploring and operationalizing state capacity’, we discuss our theoretical stance on the relationship between the state and the economy and its implications for the conception and operationalization
of ‘state capacity’. Section ‘Investigating the disciplinary effects of capital accumulation in Italy and Spain’ turns to the empirical investigation of the Italian and Spanish cases throughout three main overarching periods, that is, Fordism (section ‘The long way to Fordism’), its crisis (section ‘Crisis of Fordism – and beyond’) and the Eurozone crisis (section ‘Eurozone crisis’), before the findings of the overall analysis are summarized in section ‘Conclusion and outlook’.

Exploring and operationalizing state capacity

The conception of the state adopted in this study opposes any ‘problem-solving’ ideal state as well as any understanding of the state as a unitary actor. Rather, we regard the state in its Gramscian understanding of ‘integral state’ (Gramsci 2012: 244, 263) as a ‘strategic field and process’ (Poulantzas 2000: 136) with an own materiality. In analogy with a relational understanding of ‘capital’, we draw on Poulantzas in conceiving of the state not as an ‘intrinsic entity’, but as ‘a relationship of forces, or more precisely the material condensation of such a relationship among classes and class fractions, such as this is expressed within the State in a necessarily specific form’ (Poulantzas 2000: 127).

We follow neo-Poulantzasian state theory in regarding the state as a necessary precondition for capital accumulation. In order for economic reproduction on the basis of the law of value to succeed, political and economic domination must be separated, with physical coercion centralized in an apparatus formally detached from the very social classes. This is at the core of the ‘particularization’ – or ‘relative autonomy’ – of the state, which, however, always remains contested and open to struggle (Hirsch & Kannankulam 2011: 66–67). As regulation theorists have added, the state thus stabilizes inherently crisis-prone capital accumulation regimes, that is, ‘pattern[s] of production and consumption reproducible in the long run’ (Jessop 1992: 238, own translation).

Neo-Poulantzasian state theoretical considerations and empirical research mainly tend to focus on relationships of force (e.g. struggles between capital fractions) within and strategic selectivities of the state. They seek to show how social struggle constitutes and permeates the state and how the material condensations of these struggles shape state policies and condition its stance vis-à-vis the capitalist economy. In our article, we aim to expand this understanding of the state by reversing the focus: What concerns us in this article is not how the state – through its relative autonomy – shapes and stabilizes capital accumulation, but how capital accumulation (or more precisely, structural dynamics of specific accumulation regimes) limits, disciplines and preconditions state agency (or more precisely, the agency of different state apparatuses). Our aim this way lies in exploring the ‘relative’ in ‘relative autonomy’. In order to visibilize and foreground the effects of capital accumulation on state agency, we reconstruct the dynamics of capital accumulation in Italy and Spain ‘as if’ they would develop independently of the states’ variegated strategies of regulation – albeit knowing that ‘accumulation regime’ and ‘mode of regulation’ constitute mutually dependent categories (Jessop & Sum 2006).

The dynamics described in our article in this way are only a part of the puzzle. They need to be complemented with and related to a historical reconstruction of shifting
relationships of force within the state and resulting state strategies of how to regulate the capitalist economy. The educated guesses our text provides regarding the limitations imposed on state capacity by the dynamics of the specific accumulation regimes in Italy and Spain are necessarily open to doubt: They can be ‘tested’, ‘falsified’ and ‘observed in action’ only if the limitations themselves are challenged politically – such as by social-democratic or authoritarian-populist political strategies that aim to end austerity. As long as such a challenge does not occur – for example, because the limitations imposed by capital accumulation are in line with interests of dominant class fractions – state capacity can only be described approximately and tentatively.

Despite their elusive nature, however, restrictions on state capacity that capital accumulation imposes in our understanding have definitely real effects for contemporary political struggles in both Italy and Spain. On the one hand, they provide the legitimation for factual constraint arguments, for example, by capital fractions pursuing austerity or (neoliberal) competitiveness as a political project (Gallino 2013, 2015; Van Apeldoorn 2009). On the other hand, in a way that downplays potentials to transform processes of capital accumulation, they are pre-emptively taken for granted – such as by the PSOE in Spain. In our article, we aim to reconstruct capitalist restrictions without reifying them. Far from limiting the potential to transform capitalism, we want to suggest that an understanding of the disciplinary effects of capital accumulation is the precondition for any successful strategy of political transformation. Nonetheless, it is necessary to take into account the potentially contingent nature of seemingly strict restrictions, a contingency that becomes visible only in successful struggles that push and advance beyond the existing accumulation regime (Etxezarreta 2009: 47).

Taking stock of these theoretical considerations, how to understand and operationalize ‘state capacity’? To be sure, it cannot mean anything ‘in general’, just as it is impossible to determine any general theory of the capitalist state. We rather understand state capacity as an analytical concept that – abstracting from the concrete interests and struggles of capital fractions as well as from successes and failures of policymakers – aims to approach what states are (un)able to do given the disciplinary effects of capital accumulation. In the following analysis, we narrow our focus on the ‘fiscal capacity’ and ‘steering capacity’ of the Italian and Spanish states as two key aspects of their more overarching state capacity.

Fiscal capacity concerns the ability of the state to generate sufficient revenues to fund policy initiatives while avoiding crises of profitability, declining investments, capital flight, offshoring, or economic instability (Haffert & Mehrtens 2013). Steering capacity, in turn, identifies states’ capability to intervene into the process of capital accumulation in order to create specific long-term effects in a planned way – such as economic growth or decrease in unemployment (Klenk & Nullmeier 2010: 273). More precisely, we plead for expanding these concepts – both originating in (neo-) institutionalism – in the light of the above theoretical considerations. In other words, we argue that state capacity as fiscal and steering capacity needs to be reinterpreted in a context- and conflict-specific manner.

The context-specificity of fiscal and steering capacity implies that both change across space and time and depend on the contingent interplay of accumulation regime and mode of regulation. This, we argue, entails some key implications for the operationalization of the two categories. Many critical political economy analyses have tried to grasp
these context-specific dynamics in their interrelation with the general dynamics of capitalism and the world market. While these debates cannot be recapitulated in detail here, we suggest extracting three sets of indicators enabling to understand whether, how and why capital accumulation exerts disciplinary effects on the fiscal and steering capacity of a specific country:

1. **Productivity, diversity and fragmentation** represent three of the key specifics of a given accumulation regime (Jessop 1992; Leborgne & Lipietz 1996). Low productivity and lack of high-skilled production, dependency on few sectors and/or corporation, as well as high levels of fragmentation, in fact, may seriously tarnish states’ capacity to intervene into the economy and extract revenues from it.

2. The **degree of economic instability** acts as a fundamental indicator of the link between accumulation regime and crises (Huke 2017; Tickell & Peck 1995). Crises represent a constitutive element in the process of capital accumulation. However, the degree of instability of accumulation may vary significantly over space and time – with a worsening impact on the fiscal and steering capacity of the state in the case of recurring crises and/or rising instability.

3. Finally, **exposure and dependency** are key indicators concerning the structural position of a specific state or region in a global perspective. We regard in fact world market and national realities such as the Italian and Spanish ones as resulting in a **variegated capitalism** (Jessop 2014) of interconnected accumulation regimes. This interconnection is marked by uneven developments, in which some accumulation regimes act as ecologically dominant over others, while others may occupy a more dependent stance – with key implications for the fiscal and steering capacity of specific states (Drahokoupil & Myant 2012). The constellation of variegated capitalism, namely, intersects with the ever-increasing importance of the **international** and **supranational** levels, which have incorporated more and more key politico-economic competences that in the earlier phases of our study were the exclusive domain of single states.

**Investigating the disciplinary effects of capital accumulation in Italy and Spain**

Building on the above theoretical–methodological discussion, the following analysis seeks to shed light on whether and how capital accumulation in Italy and Spain has exerted disciplinary effects on their respective fiscal and steering capacity by focusing on (1) the **productivity, diversity and fragmentation** of the observed regimes; (2) their **degree of economic instability**, as well as (3) their **exposure and dependency**. To this end, we privilege a long-term historical perspective on three periods broadly encompassing the long way to Fordism (section ‘The long way to Fordism’), its crisis (section ‘Crisis of Fordism – and beyond’) and the Eurozone crisis (section ‘Eurozone crisis’), respectively. As pointed out in the ‘Introduction’, this choice necessarily lowers the degree of detail of the analysis, but we argue, it is fundamental to raise awareness of substantive links between recent events and much more remote developments.
The long way to Fordism

Italy and Spain witnessed a late, underdeveloped and geographically uneven process of industrialization that hindered the development of capital accumulation. Albeit agriculture was commodified during the 19th century and ecclesiastical and noble rule were abolished, traditional agriculture continued to dominate large parts of both the countries until the mid-20th century. Industrial clusters (e.g. mining, steel, chemical and machinery industry) developed only in a few regions of northern Italy, the Basque Country or Catalonia. The first wave of industrialization in Spain occurred in the second half of the 19th century. A new train network and mineral mining for export based on foreign investment by British, French and German capital stimulated regional industrial development, for example, in the Basque Country and Catalonia (Charnock et al. 2014: 42).

In Italy, railway machinery and engineering complemented and substituted the production of textiles between 1878 and 1889, which fuelled the production of chemicals, light and heavy machinery and hydroelectric plants (Giner 1982: 178). At the beginning of the 20th century, some of the later most important firms such as Fiat, Olivetti and Pirelli had already developed under family control (Trigilia & Burroni 2009: 635–636).

While Spanish industrial clusters remained relatively fragmented, isolated and dominated by foreign capital, northern Italy witnessed the establishment of a rapidly growing, self-sustained and relatively coherent accumulation pattern. However, contrary to the situation in countries that could rely on their own natural resources, Italian industrialization was necessarily dependent on the importation of coal (Amyot 2004: 12). Both the countries were thus subjected to ‘the diktat of much more powerful foreign buyers and sellers’ (Giner 1982: 177). The crash of 1929 and the onset of the Great Depression ended this period of industrial expansion, as exports and demand plummeted (Charnock et al. 2014: 43). Until then, uneven regional development, backward technology, as well as dependency on foreign capital and/or resources had emerged as the main traits of accumulation in both the countries.

While Fordism with its characteristic combination of mass production and mass consumption enabled a relatively stable environment for capital accumulation in Northern America and European core countries after World War I, its development remained fragile and limited in Italy and Spain. In the first half of the 20th century, both the Italian and the Spanish economies remained dominated by rather traditional agrarian production. Alongside it, the Fascist dictatorship under Mussolini in Italy and the Francoist regime in Spain pursued strategies of state-led industrialization. In Italy, the Mussolini administration under the sign of fascist national autarky developed vast state industrial holdings by creating the Istituto per la Ricostruzione Industriale (IRI, set up in 1933) (Amyot 2004: 16–17). In a similar process in Spain, the Francoist state attempted to enforce large-scale capital accumulation and industrialization during the 1940s and 1950s by a programme of import substitution, which on the one hand was self-elected and on the other hand was owed to the international isolation of the regime. The Instituto Nacional de Industria (INI) was established in 1941 to promote national industrial development in key sectors – initially energy, iron and steel production – and controlled key sectors of the Spanish industry until the end of the dictatorship in the 1970s (Charnock et al. 2014: 45). The weight of industry increased vis-a-vis the agricultural sector;
however, profits and productivity of industries controlled by the INI remained low, not least because technology was backward relative to international norms (Charnock et al. 2014: 45–46). In consequence, the international competitiveness of Spanish industries remained limited, while a highly overvalued currency, a current account deficit, low reserves of hard currency and inflation pointed towards the limits of the state-led strategy of import substitution (Schneider 2017: 125). Furthermore, accumulation in Spain was dominated by small and medium-sized enterprises that failed to modernize substantially over time (Charnock et al. 2014: 46). The state-led strategies of industrialization in Italy, with the IRI complemented by a second state holding, the Ente Nazionale Idrocarburi (ENI), in 1953, faced similar limitations, especially in the more rural areas of the Italian south (Trigilia & Burroni 2009: 635).

At the end of the 1950s the Spanish state ‘could no longer finance a spiralling budget deficit, nor could it stave off workers’ demands for wage increases in the context of high inflation’ (Charnock et al. 2014: 47). The 1959 Stabilization Plan by Francoist technocrats reacted by opening the Spanish industry to foreign investment. The geographical unevenness that had characterized early capitalism in Spain continued, as industrial production remained concentrated in regions such as Catalonia or the Basque Country (Charnock et al. 2014: 51). The rapid diffusion of foreign technology in crucial mass production sectors led to a sudden takeoff of Spanish industry in the 1960s (Spain’s so-called ‘economic miracle’). Even the companies of the INI were partially penetrated by foreign capital. Productivity increased significantly, while accumulation remained tied to labour-intensive production (Arestis & Paliginis 1995: 264). The development in Spain can therefore be described as a form of dependent industrialization (Schneider 2017: 29).

Similarly, in Italy the reconstruction after World War II – which redefined the coordinates of the Italian political economy in the direction of an open market economy (Graziani 2000: 25) – was followed by a period often referred to as Italy’s ‘economic miracle’. In the years 1955–1963, three often mutually incompatible goals were achieved simultaneously: a solid balance of payments, high productive investments, but also monetary stability (Graziani 2000: 56). The ‘automobile cycle’ represented the ‘driving force of the economic boom’ (Amyot 2004: 18–19) – a boom largely ‘export-led’ (Amyot 2004: 22). Increasing openness, however, also meant the need to increasingly adjust to external pressures and demands. This heavily impacted on the country’s productive structure with the emergence of two distinct groups of sectors – oriented towards external and internal markets, respectively – with a highly different degree of technological development. The selective influence of exports can thus explain both the positive aspects of Italy’s economic miracle and some key negative ones such as its ‘economic dualism’ (Graziani 2000: 65).

Mass consumption of industrial products – as a complementary feature of Fordist mass production – did not occur in either country until the 1960s and the embryonic Fordist mode of accumulation was basically not sustained by a Fordist mode of regulation. Rather, low-wage labour costs were key to sustaining capital accumulation in both the countries. In Spain, the disciplining of labour was at least partially guaranteed during the 1930s and 1940s by forms of ‘bloody Taylorisation’ (Leborgne & Lipietz 1996, own translation) combining overexploitation with militarized production (Prados de Escosura & Rosés 2009: 1081–1082). In Italy, high profit margins resulted from the interplay of
low salaries, relative backward technology and a rush insertion in international, especially European, markets, thus marking the country’s ‘definitive, though tardive, adoption of Fordism’ (Bellofiore 2001: 90), while no real interest in increasing the purchasing power of workers emerged (Amyot 2004: 21).

Starting from the 1960s, low wages came under pressure in both countries through the struggles of Fordist mass workers threatening to strangle accumulation by achieving rising wages (‘profit squeeze’) (Huke 2017: 88–89; Trigilia & Burroni 2009: 637). In Italy, distributive conflicts at the core of the ‘conjuncture’ of the mid-1960s are absolutely fundamental in the long-term perspective of our analysis, as ‘the weak adjustment of the Italian economy would crystallize into some determinations of the productive and social structure impacting on events and choices to come’ (Bellofiore 2001: 94, own translation) – a key state of things epitomised by the lack of an encompassing plan of strategic-technical re-orientation of the Italian economy.

Summing up, Fordism in Italy and Spain can be characterized as ‘delayed’ (Tickell & Peck 1995), ‘tardive’ (Bellofiore 2001), ‘peripheral’ (Arestis & Paliginis 1995) and ‘partial’ (Sabolowski 1998), as it developed late in contrast to core economies, relied on a ‘coherent, albeit embryonic pattern of investment for self-reliant industrialization’ (Papadantonakis 1985: 92), and was marked by a state-led, geographically uneven process of industrialization primarily based on low labour costs. A comprehensive interplay of Fordist accumulation regime and Fordist mode of regulation did not develop. Regarding the steering and fiscal capacity of the state, two main features emerged. First, on the long way to Fordism, both Italy and Spain seem to share a temporary and crisis-prone steering capacity. However, some key differences should be pointed out. In Spain, while the state was partially able to push-start Taylorist mass production, its interventions increased its budget deficit and were unable to overcome the degree of technological and organizational backwardness of production. During Italy’s ‘economic miracle’, instead, similar weaknesses were actively transformed into resources, while sizable areas occupied by rentiers and unproductivity progressively characterized Italian capitalism (Bellofiore 2013: 15).

Second, in both countries the state resulted to be unable to extract sufficient funds from the economy to secure both consensus (e.g. through wage increases and/or welfare) and a relatively stable capital accumulation at the same time, thus pointing at a quite fragile fiscal capacity. Both states turn out to be already torn between the need to attract foreign investments (e.g. through low wages and low taxes) and the necessity to pacify the Fordist mass workers (e.g. through wage increases and social security/higher taxes). In contrast to the core countries, where Fordism emerged and consolidated in a quite stable and coherent way, the situation in Italy and Spain was riddled with strong contradictions arising both within the accumulation regime (e.g. uneven development, dependency on foreign investment) and between accumulation and mode of regulation (e.g. necessity to increase wages to secure consent vs necessity of low wages to secure profits).

**Crisis of Fordism – and beyond**

While partial limitations to the steering and fiscal capacity of the state arising from the disciplinary effects of capital accumulation had already been visible – albeit often
cushioned by productivity increases – during the Fordist period, in the 1970s – and in Italy even before – the crisis of Fordism exacerbated and fully revealed the inherent crisis tendencies of accumulation in Italy and Spain and their detrimental effects on the state’s capacity to act. To be sure, the very fact that Fordism entered into crisis was no ‘neutral’, inevitable phenomenon, but rather the outcome of harsh struggles between capital (fractions) and labour (Baldissara 2001: 14–24). In Spain, the crisis of Fordism revealed that import substitution had created an economic development that tended towards overproduction and lacked the productivity to survive international competition:

By 1975, industrial production contracted, productivity slumped, and weakened exports reduced Spain’s imports capacity [. . .]. A looming crisis of overaccumulation on a world scale found its expression in the dramatic expansion of the Spanish state’s debt and the further deterioration of its balance of payments [. . .]. The year 1974 therefore marked the end of the (first) Spanish growth ‘miracle’. (Charnock et al. 2014: 55)

In the 1980s, the Spanish PSOE governments reacted by a harsh programme of industrial restructuring, privatizing large parts of the INI industries (Charnock et al. 2014: 60). Profitability was restored based on the imposition of austerity and the fragmentation of labour, which led to economic growth with sluggishly increasing productivity rates – mainly attributed to dismissals and industrial restructuring during the 1980s (Charnock et al. 2014: 61–62; Prados de Escosura & Rosés 2009). While ‘the Socialist program created unemployment and eroded workers’ purchasing power, it did achieve success in reducing inflation, improving the balance of payments, and increasing investment’ (Charnock et al. 2014: 63). The dependency of the Spanish economy on FDI for economic growth remained high, foreign investors assumed control of many high-profile Spanish firms (Charnock et al. 2014: 63–64). However, the PSOE government also ‘merged a variety of state-owned firms in strategic sectors to form a few large firms – its own ‘national champions’ – and ensured they were provided protection by various means’ (Charnock et al. 2014: 64).

In Italy, the economic miracle of the 1950s had already been severely challenged in the mid-1960s, when the capitalist response to profit losses exclusively consisted in wage compression and increased labour exploitation instead of an increase in labour productivity (Bellofiore 2013: 16). The related culmination of labour unrest during the ‘Hot Autumn’ of 1969–1970 added to this conjuncture, the reason why Italian Fordism was both ‘delayed’ and ‘entered precociously into crisis’ (Amyot 2004: 25). Paradoxically, clear signs of adoption of a Fordist mode of regulation began to appear exactly when the Fordist accumulation regime started to enter into crisis (Amyot 2004: 25). Just like Italian Fordism, also Italy’s ‘bastard’ Keynesianism was thus a remarkably ‘tardive phenomenon’ (Bellofiore 2001: 101). It is in this crisis context that the Italian economy embarked on a process of deep-going industrial restructuring based, on the one hand, on decentralized production and key technological improvements in the ‘industrial triangle’ of the North, and on the other hand, on the development of small and medium enterprises (SMEs) along the ‘Adriatic line’ of so-called ‘Third Italy’ (Bellofiore 2001: 100–101; Graziani 2000: 88–89, 91–96).

As for the fiscal capacity of the Italian state during this period, the fiscal reform of 1974 set in motion a consistent fiscal drag. These revenues contributed to finance the
country’s economic policy of the time, which – unlike Spain’s adhesion to austerity – continued to draw on a highly expansionary regime. The interplay of ‘devaluation-inflation-indexation-fiscal drag’ eventually contributed to sustain profits, support industrial restructuring and assure social consent (Bellofiore 2001: 98–99). Despite substantive state support to capitalist restructuring through subsidies (enterprises) and transfers (families), this precarious equilibrium of the ‘long Seventies’ (Bellofiore 2001: 101) was about to be disrupted by the entrance into the new decade, which would expose its intrinsically ‘weak and reactive trajectory’ (Bellofiore 2013: 16, own translation).

In this same decade of the 1980s, capital accumulation in Spain developed a combination of niche strategies in sectors with relatively low international competition and financialized accumulation strategies (Becker & Jäger 2012: 175). As the competitiveness of industrial production could only partially be restored through austerity, industrial restructuring and a flexibilization of industrial relations, capital accumulation in Spain became increasingly focused ‘on tourism, services and the construction industry within the context of an emerging growth regime characterized by dependent financialization’ (Becker et al. 2015: 87). New jobs were created primarily in labour-intensive sectors with low added value and quality of employment and hardly in the manufacturing industry or in high-tech sectors (Neal & García-Iglesias 2013: 340). State-protected sectors, such as utilities, and booming sectors such as construction and tourism became more profitable, and capital and credit flowed away from domestic industrial manufacturing sectors that were experiencing heightened competitive pressures due to the European market. Real estate financed mainly through private mortgages became key to the Spanish accumulation model (Buendía 2018; López Hernández & Rodríguez López 2011).

In Italy, de-industrialization and financialization were much less radical than in Spain, as small-firm dynamism ‘helped to compensate, in terms of production, exports and employment, for the shortcomings of large firms’ (Trigilia & Burroni 2009: 639). Yet, post-Fordist Schumpeterian attempts to comprehensively transform capital accumulation in terms of more innovation and efficiency largely failed. Instead, ‘the country chose [. . .] an “underdeveloping” project which, by focusing on increasing the precariousness of the workforce reduced both the innovation and the skill content of its productive sector’ (Talani 2017: 212–213). Against this background, the sustainability of accumulation in Italy was severely hampered by a dramatic rise in public debt in the context of the global neoliberal transition in monetary policy (Saad-Filho 2007). Interest rates were kept high(er) intentionally – higher than required by the necessity to refinance public debt. This fostered the import of capitals, thus paving the way for particularly advantageous investments by international financial speculators. At the same time, this strategy of the Bank of Italy also exerted strong pressures both on business and unions, as it pushed them towards industrial restructuring and wage compression (Bellofiore 2013: 7). Despite widely recognized negative effects – primarily the skyrocketing of public debt, but also depressive effects on investments impairing industrial progress and modernization – the policy of high interest rates was practiced ‘with obstinacy’ (Graziani 2000: 145). Indeed, monetary policy has long been considered in Italy – and practiced in these years – as the country’s main industrial policy (Graziani 2000: 143). These dynamics, added to the practice of ‘criminal Keynesianism’ (De Cecco quoted in Bellofiore 2013: 12) with its booming expenditure ‘marked by unpro-
ductivity and corruption’ (Bellofiore 2013: 12) would mark a point of – to date – no-return for Italy’s public finances.

In this context, European integration oriented towards neoliberal competitiveness intensified the disciplinary dynamics deriving from the internationalization of capital for Southern European countries (Etxezarreta et al. 2011). Spain was incorporated into the European division of labour in a subordinate position that was reinforced by locational competition emerging from political projects such as the Single European Market (SEA), which – by promoting a full liberalization of the domestic economy – ‘disabled key aspects of progressive economic policy, such as controls on the cross-border movement of capital’ (Becker et al. 2015: 85–86). The SEA exposed the previously protected Spanish industry characterized by low productivity and antiquated modes of production even more strongly to international competition (Charnock et al. 2014: 71). The European Monetary System (EMS), dominated by the monetary policy of the Deutsche Bundesbank due to the Deutsche Mark as anchor currency, pressed deficit countries into restrictive economic policies to avoid worsening current account imbalances. Although devaluation was still possible, it bore the immediate danger of refinancing risks on the financial markets (Charnock et al. 2014: 65; Becker et al. 2015: 85). Italy’s adhesion to the SEA in 1979 – coupled with the ‘divorce’ between Bank of Italy and Treasury in 1981 and main changes to the agreement on the wage indexation mechanism in 1982 – resulted in a thorough redefinition of the country’s economic policy. In the 1990s, the progressive worsening of the country’s macroeconomic stance pushed the country first towards monetary devaluation – and related abandonment of the SEA (1992–1996) – then towards harsh ‘convergence’ measures aimed at joining the project of European Monetary Union (EMU) (Bellofiore 2001: 102; Graziani 2000: 128–183).

The EMU further exacerbated the divergence of accumulation regimes in the EU (Cruces et al. 2015; Etxezarreta et al. 2011). Already before the crisis the institutions of the EMU functioned as a ‘perfect straightjacket’ (Schneider 2017: 193) to prevent policies departing from monetarist principles. Italy, in consequence, embraced deep-going structural interventions after 1992 that, in the attempt to target the priority of monetary and budget stability, basically translated into an ‘age of permanent austerity’ (Cozzolino 2019b). With the Maastricht Treaty, fiscal dominance – that is, the basic dependence of monetary on fiscal authorities that Fratianni and Spinelli (1997) regard as Italy’s prevailing regime since its very unification in 1861 – continued to work, yet in an opposite direction, as the Treaty ‘forced the Italian government to drastically cut budget deficits, while giving independence to the central bank’ (Fratianni & Spinelli 2001: 269). Importantly, adhesion to the EMU made the previous Italian strategy to compensate for losses in competitiveness by means of devaluation impossible, which severely affected the economy and made industrial restructuring a necessary precondition for the international competitiveness of Italian production (Graziani 2000: 184–235; Trigilia & Burroni 2009: 642).

Spain’s entry into the EMU saw interest rates fall significantly, while inflation remained relatively high, which fuelled the housing boom based mainly on private households’ mortgages (Charnock et al. 2014: 92–93). As households ‘indebted themselves to compensate for cuts in public provision, aided by low interest rates [. . .] they filled the gap in aggregate demand caused by cuts in public spending’ (Streeck 2015:
The real estate-based accumulation model was able to generate a relatively constant growth for a period of 15 years. Meanwhile, it reinforced the role of financial capital and – through collateralized debt obligation – of international financial markets within the Spanish economy. This latter was thus placed in a position of latent vulnerability against the eventual phenomena of global financial instability (Huke 2017: 102–106; Observatorio Metropolitano de Madrid 2013). With Drahokoupil and Myant (2012: 135–136), Spain’s capital accumulation model can thus be characterized as one of dependent financialization. At the same time, a further de-industrialization took place. In the context of the Eastern enlargement of the EU, the Spanish automobile industry increasingly lost its competitive advantage within the EU that was based on low wages and cooperative and concession-ready trade unions (Etxezarreta et al. 2011; Huke 2017: 99). In addition, nominal wages and prices in Spain rose significantly faster than in Germany, while Spanish growth rates for capital-intensive production were below the EU average (Huke 2017: 95–96).

Italy saw like Spain its previous monetary autonomy limited by the adhesion to the EMU, as the emblematic (dis)use of devaluation as a policy instrument shows. At the same time, economic integration on a world scale exposed the country to previously unknown levels of competition – both from more technologically advanced countries and from countries with much lower labour costs. Due to lacking technological improvements, rigorous control of labour costs and equally rigorous control of public finances soon crystallized as the main strategy to follow – with its necessary corollary of increase in income inequalities (Graziani 2000: 253). The process of European integration in this way led to an ‘advanced subordination of the inner-European periphery under the growth regimes of the European centre’ (Heinrich 2014: 48). Under the looming threat of capital flight and de-industrialization, while lacking the fiscal capacity to push-start innovation-based strategies, both Italy and Spain turned towards flexibilizing the labour market and reducing labour costs in order to restore the attractiveness of industrial production for capital (Trigilia & Burroni 2009: 642).

Summing up, the period discussed in this section offers two main insights. First, both Spain and Italy have witnessed a progressively limited fiscal capacity that could only be temporarily bridged by deficit spending and, in Italy, high interest rate policies. Temporarily, however, credit enabled governments to pursue expansionary policies and, in the Italian case, to basically substitute monetary for industrial policy, which resulted in an increased steering capacity of the state. Against this backdrop, the Spanish governments already in the 1980s surrendered to disciplinary pressures of capitalism and accepted austerity and monetarism as their political framework, while sacrificing the steering capacity of the state within the economy. The result has been a financialized, crisis-prone and dependent economy lacking productivity and sectoral diversity. Italy, on the contrary, in the 1980s maintained its steering capacity through deficit spending – even in the form of ‘criminal Keynesianism’ – and high interest rates, but largely used this to (try to) temporarily sustain political consensus and the stability of accumulation while failing to generate a fundamental transformation of the economy. The long-term unsustainability and the enduring adverse effects of this strategy would be amplified by Italy’s adhesion to SEA and EMU respectively – with the Italian industry increasingly crisis-prone due to the increase in international competition, while
also lacking the productivity to outcompete newly industrializing countries in the absence of any stimulus previously provided by expansionary policies. In this way, both countries have become even more exposed to market pressures than in the previous period, either in the form of the demands of (industrial) transnational companies or of those of financial investors.

Eurozone crisis

Building on the findings of the previous sections, the developments in Italy and Spain during the Eurozone crisis can hardly be regarded only as a rupture with pre-crisis tendencies of capital accumulation, as they can rather be seen in terms of their continuity. In Spain, contradictions of dependent financialization became visible. Inflows of capital and credit into the European periphery ‘dropped sharply as European banks stopped investing there’ (Heinrich 2014: 112). Credit crunch and economic recession fostered refinancing problems of private and government debt – especially in the dependent European periphery – finally escalating into a full crisis of the euro zone in 2010, which itself fired back on the European system by further deepening cycles of financial and consumer fragility. (Heinrich 2014: 108)

Within these developments, the rift between export-oriented core countries and the import-dependent periphery in the Eurozone became evident (Becker & Jäger 2012: 177; Etxezarreta et al. 2011). As in the crisis of the 1970s, Spain showed above-average economic vulnerability to global crisis tendencies in capitalism. The credit crunch in the aftermath of the subprime crisis in combination with global overproduction in the automobile industry deeply disturbed its model of financialized capital accumulation. The real estate sector collapsed as over-indebted households became unable to repay their mortgages due to rising unemployment. Lending to small and medium-sized enterprises abruptly declined (TAIFA 2010: 113–114). A process of crisis-induced de-industrialization that even was fiercer than during the reconversion programmes of the 1980s destroyed important parts of the Spanish industrial sector (FOESSA 2014: 46). Rising state debt due to automatic stabilizers (e.g. unemployment benefits) and shrinking tax revenues placed Spain under scrutiny of the rating agencies that, acting as a voice of capitalist interests, pushed in their recommendations for a neoliberal reorganization of the economy (Etxezarreta et al. 2011). While the governing PSOE initially foregrounded innovation-based strategies as a means to solve the crisis, it soon became clear that it lacked the steering and fiscal capacity to pursue them. Instead, austerity, neoliberal restructuring and labour cost competitiveness became the guiding principles of crisis management. The result was a ‘vicious circle of low growth, downgrading credit-worthiness and increasing public debt’ (Heinrich 2014: 115). The weak fiscal capacity of the state impeded public investments to regain competitiveness by fostering productivity rather than reducing labour costs. Due to strong global competition in the low and medium technological complexity sector, however, reducing labour costs hardly restored competitiveness (Schneider 2017: 194). Even where sectors recovered, growth remained feeble (Köhler & Calleja Jiménez 2014: 369).
As for Italian capitalism, its overall growth performance had already started to erode before the crisis, even starting from the 1990s (Bellofiore 2013: 13). After the crash of Lehman Brothers, Italy at first lived no moment of real ‘panic’, given the limited impact of the international financial crisis on its banking system, which proved to be quite sound (Quaglia 2009). As a side effect of Italy’s inability and/or unwillingness to ‘open’ its economy completely, the country ended up in the financial turmoil in a ‘less disastrous position’ than Spain (Hopkin 2014: 148, 151). Nevertheless, the crisis hit Italy, which was already in recession, in a very hard and prolonged way (Di Quirico 2010). Italian banks began to reduce lending to industry — with detrimental effects on the activity of SMEs as ‘the backbone of the Italian economy’ (Quaglia 2009: 16). Importantly, the credit crunch hit especially those firms that had launched a process of restructuring before the outbreak of the crisis, with an ensuing dangerous fragmentation of capital accumulation and ‘[p]lant closures result[ing] in the hollowing out of the value chain’ (Simonazzi 2012: 189).

Starting from 2008, crisis management in Italy deliberately renounced to measures of fiscal stimulus. Rather, the fact of being ‘shielded’ from the global financial contagion reinforced Italy’s ‘economic policy conservatism’ (Hopkin 2014: 152). By mid-2011, the sovereign debt crisis also hit Italy. In July the situation began to escalate and, by August, the spread between the Italian 10-year bonds BTP and the German bonds became unsustainable (Jones 2012). The increase in debt, however, can be attributed more to the country’s lack of growth than to its effective financial situation (Bellofiore 2013: 13), thus relativizing also widespread emphasis on the key role of ‘market pressures’ (Moschella 2017). Ensuing austerity-based and labour-cost-reducing strategies — as in the case of Spain — reinforced the crisis rather than transcending it, leading ‘to a progressive marginalisation not only of the country in the global political economy, but also of its capitalist class’ (Talani 2017: 213).

To sum up, the Eurozone crisis revealed the ‘limits to capital’ (Charnock et al. 2014) in Italy and Spain, whose accumulation regimes resulted to be highly crisis-prone. The crisis exposed sluggish productivity, a strong reliance on a few, fragile and externally dependent sectors (e.g. real estate in Spain) as well as dependency on accumulation and demand of core countries. Both the fiscal and the steering capacity of the state have been seriously tarnished by these developments. The ability of the state to pro-actively intervene into the market other than in the form of cost-cutting measures (e.g. restructuring industrial relations, cuts in social welfare) dramatically declined, which hindered or even impeded strategies aimed at a transformation of the accumulation regime (e.g. towards innovation-based, high-skilled production). However, lowering labour costs could hardly stabilize or reinforce capital accumulation, as global cost competition would continue to be high.

More specifically, in Spain tax increases (apart from VAT) appeared out of the question due to their negative effects on capital accumulation, while borrowing and deficit spending of the state became difficult due to sceptical investors, credit crunch and edgy rating agencies. The government became trapped between ‘downward pressure on tax rates and upward pressure on social expenditure and other forms of mandatory spending, in particular interest on government debt’ (Haffert & Mehrtens 2013: 1). ‘Soft’ investment aimed at ‘the prosperity and sustainability of a “post-industrial” or “knowledge
society” (Streeck & Mertens 2011: 2) became hard to make as the share in public finance that is available for discretionary spending declined.

Italy, in turn, under Monti’s government embarked on massive efforts of fiscal restriction – among the most drastic in Europe. Yet, due to persisting levels of fiscal evasion, this could hardly add to the fiscal capacity of the state and even worsened its steering capacity, as it exposed the Italian economy more and more to the needs of the external demand, while internal demand collapsed (Bellofiore 2013: 13).

Conclusion and outlook

Analysing the emblematic cases of Italy and Spain as two salient political laboratories concerned with reversing austerity, the present article has set out to challenge the interpretation of main difficulties encountered by highly different political forces such as PSOE and Lega as a sheer matter of (lacking) political will. Rather, in the attempt neither to downplay nor to exaggerate any transformative potential, we chose to foreground in our analysis the disciplinary effects of capital accumulation in Italy and Spain by performing a long-term historical reconstruction of the steering and fiscal capacity of the state in both countries. By focusing on three main overarching periods from (1) the establishment of Fordism to (2) its crisis and (3) the more recent Eurozone crisis, respectively, the analysis has pointed out that, in the context of variegated capitalism, the structure of accumulation of each country has imposed relevant constraints. More precisely, referring to the three analysed periods, (1) a late industrialization followed by a peripheral, partial and uneven development of Fordism; (2) a basic failure to develop new production methods enabling productivity growth after the crisis of Fordism; and (3) the devastating effects of the Eurozone crisis exacerbating long-standing structural weaknesses have systematically weakened state capacity both to generate revenues and intervene into market dynamics.

Capital accumulation in Italy and Spain, our long-term historical reconstruction shows, manifests itself in unstable and crisis-prone accumulation regimes that severely restrict and tarnish both the fiscal and the steering capacity of the state. While both accumulation regimes undergo significant transformations throughout the 20th century, key weaknesses such as low productivity, a lack of sectoral diversity, regional fragmentation as well as high levels of exposure and dependency remain a constant feature. Against this backdrop, the chances – both of social-democratic governments such as the recently formed coalition between the PSOE and Podemos in Spain and authoritarian populist forces such as the Lega in Italy – to successfully challenge neoliberal and austerity-oriented policies appear rather limited. The specific dynamics of the capital accumulation in Italy and Spain have historically tended to constrict attempts to overcome the key weaknesses of both economies – at least in the long run.

Yet, despite these commonalities, the analysis has also shown that Italy and Spain feature a quite specific trajectory in the exercise of their own fiscal and steering capacity leading to the above conclusions. Despite delays, weaknesses and a level of substantial backwardness in its own capitalist development, in fact, in the 1950s Italy rushed into modernization with astonishing results. The fundamental break of the mid-1960s, which determined the ‘precocious’ crisis of a ‘tardive’ Fordism and the controversial dynamics
of Italy’s ‘long Seventies’ testify to the importance of the long-term perspective adopted in this study, as they turn out to provide an absolutely essential key to interpret (still widespread) diagnoses of Italy’s as the ‘sick man of Europe’. Yet the analysis has also shown how the crisis of the 1970s seemed to have no immediate effects on the fiscal and steering capacity of the state. In the 1980s, this continued to rely on a series of factors (high interest rates policy, ‘criminal Keynesianism’) up to the explosion of the country’s public debt – and the integration of the Italian political economy into new key (neoliberal) developments at both the European and global levels. Spain’s short-lived Fordist ‘economic miracle’ of the 1960s ended abruptly with the crisis of Fordism, which was followed by harsh measures of economic restructuring, layoffs and privatizations during the 1980s. Capital accumulation in Spain became subsequently dominated by niche sectors such as tourism and housing that were less exposed to global competition than industrial manufacturing. This development paved the way for a real-estate-led and credit-financed boom cycle – seemingly another ‘economic miracle’ – a model that collapsed as credit became scarce during the global financial crisis in 2007. Once again, austerity was the answer to the crisis, which reinforced structural weaknesses of the Spanish economy. Both countries thus ended up with a more and more evident incapacity of their ‘political economy to deviate from a merely adaptive logic – incapable to loose the increasingly tight constraints imposed by international dynamics’ (Bellofiore 2001: 102, own translation).

While our analysis may appear rather ‘defeatist’ (Bailey et al. 2017) at first glance, since it appears to grant little hope for progressive change, in our view the opposite is true: only in making visible the – structurally conservative and disciplinary – forces resulting from a specific regime of capital accumulation it is possible to transform and potentially overcome them. If left disregarded due to a voluntaristic lack of complexity (Brunazzo & Gilbert 2017; Caterina 2019b) and unchallenged, prevailing capitalist constraints will endanger any attempt at more social – and less market-oriented – policies. With regard to contemporary claims of PSOE and Podemos in Spain or the Italian Lega to reverse austerity, our article instils a healthy scepticism – that, however, should not inform political apathy. Rather, we hope to inspire and inform transformative strategies that explicitly target the disciplinary effects of capital accumulation in both Italy and Spain. Taking capitalist restrictions seriously does not need to equal fatalism, which, following Gramsci (2012),

is nothing other than the clothing worn by real and active will when in a weak position. This is why it is essential at all times to demonstrate the futility of mechanical determinism: for [. . .] when it is adopted as a thought-out and coherent philosophy on the part of the intellectuals, it becomes a cause of passivity, of idiotic self-sufficiency. (p. 337)

Capital accumulation does not only impose discipline, but also engenders manifold forms of disruption that continuously subvert it and open cracks in relations of domination, in which fundamental social change becomes possible (Bailey et al. 2017). The capitalist economy is thus neither ‘everything’ (Zapatero), nor can political agency be ‘free’ (Salvini) from its constraints.
Funding
The author(s) disclosed receipt of the following financial support for the research, authorship, and/or publication of this article: The research of Nikolai Huke was funded by a post-doctoral scholarship of the Fritz Thyssen Stiftung (Az. 40.17.0.009PO).

ORCID iD
Nikolai Huke https://orcid.org/0000-0002-9865-4365

References
Amable B and Palombarini S (2014) The bloc bourgeois in France and Italy. In: Magara H (ed.) Economic Crises and Policy Regimes. Cheltenham: Edward Elgar, pp. 177–216.
Amable B, Guillaud E and Palombarini S (2011) The political economy of neo-liberalism in Italy and France. CES Working Papers, Centre d’Économie de la Sorbonne (CES).
Amyot G (2004) Business, the State and Economic Policy: The Case of Italy. London: Routledge.
ANSA (2019) Salvini: Rifarei tutto quello che ho fatto. Available at: http://www.ansa.it/sito/notizie/politica/2019/08/20/governo-senato-conte-salvini-di-maio_d0fe8a4f-be77-41c6-bf9d-cf527e649586.html (accessed 4 January 2020).
Arestis P and Paliginis E (1995) Divergence and peripheral Fordism in the European Union. Review of Social Economy 53(2): 261–284.
Bailey DJ, Clua-Losada M, Huke N, et al. (2017) Beyond Defeat and Austerity: Disrupting (the Critical Political Economy of) Neoliberal Europe. London: Routledge.
Baldissera L (2001) Le radici della crisi. Un’introduzione. In: Baldissera L (ed.) Le radici della crisi: l’Italia tra gli anni Settanta e Settanta. Rome: Carocci Editore, pp. 9–30.
Becker J and Jäger J (2012) Integration in crisis: A regulationist perspective on the interaction of European varieties of capitalism. Competition & Change 16(3): 169–187.
Becker J, Jäger J and Weissenbacher R (2015) Uneven and dependent development in Europe. In: Jäger J and Springler E (eds) Asymmetric Crisis in Europe and Possible Futures. London: Routledge; Taylor & Francis Group, pp. 81–97.
Bellofiore R (2001) I lunghi anni Settanta. Crisi sociale e integrazione economica internazionale. In: Baldissera L (ed.) Le radici della crisi: l’Italia tra gli anni Sesanta e Settanta. Rome: Carocci Editore, pp. 57–102.
Bellofiore R (2013) L’eccezione esemplare: il caso italiano nella crisi globale ed europea. Available at: https://www.sinistrainrete.info/crisi-mondiale/2852-riccardo-bellofiore.html (accessed 10 January 2020).
Brunazzo M and Gilbert M (2017) Insurgents against Brussels: Euroscepticism and the right-wing populist turn of the Lega Nord since 2013. Journal of Modern Italian Studies 22(5): 624–641.
Buendía L (2018) A perfect storm in a sunny economy: A political economy approach to the crisis in Spain. Socio-Economic Review 15: 66–85.
Buendía L and Molero-Simarro R (eds) (2018) The Political Economy of Contemporary Spain (Routledge Frontiers of Political Economy). Abingdon; Oxon; New York: Routledge.
Caterina D (2019a) Struggles for Hegemony in Italy’s Crisis Management: A Case Study on the 2012 Labour Market Reform. Cham: Springer.
Caterina D (2019b) These are not just words: A cultural political economy perspective on the construction of ‘Europe’ in Italy’s right-wing populism. In: Annual conference of the Italian political science association (SISP), University of Salento, Lecce, 12–14 September.
Charnock G, Purcell T and Ribera-Fumaz R (2014) The Limits to Capital in Spain. Basingstoke; New York: Palgrave Macmillan.
Caterina and Huke

Cozzolino A (2019a) Reconfiguring the state: Executive powers, emergency legislation, and neoliberalization in Italy. Globalizations 16(3): 336–352.

Cozzolino A (2019b) The construction of ‘Europe’ in Italy in the age of permanent austerity. Journal of Common Market Studies. Epub ahead of print 29 August. DOI: 10.1111/jcms.12921.

Cozzolino A and Giannone D (2019) State transformations and neoliberalization in Italy: A critical discourse analysis of governments’ political economy, 1988-2009. New Political Science 41(3): 443–458.

Cruces J, Álvarez I, Trillo F, et al. (2015) Impact of the euro crisis on wages and collective bargaining in southern Europe – A comparison of Italy, Portugal and Spain. In: Van Gyes G and Schulten T (eds) Wage Bargaining Under the New European Economic Governance. Brussels: European Trade Union Institute ETUI, pp. 93–138.

Di Quirico R (2010) Italy and the global economic crisis. Bulletin of Italian Politics 2(2): 3–19.

Drahokoupil J and Myant M (2012) The European sub-prime? Financial crisis and the east-European periphery. In: Nousios P, Overbeek H and Tsolakis A (eds) Globalisation and European Integration. Abingdon; Oxon; New York: Routledge, pp. 130–154.

Etxezarreta M (2009) De la crisis financiera a la crisis económica. La complejidad de la crisis y sus consecuencias. Apuntes Teóricos Para Entender La Crisis. Seminari D’economia Crítica TAIFA, pp. 38–49.

Etzezarreta M, Navarro F, Ribera R, et al. (2011) Boom and (deep) crisis in the Spanish economy: The role of the EU in its evolution. Available at: http://www.euromemorandum.eu/uploads/ws1_etzezarreta_et_al_boom_and_deep_crisis_in_the_spanish_economy_the_role_of_the_eu_in_its_evolution.pdf (accessed 6 February 2012).

FOESSA (2014) VII informe sobre exclusión y desarrollo social en España. Madrid: Fundación FOESSA; Cáritas Española Editores.

Fratianni M and Spinelli F (1997) A Monetary History of Italy. Cambridge: Cambridge University Press.

Fratianni M and Spinelli F (2001) Fiscal dominance and money growth in Italy: The long record. Explorations in Economic History 38: 252–272.

Gallino L (2013) Il colpo di stato di banche e governi. L’attacco alla democrazia in Europa. Turin: Einaudi.

Gallino L (2015) Il denaro, il debito e la doppia crisi spiegati ai nostri nipoti. Turin: Einaudi.

Giner S (1982) Political economy, legitimation and the state in Southern Europe. The British Journal of Sociology 33(2): 172–199.

Gramsci A (2012[1971]) Selections from the Prison Notebooks. New York: International Publishers.

Graziani A (2000) Lo sviluppo dell’economia italiana. Dalla ricostruzione alla moneta europea. Turin: Bollati Boringhieri.

Haffert LH and Mehrtens P (2013) From austerity to expansion? Consolidation, budget surpluses, and the decline of fiscal capacity. Available at: http://www.mpifg.de/pu/mpifg_dp/dp13-16.pdf (accessed 20 December 2017).

Heinrich M (2014) Power and discourse of European capital. PhD Thesis, University of Lancaster, Lancaster.

Hirsch J and Kannankulam J (2011) Poulantzas and form analysis: On the relation between two approaches to historical-materialist state theory. In: Gallas A,retthauer Lannankulam J, et al. (eds) Reading Poulantzas. Pontypool, ON, Canada: Merlin Press, pp. 56–71.

Holman O (1996) Integrating Southern Europe. London; New York: Routledge.

Hopkin J (2014) The trouble with economic reform – Understanding the debt crisis in Spain and Italy. In: Panizza F and Philip G (eds) Moments of Truth – The Politics of Financial Crises in Comparative Perspective. London: Routledge, pp. 140–157.
Huke N (2017) 'Sie repräsentieren uns nicht'. Soziale Bewegungen und Krisen der Demokratie in Spanien. Münster: Westfälisches Dampfboot.

Jäger J and Springler E (eds) (2015) Asymmetric Crisis in Europe and Possible Futures (Ripe Series in Global Political Economy). London, Routledge; Taylor & Francis Group.

Jessop B (1992) Regulation und Politik: integrale Ökonomie und integraler Staat. In: Demirovic’ A, Krebs H-P and Sablowski T (eds) Hegemonie und Staat: kapitalistische Regulation als Projekt und Prozess. Münster, Westfälisches Dampfboot, pp. 232–262.

Jessop B (2014) Variegated capitalism, das Modell Deutschland, and the Eurozone Crisis. Journal of Contemporary European Studies 22(3): 248–260.

Jessop B and Sum N-L (2006) Beyond the Regulation Approach. Putting Capitalist Economies in their Place. Cheltenham: Edward Elgar.

Jones E (2012) Italy’s sovereign debt crisis. Survival 54(1): 83–110.

Klenk T and Nullmeier F (2010) Politische Krisentheorien und die Renaissance von Konjunkturprogrammen. dms – der moderne staat 2: 273–294.

Köhler H-D and Calleja Jiménez JP (2014) Spanien: Massenmobilisierungen gegen das Austeritätsdiktat. WSI Mitteilungen 5: 369–377.

Leborgne D and Lipietz A (1996) Postfordistische Politikmuster im globalen Vergleich. Das Argument 38(5): 697–712.

López Hernández I and Rodríguez López E (2011) The Spanish model. New Left Review 69: 5–28.

Moschella M (2017) Italy and the Fiscal Compact: Why does a country commit to permanent austerity? Italian Political Science Review 47(2): 205–225.

Neal L and García-Iglesias MC (2013) The economy of Spain in the euro-zone before and after the crisis of 2008. The Quarterly Review of Economics and Finance 53(4): 336–344.

Papadantonakis K (1985) Incorporation is peripheralization: Contradictions of Southern Europe’s economic development. In: Arrighi G (ed.) Semiperipheral Development. Beverly Hills, CA: SAGE, pp. 86–106.

Pérez S and Rhodes M (2014) The evolution and crises of the social models in Italy and Spain. In: Dølvik JE and Martin A (eds) European Social Models from Crisis to Crisis. Oxford: Oxford University Press, pp. 177–213.

Poulantzas N (2000[1978]) State, Power, Socialism. London: Verso.

Prados de Escosura L and Rosés JR (2009) The sources of long-run growth in Spain, 1850–2000. The Journal of Economic History 69(4): 1063–1091.

Pucciarelli M (2019) Salvini ascendant. New Left Review 116–117: 9–30.

Quaglia L (2009) The response to the global financial turmoil in Italy: ‘A financial system that does not speak English’. South European Society and Politics 14(1): 7–18.

Rodríguez López E (2015) Por qué fracasó la democracia en España. Madrid: Traficantes De Sueños; Fundación De Los Comunes.

Saad-Filho A (2007) Monetary policy in the neo-liberal transition: A political economy critique of Keynesianism, monetarism and inflation targeting. In: Westra R (ed.) Political Economy and Global Capitalism: The 21st Century, Present and Future. London, Anthem Press, pp. 89–119.

Sablowski T (1998) Italien nach dem Fordismus. Münster: Westfälisches Dampfboot.

Schneider E (2017) Raus aus dem Euro – rein in die Abhängigkeit? Hamburg, VSA Verlag.

Simonazzi A (2012) Italy: Chronicle of a crisis foretold. In: Lehndorff S (ed.) A Triumph of Failed Ideas – European Models of Capitalism in the Crisis. Brussels: European Trade Union Institute (ETUI), pp. 183–198.
States News Service (2010) Interview with the President of the Government in the Programme ‘Hoy por Hoy’. *On Cadena Ser.*

Streeck W (2015) The rise of the European consolidation state. Available at: http://www.mpifg.de/pu/mpifg_dp/dp15-1.pdf (accessed 20 December 2017).

Streeck W and Mertens D (2011) Fiscal austerity and public investment: Is the possible the enemy of the necessary? Available at: http://www.mpifg.de/pu/mpifg_dp/dp11-12.pdf (accessed 20 December 2017).

TAIFA (2010) La crisis en el estado español. Available at: http://seminaritaifa.org/files/2018/09/Informe_07_ES.pdf (accessed 10 June 2020)

Talani LS (2017) *The Political Economy of Italy in the Euro.* London: Palgrave Macmillan.

Tickell A and Peck JA (1995) Social regulation after Fordism: Regulation theory, neo-liberalism and the global-local nexus. *Economy and Society* 24(3): 357–386.

Trigilia C and Burroni L (2009) Italy: Rise, decline and restructuring of a regionalized capitalism. *Economy and Society* 38(4): 630–653.

Van Apeldoorn B (2009) The contradictions of ‘embedded neoliberalism’ and Europe’s multi-level legitimacy crisis: The European project and its limits. In: Van Apeldoorn B, rahokoupil J and Horn L (eds) *Contradictions and Limits of Neoliberal European Governance*. Basingstoke; New York: Palgrave Macmillan, pp. 21–43.

Wöhl S, Springler E, Pachel M, et al. (2020) *The State of the European Union*. Wiesbaden: Springer Fachmedien Wiesbaden; Imprint Springer VS.

**Author biographies**

**Daniela Caterina** is a lecturer at the School of Humanities, Department of Philosophy of the Huazhong University of Science and Technology, Wuhan. She has published the monograph “Struggles for Hegemony in Italy’s Crisis Management: A Case Study on the 2012 Labour Market Reform.” Her research interest include (neo-)Gramscian theory, materialist state theory, cultural political economy, critical discourse analysis, European integration, right- and left-wing populism as well as Italian politics.

**Nikolai Huke** is a research assistant in Political Science at Eberhard Karls University, Tübingen. He is the co-author of “Beyond Defeat and Austerity. Disrupting the Critical Political Economy of Neoliberal Europe”. His research interests include European integration, democratic theory, Critical International Political Economy, vulnerability and resistance, everyday agency, transformations of welfare states, industrial relations and migration policy.