

**The Social Chimera of the  
Economic and Monetary Union**

**Social Policy in the Context of European Economic Governance**

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## **Abstract**

The European Union (EU) in its current shape and form is primarily a product of deepening economic integration, whereas a social dimension of European integration that would be comparable in ambition to its economic dimension has failed to manifest itself despite repeated attempts to give the social dimension greater weight. Based on a neo-Gramscian theoretical perspective of hegemony, this can be attributed to the predominance of neo-liberal hegemony. However, the financial and economic crisis that began in 2008 highlighted some of the deficiencies of an Economic and Monetary Union (EMU) that coordinates macro-economic policy without the capacity to ease the social impact of these policies on citizens. In turn, this facilitated a renewed interest in the social democratic project for a stronger social dimension.

In order to assess if this led to a shift towards a greater concern for social policy objectives *vis-à-vis* economic ones in the context of European Economic Governance, this paper conducts a qualitative content analysis of the Country-Specific Recommendations (CSRs), which are part of this governance structure.

**Keywords:** Economic and Monetary Union (EMU), European Economic Governance (EEG), Country-Specific Recommendations (CSRs), social policy, Gramsci

## **Introduction:**

### **The Social Dimension of European Integration – From Ambition to Neglect**

The European Union's (EU) response to the financial and economic crisis that began in 2008 was by and large characterised by an acceleration of structural reform programmes and measures geared towards fiscal consolidation as a prerequisite for financial bailout packages. During the course of the crisis, these measures put tremendous strains on the social fabric of many member states, sometimes compounding the impact of the crisis itself. As a result, the public discourse challenging these policies manifested itself in two distinct responses. On the one hand, populist parties seized the opportunity to promote their Euro-sceptic and nationalistic agenda, often with the promise of national solidarity, and on the other hand, there was a renewed call for a social dimension of European integration.

Although the political post-war consensus in Western Europe was dominated by social democratic principles based on goals such as full employment and social cohesion, there was no equivalent policy consensus in the European integration process and the Treaty of Rome in 1957 established that social policy was essentially the domain of national governments. Nonetheless, the Treaty laid down some rules regarding social provisions such as the free movement of labour, the possibility of paying out statutory pensions in another member state and the European Social Fund, which was used to support projects for mobility, housing, equality and social inclusion. The first sincere attempt to pursue a social dimension, or Social Europe as it is sometimes referred to, was not initiated until the signing of the Social Charter in 1961 by the Council of Europe. This established extensive social rights and economic human rights, but with few binding mechanisms for implementation. Nonetheless, the Social Charter became a reference point for the European Commission and the EU in the Treaties. This was followed in 1974 by the Social Action Programme, which led to a number of directives concerning among other things workers' rights, occupational health and safety, living standards and gender equality.<sup>1</sup> However, most of the initiated directives were blocked by veto in the Council of the EU, despite a majority of member states that were in favour of these directives. This deadlock was only resolved through the 1986 Single European Act, which introduced qualified

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<sup>1</sup> Lina Rutkauskiene, "Social Policy in the European Union: Variety and Challenges," *European Union: The New Phenomena of Social and Economic Development* 1:25 (2010): 27.

majority voting, notably with regard to articles 108a (internal market) and 118a (health and safety).<sup>2</sup>

As a result, the Council of the EU revived the momentum for Social Europe once more in the early 1990s during Jacques Delors' presidency of the European Commission (1985-95) and was essentially designed as a compensatory policy to the overall neo-liberal orientation of European integration in order to commit social democratic parties and trade unions to support integration. The result of this greater engagement with social democracy was the Social Protocol, in which member states committed to provide similar social provisions across the EU, as well as the Community Charter of Fundamental Social Rights for Workers, and the second European Social Action Programme.<sup>3</sup> However, the social dimension of the EU subsequently slowed down, along with the relative decline of social democracy in Western Europe, which Chantal Mouffe ascribed to the attempt of left parties to transcend the left-right divide in a Third Way political strategy. Third way politics, characterised by Tony Blair's New Labour in the United Kingdom, and Gerhard Schröder's Agenda 2010 in Germany, by and large accepted the premises of the neo-liberal economic model, abandoning traditional resistance to it. However, according to Mouffe, “a well-functioning democracy calls for a vibrant clash of democratic political positions,”<sup>4</sup> otherwise it will be replaced by other forms of collective identification such as identity politics, which is evidently gaining ground in many European countries, not least in the form of Euro-sceptic parties.<sup>5</sup> Social democracy's acceptance of a neo-liberal ideological hegemony led to the temporary demise of the social dimension of the EU throughout the early 2000s, only for it to reappear on the agenda following the financial and economic crisis. This was primarily a result of the disastrous impact of the crisis, as well as of the crisis response prescribed by the Troika (consisting of the European Commission, European Central Bank and International Monetary Fund) on member states' social systems. For example, in Greece alone the health care budget was slashed by 25 per cent, leaving an estimated 800,000 persons without adequate access to health care.<sup>6</sup> This even prompted an enquiry by the European Parliament on the role and operations of the Troika,

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<sup>2</sup> Alan Hick and Staffan Nilsson, “Vers un Nouveau Programme d'Action Sociale Européen et un Pacte d'Investissement Social Européen,” *Revue française des affaires sociales* 1:1 (2012).

<sup>3</sup> Ibid.

<sup>4</sup> Chantal Mouffe, *The Democratic Paradox* (London: Verso, 2009), 104.

<sup>5</sup> Ibid., 104-109.

<sup>6</sup> Alexander Kentikelenis, Marina Karanikolos, Aaron Reeves, Martin McKee and David Stuckler, “Greece's Health Crisis: From Austerity to Denialism,” *The Lancet* 383 (22 Feb. 2014).

which in turn resulted in a critical report of its conduct in 2014.<sup>7</sup>

While the EU's formal competencies in the area of social policy remain limited, a commitment to a sincere social dimension of the EU could offer a credible alternative to populist right wing parties, which take advantage of the current wave of Euro-scepticism across the continent for their own political ends. This is often done by promoting national solidarity, especially where the EU is blamed for the deterioration of the welfare state and social protection, and for the detrimental effects this has had on social cohesion, and increasing inequalities within and between member states.

In turn, a stronger social dimension could conceivably be the necessary prerequisite to maintaining the pace of European integration and preventing it from retracting, something that has been suggested by the European Economic and Social Committee in a letter to the President of the European Council Herman Van Rompuy, in which the Committee argues that “the EU must act urgently to promote growth, jobs and social solidarity, or otherwise risk permanently alienating young people and losing citizens' adherence to the European project as a whole.”<sup>8</sup> The European Council on their part recognised this as well in their conclusions on completing the Economic and Monetary Union (EMU) in 2012, which expressed the need “for Europe to remain a highly competitive social market economy and to preserve the European social model.”<sup>9</sup> During the course of the financial and economic crisis, the European Commission – with the consent of the Council of the EU and other stakeholders such as the European Central Bank – facilitated a deepening of European integration by formalising its capabilities to intervene in the economic, financial, and social policies of Eurozone member states as part of a process called European Economic Governance. The annual cycle of the European Economic Governance is called the European Semester. Drawing on the Annual Growth Survey, which assesses the socio-economic challenges and determines priorities for the European Semester, the European Commission identifies policy areas it wants to address in the Country-Specific Recommendations (CSRs), which it urges member states to implement in their respective National Reform Programmes. The EU 2020 Strategy's objectives, which set long-term targets for member states' growth and development, including social and environmental

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<sup>7</sup> European Parliament, *Resolution on the Role and Operations of the Troika with Regard to the Euro Area Programme Countries*, 13 Mar. 2014, Strasbourg.

<sup>8</sup> European Economic and Social Committee letter to Herman Van Rompuy, President of the European Council, May 2013.

<sup>9</sup> European Council, *European Council Conclusions on Completing EMU*, 14 Dec. 2012, Brussels.

goals, are also embedded in the European Semester, and thus form a part of European Economic Governance. Although the EU's competence to introduce binding reform programmes is limited to those member states that are subject to Economic Adjustment Programmes, the development of European Economic Governance in the context of the current crisis and potential future crises has tremendous implications for all member states.<sup>10</sup> In addition, the European Council put forward proposals for a better coordination of national reforms in its roadmap on completing the EMU, suggesting that the CSRs will continue to gain importance in the future.<sup>11</sup>

The demand for a stronger social dimension of the EU continues to be expressed by stakeholders such as trade unions, political parties, and official bodies of the EU such as the European Economic and Social Committee,<sup>12</sup> as well as in the public discourse of some member states, for example in Sweden, where the Social Democratic Party and the Swedish Trade Union Confederation proposed the introduction of a social protocol in the EU Treaty.<sup>13</sup> In response to this, the European Commission gradually introduced indicators to the Annual Growth Survey that keep track of member states' social developments in addition to economic ones. Further, the European Commission published the Communication on Strengthening the Social Dimension of the EMU<sup>14</sup> on 2 October 2013, in which it announced plans to introduce a number of measures to monitor and strengthen social policy aspects, for example by suggesting the introduction of a social indicator scoreboard, EU action and funding to reduce unemployment, financial solidarity on a European level, improved labour mobility within the EU, and a strengthened European social dialogue.<sup>15</sup>

Nonetheless, the Communication was received with reservations by many proponents of a Social Europe, including trade unions. The European Trade Union Confederation (ETUC) responded in a position paper that stated, “for the ETUC the issue at stake is whether the EMU can have a Social Dimension capable of balancing economic policy with Europe's

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<sup>10</sup> Christophe Degryse, *The New European Economic Governance* (Brussels: ETUI, 2012).

<sup>11</sup> European Council, *Completing EMU*.

<sup>12</sup> European Economic and Social Committee, *For a Social Dimension of European Economic and Monetary Union*, 22 May 2013, Brussels.

<sup>13</sup> Swedish Trade Union Confederation, *For a Social Europe: Report of the Social Democratic Party and the Swedish Trade Union Confederation Working Group for a Strategy to Introduce a Social Protocol in the EU Treaty*, Mar. 2014, Stockholm.

<sup>14</sup> European Commission, *Communication from the Commission to the European Parliament and the Council: Strengthening the Social Dimension of the Economic and Monetary Union*, 2 Oct. 2013, Brussels.

<sup>15</sup> *Ibid.*

social objectives. Our overall assessment of the Communication is that the proposals presented will do little to achieve this.”<sup>16</sup> There are several reasons for such scepticism. Firstly, there appears to be doubt about how useful the Communication's suggestions are for building a sincere social democratic project. Although it proposes the introduction of a social indicator scoreboard to monitor and respond to developments in member states, it does not foresee reinforcement mechanisms similar to the ones which accompany its economic indicators, nor does it call into question the approach to structural reform that sometimes intensified the pressure on the social systems and populations of member states. Further, the European Commission acknowledges in the Communication that while some of the measures that are required for more solidarity and financial support “can be adopted within the limits of the current Treaties [...] others will require modifying the current Treaties and giving new competences to the EU.”<sup>17</sup> In the end, questions of applicability, policy hierarchy and legitimacy remain largely unresolved, and it may seem that economic and fiscal considerations will continue to trump social concerns, leading to more of the same approach to social policies. Likewise, the European Commission's proposal that “labour mobility can to some extent also act as an adjustment mechanism in times of asymmetric changes”<sup>18</sup> raises fears of involuntary migration forced by economic pressures, which could in the long run lead to a brain-drain of the most qualified individuals and long-term depression of whole regions and even entire member states.<sup>19</sup>

Another reason for concern is related to the Communication's call for a stronger participation of the social partners (trade unions and employer organisations) in the European social dialogue. This is due to the fact that on the same day, the European Commission simultaneously published its Communication on Regulatory Fitness and Performance (REFIT): Results and Next Steps<sup>20</sup>, directly challenging the social dialogue and freezing for the first time a proposal on workplace health and safety in the hairdressing sector reached between the respective employer's organisation Coiffure EU and European trade union federation UNI Europa. This calls into question the sincerity of the

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<sup>16</sup> European Trade Union Confederation, *ETUC Position on the European Commission Communication on Strengthening the Social Dimension of Economic and Monetary Union*, 3-4 Dec. 2013, Brussels, <http://www.etuc.org/documents/etuc-position-european-commission-communication-strengthening-social-dimension-economic#.U3YgLF6dLwJ> (last accessed 16 May 2014).

<sup>17</sup> European Commission, *Strengthening the Social Dimension of the EMU*.

<sup>18</sup> *Ibid.*

<sup>19</sup> European Parliament, *Resolution on the Role and Operations of the Troika*.

<sup>20</sup> European Commission, *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Regulatory Fitness and Performance (REFIT): Results and Next Steps*, 2 Oct. 2013, Brussels.

Communication on Strengthening the Social Dimension of the EMU published on the very same day. Further dismay was caused by the reaction of the President of the European Commission José Manuel Barroso, who publicly denounced the proposal of the social partners in the hairdressing sector to transform their agreement into binding EU legislation. In an interview with the German public television ARD, Barroso polemically declared that Europe does not need to regulate hairdressers' high heels, even though the agreement primarily concerns the use of chemicals in the sector whose employees are most at risk of work related skin disease.<sup>21</sup> Barroso further announced with regard to the REFIT agenda: “I strongly believe the EU should not meddle in everything that happens in Europe” – yet that is precisely what it does in the context of European Economic Governance, especially in countries under the aegis of the troika.<sup>22</sup>

Lastly, stakeholders were particularly disappointed by the failure of the Communication on Strengthening the Social Dimension of the EMU to fulfil the high expectations previously raised by Commissioner for Employment, Social Affairs and Inclusion László Andor in a policy brief for the European Policy Centre, in which he proposed to introduce a European unemployment benefit scheme “potentially acting as an automatic fiscal stabiliser at the EMU level, helping to offset the weakening (if not disappearance) of national automatic stabilisers resulting from the sovereign debt crisis.” In the final event though this proposal did not feature in the Communication. Andor also acknowledged in the policy brief that labour mobility could not effectively alleviate high unemployment. This caused further disappointment because the Communication's proposals suggest the contrary.<sup>23</sup>

This begs the question, why did the European Commission decide to meet the urgent need for a stronger social dimension of the EMU with such an unambitious Communication, and with proposals that were already contradicted by the European Commission itself on the very day they were announced? It appears as if the EU and its Institutions are not sincere in their commitment to alleviate the strained situation in which many member states and their social systems find themselves. Some observers suggest that the European Commission is

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<sup>21</sup> José Manuel Barroso, *Wir brauchen keine EU-Regeln für Friseurinnen-Schuhe*, interview by Rolf-Dieter Krause. *Tagesschau*, 2 Oct. 2013, <http://www.tagesschau.de/ausland/interview130.html> (last accessed 16 May 2014).

<sup>22</sup> Joshua Chaffin, “European Commission Chief Barroso Aims to Cut Red Tape,” *Financial Times*, 2 Oct. 2013, <http://www.ft.com/intl/cms/s/0/b887c272-2b7a-11e3-a1b7-00144feab7de.html#axzz31hhwckDD> (last accessed 16 May 2014).

<sup>23</sup> László Andor, *Developing the social dimension of a deep and genuine Economic and Monetary Union*, 13 Sept. 2013, Brussels: European Policy Centre Policy Brief.



instead pursuing an entirely different agenda, guided by neo-liberal principles seeking to alter the shape and form of member states' social and economic frameworks. One commentator expressed the belief that hidden behind the social language of the Communication is “a Trojan horse for Social Europe,”<sup>24</sup> albeit with the consent of national governments. One explanation for this could be the relative decline of social democracy in recent years, and thus a negligence of the social democratic project. Nonetheless, Andor's non-paper and the fact that the European Commission responded with a Communication to address the social dimension, could also suggest a renewed interest in Social Europe.

### **Research Question**

As the title of the Communication would suggest, there is already a social dimension of the EMU in place. One way to assess and analyse the content of this social dimension is through the mechanisms of European Economic Governance, specifically the CSRs as these provide an overview of the EU's reform priorities in member states in the aftermath of the crisis. CSRs have been issued since 2011 and a significant number of them address the area of social policy. This paper will conduct a qualitative content analysis of the CSRs for 2011, 2012 and 2013 to assess what the social policies under the aegis of European Economic Governance consist of, to what extent they are guided by social democratic or a neo-liberal principles, and if the underlying rationale changes over time. This will answer the main research question: **Did the impact of the financial and economic crisis along with the renewed call for a stronger social dimension lead to a visible revival of Social Europe in EU policy-making?**

### **Theoretical Approach: A Neo-Gramscian Perspective of Hegemony**

Traditionally, theoretical approaches such as liberal intergovernmentalism and especially neo-functionalism sometimes tend to conceive European integration as a linear progression towards deeper integration, due to an underlying rationale which assumes that integration is essentially beneficial to member states and their respective national societies, thereby facilitating a self-perpetuating process.<sup>25</sup> However, partially in response to the financial

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<sup>24</sup> Ronald Janssen, “A Trojan Horse For Social Europe,” *Social Europe Journal*, 17 Oct. 2013, <http://www.social-europe.eu/2013/10/a-trojan-horse-for-social-europe/> (last accessed 16 May 2014).

<sup>25</sup> Andreas Bieler, “Class Struggle over the EU Model of Capitalism: Neo-Gramscian Perspectives and the Analysis of European Integration,” *Critical Review of International Social and Political Philosophy* 8:4

and economic crisis and in part as a result of developments that predated the crisis, it became increasingly evident that European integration in its current form is not universally beneficial, creating inequalities within and between member states. Politically, this is reflected in the electoral successes of many extremist and/or Euro-sceptic parties. Furthermore, while neo-functionalism can explain the intrusion of the EU in member states' social policy,<sup>26</sup> it has limited scope to explain why the EU displays a particular set of policy preferences over others.

Liberal intergovernmentalism would be a credible approach to assess to what extent it is member states blocking social policy, as was the case before the introduction of qualified majority voting. The narrow focus on national governments makes it unsuitable for the purpose of this paper, because liberal intergovernmentalism has a limited capacity to explain the influence of actors apart from national governments in order to determine policy preferences of the European Commission as a supranational institution.

Academics too are increasingly concerned with the aggravated divergences within and between member states and display a growing interest in the hierarchy of winners and losers of European integration. This is marked by a visible revival of a range of Marxist materialist critique and other related approaches, notable examples by Thomas Piketty,<sup>27</sup> Thomas Fazi<sup>28</sup> and Wolfgang Streeck<sup>29</sup> received a degree of public attention, and deserve to be recognised here. Common threats in much of the crisis literature and exemplified by Piketty is the assessment that current levels of wealth distribution make the economic model unsustainable, thus evoking memories of Marx's prediction that capitalism is doomed to self destruct.<sup>30</sup> Another notion is advanced by authors such as Fazi who perceive the current state of European integration as an elite project with a narrowly defined group of economic beneficiaries, and he ties his critique to broader social movements that have emerged in recent years to express popular discontent.<sup>31</sup> Streeck

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(2005): 514.

<sup>26</sup> Scott L. Greer, "Uninvited Europeanization: Neofunctionalism and the EU Health Policy," *Journal of European Public Policy* 13:1 (2006).

<sup>27</sup> Thomas Piketty, *Capital in the Twenty-First Century*, trans. Arthur Goldhammer (Cambridge, MS and London, England: The Bellknap Press of Harvard University Press, 2014).

<sup>28</sup> Thomas Fazi, *The Battle For Europe: How an Elite Hijacked a Continent – and How We Can Take it Back* (London: Pluto Press, 2014).

<sup>29</sup> Wolfgang Streeck, *Gekaufte Zeit: Die vertagte Krise des demokratischen Kapitalismus* (Frankfurt: Adorno-Vorlesungen, 2012).

<sup>30</sup> Piketty, *Capital*.

<sup>31</sup> Fazi, *Battle for Europe*.

revived the tradition of the Neo-Marxist Frankfurt school, and finds that the EU served as a forum to bypass the groups on national level capable and determined to oppose the kind of neo-liberal project that constitutes European integration.<sup>32</sup> However, Streeck's approach, drawing on the oppositional reading of the Frankfurt school has limited explanatory value in comprehending the potential for hegemonic change within institutions. Likewise, Piketty's assessment, based on statistical data, has similar shortcomings. Fazi provides prospective alternatives, illustrating the support of social movements and intellectuals for a social-democratic project, but does not provide insights as to what extent this kind of change may already have taken place within the institutions, which is the focus of this paper.

The renewed interest in class and the socio-economic factors that create inequalities has prompted some academics to shift their attention from the mechanisms of European integration towards its content with a view of projected outcomes of what can be described as the social purpose of European integration.<sup>33</sup> Gerassimos Moschonas attributes the incapacity of social democracy to assert itself in the policy-making of the EU in the relative weakness of political parties on the European level due to the inflexible nature of EU decision making, of what he termed functional conservatism, which locked EU policy-making into a neo-liberal mode at a crucial moment, making it difficult for social democrats to reverse or alter the set course. The shortcoming of this approach is that it is limited to political parties as agents of change, and does not address the capacity of ideas to mobilise other actors, for example in civil society, or within institutions to facilitate a transformative shift in policy-making.<sup>34</sup>

Other authors such as Bastiaan van Apeldoorn, Andreas Bieler and Adam David Morton advanced a historical materialist approach based on a neo-Gramscian perspective<sup>35</sup> which endorses the concept of an open ended process that departs from a neo-functionalist and

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<sup>32</sup> Streeck, *Gekaufte Zeit*.

<sup>33</sup> Bastiaan van Apeldoorn, "The Contradictions of 'Embedded Neoliberalism' and Europe's Multi-Level Legitimacy Crisis: The European Project and its Limits", in *Contradictions and Limits of Neoliberal European Governance – From Lisbon to Lisbon*, eds. Bastiaan van Apeldoorn, Jan Drahoukoupil and Laura Horn (Basingstoke: Palgrave Macmillan, 2009), 22.

<sup>34</sup> Gerassimos Moschonas, "When Institutions Matter: the EU and the Identity of Social Democracy," *Renewal* 17:2 (2009).

<sup>35</sup> Antonio Gramsci (1891-1937) was an Italian Marxist and leader of the Communist Party in Italy whose work in the 1920s and 30s was influenced by the Bolshevik Revolution and fascism in Italy. His experience in this context led him to depart from the teleological view of Marxist material dialectic, turning instead to a historical approach of ideas competing for hegemony within a given society.

liberal intergovernmentalist deterministic view of a linear progression of European integration, as well as the oppositional reading and economic determinism of Marxist-materialist approaches. Instead, they focus on the struggle between competing ideas and classes to shape the content of European integration.<sup>36</sup> This view is based on Antonio Gramsci's concept of hegemony. While Gramsci limited his analysis to national societies, his view was first brought into the realm of international relations by Robert Cox,<sup>37</sup> who established a concept of hegemony that found recognition in the field of International Political Economy. In turn, it served as a foundation for academics applying a neo-Gramscian approach in the study of European integration, where it was established by the so-called Amsterdam School of International Political Economy,<sup>38</sup> and further developed by Bieler and Morton.<sup>39</sup>

From a theoretical standpoint, the social dimension of the EMU is best approached from a neo-Gramscian perspective, because its concept of hegemony lends itself in particular to the analysis of how two competing ideas – in this case, neo-liberalism and social democracy – manifest themselves in the policy-making of the European Union. In addition, the neo-Gramscian perspective, similar to Open Marxism, is historically conscious, departing from the dialectic determinism of Marx and acknowledging the possibility of alternative outcomes. Taking account of the historical evolution of the current hegemonic idea and its challengers, the neo-Gramscian approach allows to draw conclusions concerning the possible future of the EU's policy preferences following the financial and economic crisis and thus to estimating the nature of European integration in the near future, which will help to answer the research question.<sup>40</sup>

Hegemony is by far the most important legacy of Gramscian thought, and has been interpreted in various ways, often adjusting to the historical socio-political conjunctures they intend to explain. Peter Thomas identified four prevalent interpretations of Gramsci's

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<sup>36</sup> Andreas Bieler, "The struggle over EU Enlargement: a Historical Materialist Analysis of European Integration," *Journal of European Public Policy* 9:4 (2002): 576-578.

<sup>37</sup> Robert W. Cox, "Gramsci, Hegemony and International Relations: An Essay in Method," *Millennium – Journal of International Studies* 12 (June 1983).

<sup>38</sup> Laura Horn, "Organic Intellectuals at Work? The High Level Group of Company Law Experts in European Corporate Governance Regulation," in *Contradictions and Limits of Neoliberal European Governance*.

<sup>39</sup> Andreas Bieler and Adam David Morton, "A Critical Theory Route to Hegemony, World Order and Historical Change: Neo-Gramscian Perspectives in International Relations," *Capital and Class* 82 (Spring 2004).

<sup>40</sup> Bieler, *Class Struggle*.

hegemony.<sup>41</sup>

The first interpretation argues that a dominant social class establishes its hegemony by building a historic bloc that can utilise the resources at its disposal, including institutions, to exert a cultural and ideological integration over other groups, thereby applying leadership through consent to achieve the social purpose of the given hegemonic project. The second interpretation sees in hegemony the process of unifying heterogeneous political views in a composite socio-political body. The difference of this interpretation to the previous one lies in its focus on reconciliation of ideas, rather than dominance and subordination. The third interpretation views hegemony as a “form of anti-politics” which undermines existing structures of rule. Finally, the fourth interpretation places Gramsci in accord with the traditional realist interpretation of hegemony as a struggle for power in a geo-political context.<sup>42</sup>

In the following this paper will utilise the first interpretation as it is best suited for the intention of examining the hegemonic relationship of ideas to mobilise institutions, in this case the European Commission. Following this interpretation, the neo-Gramscian concept of hegemony departs from the traditional International Relations perspective of a state-centric view of hegemony in which power relations determine the hegemonic order. Instead of brute force or the threat of it, the neo-Gramscian understanding of hegemony implies class hegemony within a society, based on ideas and the power of communicating and persuading other groups of their respective hegemonic order. This often happens in a dialectical fashion with contested and open-ended outcomes.

It is important to note here that class is not understood as a uniform and coherent group, but is rather determined by what is called the social relations of production. These are not merely limited to production in the economic sense, but entail “the production and reproduction of knowledge and of the social relations, morals and institutions that are prerequisites to the production of physical goods”.<sup>43</sup> As such, it is “encompassing the totality of social relations in material, institutional and discursive forms that engender

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<sup>41</sup> Peter D. Thomas, “Hegemony, Passive Revolution and the Modern Prince,” *Thesis Eleven* 117:20 (Aug. 2013).

<sup>42</sup> *Ibid.*, 21-22.

<sup>43</sup> Quoted in Bieler and Morton, “A Critical Theory Route”, 89.

particular social forces.”<sup>44</sup> Therefore, class cannot be divided into neat categories such as capital and labour, although this can, and often does play a crucial role. Further, the neo-Gramscian perspective finds that class struggle does not just take place between labour and capital, but also between different forms of capital and labour, on a national and international level. For example, van Apeldoorn<sup>45</sup> and Guglielmo Carchedi illustrate the struggle between different national capitals to promote their vision of the EMU *vis-à-vis* each other.<sup>46</sup> Another reason for struggle between different forms of capital and labour can be attributed to different production structures, for example between finance capital and industrial capital,<sup>47</sup> but also between national and transnational production sectors, as suggested by van Apeldoorn's analysis of transnational capital,<sup>48</sup> and Bieler's comparative study of the responses of British and Swedish trade unions respectively to the introduction of the EMU.<sup>49</sup>

Another important concept to understand hegemony in neo-Gramscian thought is, as Cox explains, the important distinction between “dominance implying dictatorship and direction implying leadership”. In turn, Cox's understanding of hegemony entails direction, and the ability of hegemonic class to align other classes and groups within society with their own goals or to make concessions in order to make the hegemonic structures more acceptable. Gramsci applied this concept to the capitalist hegemonies of Northern Europe, where he found that such concessions allowed for the development of social democracy without calling into question the hegemonic structures or the basic principles underlying these structures.<sup>50</sup> Further, acknowledging this ability of the hegemonic class to build a dominant coalition allowed him to depart from the economic determinism of Marx by acknowledging the “reciprocal relationship of the political, ethical and ideological spheres of activity with the economic sphere,” and lending greater importance to the interplay of economism and idealism.<sup>51</sup>

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<sup>44</sup> Ibid., 87.

<sup>45</sup> Bastiaan van Apeldoorn, *Transnational Capitalism and the Struggle over European Integration* (London: Routledge, 2002).

<sup>46</sup> Guglielmo Carchedi “The EMU, Monetary Crises, and the Single European Currency,” *Capital and Class* 63 (Autumn 1997).

<sup>47</sup> Bieler, *Class Struggle*, 516-17.

<sup>48</sup> Van Apeldoorn, *Transnational Capitalism*.

<sup>49</sup> Andreas Bieler, “Labour and the Struggle over the Future European Model of Capitalism: British and Swedish Trade Unions and their Positions on EMU and European Co-operation,” *Political Studies Association* 10 (2008).

<sup>50</sup> Cox, “Gramsci”, 163-166

<sup>51</sup> Ibid., 167.

The relevance of Gramsci's concept of hegemony for International Relations and European integration studies lies in the capacity to avoid reductionism and accommodate instead the possibility for alternative outcomes when different ideas compete for hegemony. To do so, the challenging social class must form what Gramsci calls a historic bloc that can bring together a dominant coalition of actors who accept an idea and can support it with the material, moral and institutional resources at their disposal.<sup>52</sup> While Gramsci limited his application of hegemony to the national level, Cox advanced the notion that they can transcend national boundaries when this happens: “the economic and social institutions, the culture, the technology associated with the national hegemony become patterns for emulation abroad.”<sup>53</sup> Intellectuals also form an important element of such an historic bloc often by articulating and fostering consent on a particular world view thus constituting what Gramsci termed organic intellectuals connected to the interests of the hegemonic project, often with close links to the elites that shape this project.<sup>54</sup> Laura Horn provides a concrete example of this on hand of expert group consultation in the EU. Horn found that an expert group was able to direct European Commission policy making on company law and corporate governance to “shift towards a more market-based corporate governance regulation.”<sup>55</sup> Thus organic intellectuals “play a crucial role in formulating and spreading the ideological and strategic concepts of any given political project,”<sup>56</sup> in this case that of neo-liberalism.

The Amsterdam school of international political economy applied the neo-Gramscian perspective to the study of European integration. Van Apeldoorn described the contest between member states' national capitals and the European multinational capitals over which form and shape the neo-liberal hegemony would take.<sup>57</sup> Guglielmo Carchedi took a similar approach,<sup>58</sup> and Bieler found that “neo-liberalism can be understood as the hegemonic project of transnational European capital.”<sup>59</sup> Bieler's interest lies in particular with the ability of alternative ideas to compete with the neo-liberal hegemony and their potential to form a historic bloc. His research focuses in particular on the role of trade

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<sup>52</sup> Bieler and Morton, “A Critical Theory Route”.

<sup>53</sup> Cox, “Gramsci”, 171.

<sup>54</sup> Agustí Nieto-Galan, “Antonio Gramsci Revisited: Historians of Science, Intellectuals, and the Struggle for Hegemony,” *History of Science* 49 (2011): 458.

<sup>55</sup> Horn, “Organic Intellectuals at Work?,” 125.

<sup>56</sup> *Ibid.*, 130.

<sup>57</sup> Van Apeldoorn, *Transnational Capitalism*.

<sup>58</sup> Carchedi, “The EMU”.

<sup>59</sup> Bieler, *Class struggle*, 520.

unions as part of social movements and as agents of a social democratic hegemonic project.<sup>60</sup>

When Bieler further developed the concept of competing hegemonies to the process of European Integration, he identified three competing projects that sought to determine the social purpose of European integration in general and the Internal Market in particular. According to him, neo-liberalism was the predominant hegemony during the 1980s, when it was challenged by a neo-mercantilist, as well as a social democratic project in the late 1980s and 1990s, before gaining the upper hand again in the 2000s to remain so to date.<sup>61</sup> The general consent in the literature appears to be that the tentative outcome of this ongoing struggle is the predominance of neo-liberal hegemony.

In summary, the neo-Gramscian perspective has the capacity to detect hegemonic power relations and their change over time. Under the assumption established in the literature that European integration is primarily driven by a historic bloc of actors guided by neo-liberal principles, this paper will assess the impact of the financial and economic crisis on the predominance of this hegemony and determine if the crisis led to a revival of the social democratic project, and if so if this may be reflected in EU policy-making. In particular, this paper will focus on the capacity of the historic bloc to mobilise institutions, in this case the European Commission, for their own hegemonic project.

### **Methodology: Qualitative Content Analysis of the CSRs**

In order to assess the direction of EU policy-making in the context of European Economic Governance, this paper will conduct a qualitative content analysis of the CSRs, which are an integral part of the European Semester and European Economic Governance. The CSRs have been formulated each year by the European Commission and subsequently confirmed and issued by the Council of the EU since 2011. They are particularly relevant to the analysis of hegemonic order because all member states are liable to receive them regardless of exceptional circumstances, for example countries that are subject to Economic Adjustment Programmes, which regulate the reforms and conditions under which member states receive bailouts. As such, CSRs do not necessarily correspond to

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<sup>60</sup> Andreas Bieler, "Co-option or Resistance? Trade Unions and Neoliberal Restructuring in Europe," *Capital and Class* 93 (Autumn 2007).

<sup>61</sup> Bieler, *Class struggle*, 520.



severe economic developments that call for corrective intervention, but constitute instead institutional policy preferences that are conveyed to national governments by the European Commission with the consent of the Council of the EU. The following assessment will comprise all CSRs issued from 2011 to 2013, to all EU member states except Greece, Ireland, and Portugal, which did not receive recommendations in 2013 to avoid redundancies because these countries were already subject to more comprehensive memoranda of understanding, as a condition for financial bailouts. Likewise, the recommendations for Greece, Ireland, Latvia, Portugal and Romania in 2011 as well as Greece, Ireland, Portugal and Romania in 2012 simply urge compliance with measures set out in the memoranda of understanding without providing further recommendations. Furthermore, the Euro area received a common set of CSRs that concern elements of supranational policy coordination.

### **Categories and Themes of Analysis**

Researchers of the European Trade Union Institute have already conducted a quantitative content analysis to assess the total number of CSRs that address social policy, and classified categories within social policy recommendations.<sup>62</sup> This paper, however, will introduce a different set of categories relevant, but not explicitly limited to social policy in order to conduct a qualitative content analysis capable of answering the research question if the impact of the crisis led to a visible revival of Social Europe in EU policy-making. The categories for the purpose of this paper are 1. fiscal policy, 2. structural labour market reform, 3. labour activation measures, 4. education, 5. social inclusion, 6. the role of social partners, and 7. economic policy. Beyond the manifest content of these categories their qualitative analysis will make it possible to identify themes of latent content contained within these categories.<sup>63</sup> The categories of manifest content are unlikely to undergo significant change over time enabling the replicability of the research to keep up with the annually issued CSRs, while the themes within these categories are likely to be susceptible to changing ideological tendencies, which will help to detect hegemonic change over time.

The significance of the new mechanisms of European Economic Governance was

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<sup>62</sup> Christophe Degryse, Maria Jepsen and Philippe Pochet, *The Euro Crisis and its Impact on National and European Social Policies* (Brussels: ETUI, 2013).

<sup>63</sup> Mojtaba Vaismoradi, Hannele Turunen and Terese Bondas, "Content Analysis and Thematic Analysis: Implications for Conducting a Qualitative Descriptive Study," *Nursing and Health Sciences* 15 (2013): 401.

recognised by advocates of Social Europe and received a great deal of attention, for example from the research network European Social Observatory, and from the European Trade Union Institute. Researchers of the European Social Observatory such as Bart Vanhercke<sup>64</sup>, Rita Baeten and Sarah Thomson<sup>65</sup> include the CSRs in their analysis of European Economic Governance and place their findings in the broader context of social developments and social policy in the EU. The European Trade Union Institute is equally concerned with the new processes of European Economic Governance and estimates that roughly 40 per cent of the CSRs address areas of social policy.<sup>66</sup>

Accordingly, the CSRs constitute a relevant empirical gateway to the analysis of the European Commission social policy preference. In turn, this will make it possible to assess if this policy preference is guided by a sincere attempt to cater to the social democratic project of European integration, suggesting a counter hegemonic project, or if the CSRs are used to convey the neo-liberal hegemony's institutional vision of social policies and their role in the socio-economic fabric of member states. This in turn will help to answer the research question if the impact of the financial and economic crisis and the renewed call for a stronger social dimension led to a visible revival of Social Europe in EU policy-making.

### **Economic and Social Policy Models Defined**

In addition, this paper will have to define and operationalise neo-liberalism and social democracy in terms of themes in their outlook on both social and economic policy-making, to determine how these policies correlate to their individual hegemonic projects. It is worthwhile to begin by outlining the associated economic principles that serve as an underlying rationale for other policy areas including social policy. This will be followed by a definition of their respective social policy models. Economic neo-liberalism in its current form is essentially a product of the research of the economists Milton Friedman and Friedrich Hayek. Their school of thought lent credibility to an alternative to the theories of Maynard Keynes whose Keynesian school of thought dominated economic policy in the

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<sup>64</sup> Bart Vanhercke, "Under the Radar? EU Social Policy in times of Austerity," in *Social Developments in the European Union 2012*, eds. David Natali and Bart Vanhercke (Brussels: ETUI, OSE, 2013).

<sup>65</sup> Rita Baeten and Sarah Thomson, "Health Care Policies: European Debate and National Reforms," in *Social Developments in the European Union 2011*, eds. David Natali and Bart Vanhercke (Brussels: ETUI, OSE, 2012).

<sup>66</sup> Degryse, Jepsen and Pochet, *The Euro Crisis*.

aftermath of the Second World War until the arrival of neo-liberalism in the 1980s. Keynesianism was essential to the social democratic project of many states, pursuing goals such as full employment and alleviating the worst forms of poverty. According to the work of Dag Einar Thorsen and Amund Lie, the teachings of Friedman and Hayek shifted the emphasis of economic policy to a monetarist approach with the goal of price stability. Other connotations entailed in their view of neo-liberalism are a minimum of state intervention and a fairly radical laissez-faire approach to the market as result of a firm belief in market mechanisms.

From a neo-Gramscian perspective, the intellectual groundwork of Friedman and Hayek demonstrates the importance of intellectuals in the formation of a historic bloc that is capable of challenging and replacing an existing hegemonic order with a different set of ideas.

Currently, neo-liberalism covers a wide range of normative foundations. At one end of the spectrum, some forms of neo-liberalism reject the state altogether, thus departing quite drastically from classic economic liberalism, while other strands more closely resemble classic liberalism's attitude towards the state's role as a prerequisite to enable the market to function. Most strands of neo-liberalism however are placed somewhere in between these extremes and share some common features including a degree of scepticism towards the state and the belief that its role and functions ought to be reduced to a minimum. Often, the desired main task of the state is seen to be the safeguarding of free markets, free trade and strong property rights. Generally, neo-liberalism attributes a great deal of responsibility to the individual for economic success or failure, thereby making overt social inequality morally acceptable.<sup>67</sup>

It is the latter position on individual responsibility that invited a great deal of controversy, as critics argue that it ignores structural obstacles to an individual's economic success, for example in form of access to institutional or financial resources and the like. Some critical authors such as Alfredo Saad-Filho and Deborah Johnston find that this leads to the concentration of power and wealth in the hands of elite groups.<sup>68</sup> However, other critical voices go so far as to use the phrase as “a generic term of depreciation, describing any

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<sup>67</sup> Dag Einar Thorsen and Amund Lie, “What is Neoliberalism?,” *Department of Political Science, University of Oslo* (2007).

<sup>68</sup> *Ibid.*, 8.

economic and political development deemed to be undesirable.”<sup>69</sup>

Below, neo-liberal and social democratic premises will be further operationalised in order to apply them to the CSRs, which are comprised of seven relevant policy areas for the current discussion on Social Europe mentioned above.

Based on the work of Thorsen and Lie, the **neo-liberal economic policy model** for the purpose of this paper, is defined as policies that aim at encouraging individual responsibility and liability, reducing state intervention, apart from those interventions that enable market functioning, as well as labour market flexibility, and an emphasis on market mechanisms. After all, neo-liberal policies rely heavily on the ability to mobilise policy-makers to pursue the kind of state withdrawal in certain areas, while strengthening it in others. As Michael Krätke explains, Gramsci found that politics and economics could not be separated, so that “the free market and liberal market-economy is a 'regulation' of a statal nature, introduced and maintained by means of law and compulsion.”<sup>70</sup> Therefore, neo-liberalism is not so much about rejecting state regulation, but about making it serve the interests of economic elites. This will be particularly relevant as regards sections 2. on structural labour market reform and section 7. on economic policy.

Furthermore, the ultimate rationale for neo-liberal fiscal policy is to ensure fiscal consolidation and price stability. In contrast, **social democratic economic policy model** tends to pay a great deal of attention to social equality and redistribution, as well as Keynesian policies of state induced investment.<sup>71</sup> This theme will be relevant in section 1. dealing with fiscal policy.

Turning to social policy, there is currently ample variety across member states in absence of an ambitious common social policy model that would be comparable to other policy areas e.g. the common market, or the monetary union. Despite the social dimension established in the Treaty and the partial implementation of the Community Charter of Fundamental Rights of Workers and accompanying Social Action Programme,<sup>72</sup> the current EU's social policy consists primarily of the coordination of social indicators and the

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<sup>69</sup> Ibid., 9.

<sup>70</sup> Michael R Krätke, “Antonio Gramsci's Contribution to a Critical Economics,” *Historical Materialism* 19:3 (2011): 69.

<sup>71</sup> Guglielmo Carchedi and Michael Roberts, “The Long Roots of the Present Crisis: Keynesians, Austerians, and Marx's Law,” *World Review of Political Economy* 4:1 (Spring 2013): 95-96.

<sup>72</sup> Hick and Nilsson, “Vers un Nouveau Programme.”

sharing of best practice between member states.<sup>73</sup> In absence of a common European social policy model, national models will have to serve as ideal types, which will be used as a yardstick to assess if the European Commission indicates a policy preference for one model over another within the CSRs.

The literature establishes a variety of categories to define different social policy preferences in Europe. Three models in particular tend to emerge consistently: the liberal, the Conservative and the social democratic model, as identified by Gøsta Esping-Anderson. In addition, a number of authors have advanced further categories such as the Mediterranean model, a social democratic/liberal hybrid model, and the East European or New Europe model to describe the social policy models of the EU's newer member states.<sup>74</sup>

Although all of these above mentioned categories are insightful and well justified, this paper will rely entirely on the three categories identified by Esping-Anderson as they are consistently established in the literature and provide ideal types, whereas the other models tend to constitute some form of hybrid model.

For the purpose of this paper, the categories are defined as follows, based on the work of Rutauskiene: The **liberal social policy model** is founded on market principles and minimal state intervention limited to the most marginalised social groups that are incapable of caring for themselves. This will be an important theme to note in section 3. on labour activation measures, and generally stands in contrast to the Conservative model, which is often linked to employment based social contributions, as well as to the social democratic model, which is based on universal rights that comprise access to a range of benefits and services. Another common theme of the liberal model is the provision of a minimum income through social assistance.<sup>75</sup> Further, Rutauskiene established that the liberal model refrains from regulating family policy and equal rights while demonstrating a policy preference for private sector solutions a system often exemplified by the United Kingdom and Ireland.<sup>76</sup> This model is also reflective of the neo-liberal project and policy recommendations based on this model or giving preference to it can be classified as neo-

<sup>73</sup> Rutkauskiene, "Social Policy," 30.

<sup>74</sup> Ibid.

<sup>75</sup> Jon Kvist, "The Post-Crisis European Social Model: Developing or Dismantling Social Investments?," *Journal of International and Comparative Social Policy* 29:1 (2013): 92.

<sup>76</sup> Rutkauskiene, "Social Policy," 28-30.

liberal.

The **Conservative social policy model**, also referred to as the Bismarckian-, or Continental model, is a needs-based approach based on compulsory social contributions with moderate levels of social provisions, usually linked to employment. This system is often based on a mixture of private and public providers, encourages social dialogue between employers and employees, labour market activation and qualification raising measures, as well as traditional family organisation and gender roles, generally exemplified by countries such as France and Germany.<sup>77</sup> This category occupies a middle ground between the other two models, with sometimes fluid boundaries. CSRs that fall into this category will be further assessed in terms of a possible hegemonic dominance where applicable, based on the definition of social democracy and neo-liberalism.

Finally, the **social democratic social policy model** entails far reaching state intervention to guarantee strong social rights and social protection, based on social solidarity with the ultimate goal of social justice and equality. This system is marked by a high level of state spending and actively promotes gender equality, supported by the provision of childcare and other social services. This will be relevant in section 3. on labour activation measures and section 5. social inclusion. The social democratic model is most commonly associated with Scandinavia, but also Belgium. CSRs that fall into this category are classified as social democratic.

A common theme in both, the Conservative and the social democratic model tends to be a strong social partnership which serves as a forum to manage industrial relations, as will be discussed in section 2. on structural labour market reform and section on 6. the role of social partners.

In the following, the three models will provide a framework by which to classify and discuss the CSRs along ideological lines in order to assess if the European Commission gives preference to one model or another in its recommendations. This in turn will determine if social democratic or neo-liberal hegemony is prevalent in the formulation of the CSRs and in the European Commission as an institution.

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<sup>77</sup> Ibid.

## The CSRs

The CSRs issued each year by the European Commission since 2011 as part of European Economic Governance address a number of policy areas.<sup>78</sup> The recommendations are often formulated in what can be described as a package recommendation that touch on a number of different policy areas. In order to make them more accessible for analysis and discussion, they will be grouped into seven policy categories that focus on different aspects of the CSRs with direct or indirect implications on member states' social policies. As stated above, the chosen categories are 1. fiscal policy, 2. structural labour market reform, 3. labour activation measures, 4. education, 5. social inclusion, 6. the role of social partners, as well as the last category 7. economic policy, which includes a range of market oriented measures that have at best indirect implications for social policies, but are necessary to complete the overview of the CSRs, providing an additional dimension to assess the predominance of one hegemonic project over another.

Due to their package format, the content of the CSRs is not easily quantifiable, especially as the wording is often ambiguous e.g. some CSRs call for more cost efficiency in the health care sector, whereas others refer simply to public services, without formally mentioning health care but with potential implications for the health care sector nonetheless. Therefore, this paper will take a qualitative approach to assess the scope and implications of the CSRs on member states policy-making. It is also evident that a number of recommendations address social policy, which is an area formally reserved for the national level of governance.

Another feature of the CSRs is a remarkable level of consistency in a number of the European Commission's policy priorities over the last three years, while other priorities seem to have changed over time, and new priorities emerged altogether. Lastly, it is important to note that the members states which are subject to memoranda of understanding, the so-called programme countries, only received recommendations to comply with the more detailed and extensive agreements they reached with their partners such as the European Commission, the European Central Bank and the International Monetary Fund for 2011 and 2012, while the European Commission did not issue CSRs

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<sup>78</sup> The findings are a summary of all CSRs from 2011, 2012 and 2013 and will not be cited in the text unless directly quoted, in which case a short citation will be included in the footnotes. The complete list of the CSRs can be found in Appendices 1, 2 and 3.

for these countries in 2013. They are therefore not included in the following analysis.

Not to examine the policy recommendations in programme countries could be viewed as a potential shortcoming. However, the special nature and often extensive scope of reform in programme countries constitutes an extreme variant of European Commission policy recommendation, and would distort the analysis in the sense that it does not fall neatly in line with the overall policy preference of the European Commission, which is the primary focus of this study.

In the section below, the CSRs will be assessed in terms of their applicability to the two economic and three social policy models, along with initial analysis, followed by a discussion in which the findings are placed in the context of neo-Gramscian perspective in order to answer the research question.

## **Findings and Analysis**

### **1. Fiscal Policy**

Fiscal consolidation is certainly one of the most prominent and consistent priorities of the European Commission's recommendations, which is in line with and refers to the Stability and Growth Pact. This is a procedure, which monitors and issues corrective measures to assure that member states' public deficit does not exceed three per cent of GDP and public debt does not exceed 60 per cent of GDP. Since the 2011 reform called Six Pack the surveillance and enforcement mechanisms of the Stability and Growth Pact have been consolidated under the umbrella of the European Semester, and include financial sanctions against member states which breach the parameters of the agreement. The Six Pack reform was further complimented by the so-called Two Pack in 2013 for even closer surveillance of Euro area member states.<sup>79</sup> Accordingly, all member states received recommendations that address this policy goal. In addition annually sixteen to seventeen countries received additional recommendations concerning age related expenditure.

The CSRs tend to take a dual approach to fiscal consolidation, usually promoting short-term expenditure cuts and reform of pension and retirement systems in order to enhance long term sustainability of public finances. Notably, the recommendations emphasise the

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<sup>79</sup> Degryse, *European Economic Governance*.



expenditure side over the income side in 2011 and 2012, but begin to encourage measures to reinforce tax compliance and the fight against tax evasion as of 2012 and more so in 2013. Although this move to reinforce tax compliance and fighting tax evasion constitutes a qualitative shift towards the income side of public finance, the overall emphasis continues to lie with the expenditure side. In this context, the European Commission often recommends improving the cost efficiency of public services and health care. To do so in these areas is not necessarily contrary to the goals of the social democratic model, but the single-minded focus on fiscal consolidation can put the welfare state as a whole on the defensive in such crucial areas.

In order to achieve compliance with the Stability and Growth Pact, Austria, Belgium and France for example placed caps on the growth of health expenditure. Spain already reduced its health care expenditure by eight per cent, and is expected to achieve additional savings. Other countries too, have pursued reform in the health care sector with a view to curbing expenditure, e.g. by optimising pharmaceutical spending.<sup>80</sup>

This is especially the case in 2013 when a total of ten member states received recommendations explicitly suggesting they increase cost efficiency in health care, up from four countries in 2011 and 2012, while others received recommendations on cost efficiency of public spending in general, which can have indirect implications for health care and social spending as well. The way in which the European Commission phrases its recommendations establishes a policy hierarchy in which public services and health care are viewed as a cost variable in which the health outcomes and accessibility to services are sometimes side-lined.

Likewise, the European Commission recommends curbing age related expenditures “to ensure long-term sustainability of public finances”<sup>81</sup> for sixteen member states in 2011 and 2012 and seventeen member states in 2013. In order to do so, the European Commission refers to measures such as reform of the pension systems, raising effective retirement age, linking the statutory retirement age to gains in life expectancy, aligning the retirement age of men and women, phasing out early exit pathways, encouraging private pension savings,

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<sup>80</sup> European Commission, *Social Policy Reforms for Growth and Cohesion: Review of Recent Structural Reforms – Report of the Social Protection Committee*, 2013, Luxembourg: Publications Office of the European Union.

<sup>81</sup> CSRs Malta 2013.

and containing expenditure on long term care. To make these outcomes possible, the European Commission also gives auxiliary recommendations to improve access to long term-care services by shifting care provisions from institutional care to home care, and increasing the employability of older workers to enable them to stay in the labour force longer.

Fiscal consolidation and austerity constitute a major premise of neo-liberal thought and are often challenging the provision of services envisioned by the social democratic welfare state. In the EU context, fiscal consolidation has been a key component of the European Commission's economic crisis response which is assumed to require deficit reduction and price stability as a prerequisite for economic recovery. To neo-liberals, one of the most important and most effective measures for deficit reduction is cutbacks in public expenditure and in turn, on public services and welfare provisions. In other words, neo-liberalism prescribes austerity as a way out of an economic crisis and as a guarantee for long-term economic sustainability. This can sometimes also affect social protection at times when it is most needed, and stands in sharp contrast to Keynesians, who argue that deficit reduction should not be pursued before economic recovery is stable and secure. This is under the Keynesian assumption that cuts in public spending and welfare spending at a time of economic downturn or crisis will lead to reduced levels of consumption and to a downward spiral of consumer demand that will prolong a crisis and compound its effects.<sup>82</sup>

In their research on the broader context of health care reform in Europe, Rita Baeten and Sarah Thomson assessed the implications of such policy recommendations and concur with De Ruijter and Hervey who conclude “that the Commission is using economic actors and institutional mechanisms such as the DG Ecfm and the Ecofin Council configuration [the Directorate General of the European Commission and Council of the EU configuration responsible for economic and financial policy], where EU competence is less contested, to communicate and progress its policies on health care, an area in which it does not have competence.”<sup>83</sup> Further, Baeten and Thomson suggest that “the financial crisis created a window of opportunity for the EU to claim greater legitimacy to influence this domain of national competency,” which they claim is “something that had been on the Commission’s

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<sup>82</sup> Andrew Gamble, “Debt and Deficit: The Quest for Economic Competence,” in *After the Third Way*, eds. Olaf Cramme and Patrick Diamond (London: I.B. Tauris, 2012), 51-53.

<sup>83</sup> Quoted in Baeten and Thomson, “Health Care Policies.”

political agenda for a long time.” They find that this “is now a precedent for the EU to intervene directly in national health policy,”<sup>84</sup> presumably, in order to penetrate the sphere of member states' social policy, where the historic bloc around the neo-liberal project had not managed to extend its reach to the same extent as in other policy areas.

When comparing the CSRs on Fiscal consolidation with the definition of the different social policy models in the EU brought forth by Rutauskiene and adopted in this paper, the measures suggested by the European Commission show some signs of the Conservative model, for example by calling on a mixture of private and public providers in long-term care and for increased efficiency in public services. In addition, the recommendations strongly favour the liberal model in that they suggests cut backs in public expenditure, thereby reducing the capacity of the state to intervene, and promote market solutions over state provisions, e.g. as in the case of Malta where the European Commission suggests to “encourage private pension savings.”<sup>85</sup> Although, the recommendations on long-term care which suggest shifting care from institutional to home care correlate with the premises of the Conservative model, they constitute a qualitative shift in the liberal direction, with potential outcomes that are contrary to the social democratic model, because they imply two areas that affect women's employment and thereby gender equality. Firstly, caring responsibilities tend over proportionately to fall on women, often forcing them to withdraw from the labour force, and secondly, professional home care services tend to be a low wage sector in which abuses of employee rights are difficult to trace, making the sector prone to exploitation.<sup>86</sup>

## **2. Structural Labour Market Reform**

Another area where the European Commission displays a strong vigour in promoting change is structural labour market reform. The efforts in this area can be further subdivided into four themes: labour legislation and employment protection, wage formation, taxation on labour, and to a lesser degree labour mobility.

One area in which the European Commission's priorities shifted somewhat in the time

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<sup>84</sup> Ibid.

<sup>85</sup> CSRs Malta 2012.

<sup>86</sup> Matthew Pennycook, *Does it Pay to Care? Under-Payment of the National Minimum Wage in the Social Care Sector* (London: Resolution Foundation, Aug. 2013).

period between 2011 and 2013 is in its approach to labour legislation and employment protection. In 2011 several countries including France, Italy, Lithuania were advised to review legislation, including employment protection, dismissal rules, labour market flexibility, and the use of fixed-term contracts. The European Commission also asked Slovenia, to align rights and obligations of permanent and fixed-term contracts. In addition, the Czech Republic was advised to make better use of part-time and flexible work for families with children.

In 2012, France and the Netherlands received recommendations regarding employment protection and labour market rigidities, while Cyprus is supposed to promote self-employment and Lithuania flexible work arrangements. Labour market flexibility is sometimes thought of as beneficial to employees, as atypical work arrangements can sometimes accommodate individual requirements such as those of parents with children. However, flexibility often only applies to the needs of employers, such as in the case of zero-hour contracts, often used in the health care sector in the United Kingdom. Under the conditions of such contracts, employees are not guaranteed a minimum number of working hours, making their income uncertain and subject to fluctuations or failure to receive pay at all. Not infrequently the practice puts employees in a continuous state of on-call alert that entails workers waking up in the morning, getting ready for work, and waiting for a call to go to work for an undefined number of hours, and sometimes no hours at all at the discretion of the employer.<sup>87</sup>

While the main thrust of these policies is geared towards loosening legislation on industrial relations in favour of employers, Poland was the first country whose CSRs for 2012 addressed social concerns connected to labour legislation in order “to combat in-work poverty, limit the excessive use of civil law contracts.”<sup>88</sup> In-work poverty describes a situation in which wages are so low that a person's income from paid labour is not sufficient to provide for one's means of subsistence. The shift towards concern for in-work poverty was even more evident in 2013 when France, Germany, Poland and Slovenia were compelled to address similar issues such as interim work in France, and “the transition from non-standard forms of employment such as mini-jobs into more sustainable forms of

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<sup>87</sup> Labour Research Department, *Zero-hours contracts on the increase across all sectors – Workplace Report*, Feb. 2013, London, <http://www.lrdpublications.org.uk/publications.php?pub=WR&iss=1651&id=idp7973184> (last accessed 16 May 2014).

<sup>88</sup> CSRs Poland 2012.

employment” in Germany.<sup>89</sup> On the other hand Lithuania, Malta and the Netherlands continued to receive recommendations more in line to the ones from 2011 and 2012, strengthening the position of employers.

While atypical employment is undeniably on the rise across Europe as part of a global trend, sometimes described as precarity,<sup>90</sup> in the final event it is policy makers who decide to promote it without questioning or critically assessing the various forms of flexible employment in terms of their social implications. In the case of the CSRs it appears that the European Commission generally promotes this type of arrangement, only to reverse the worst excesses in select instances such as civil law contracts in Poland and improving transition from mini-jobs to other forms of employment in Germany, yet, to date no such recommendation has been issued for example to the United Kingdom with regard to zero-hour contracts.

In terms of wages and wage formation, the European Commission consistently issued recommendations in 2011 to all member states that have a automatic wage indexation system, which serves to protect low-income households from the increases in the cost of living due to inflation, “to take steps to reform... the system of wage bargaining and wage indexation to ensure that wage growth better reflects developments in labour productivity and competitiveness.”<sup>91</sup> Countries that received this recommendation or one with equivalent wording included Belgium, Cyprus, Luxembourg, Malta and Spain. In addition, Italy was encouraged to reform its collective bargaining framework and together with Spain is meant to decentralise collective bargaining and enable local and firm-level bargaining, which is sometimes associated with a weakened bargaining position of trade unions and leads to greater divergences in pay and working conditions.<sup>92</sup> Further, France in 2011 and Slovenia in 2013 received recommendations to “ensure that minimum wage is supportive of job creation,”<sup>93</sup> and the call to align wages with productivity was extended to Bulgaria in 2011, as well as to Finland, Germany, and Slovenia in 2013.

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<sup>89</sup> CSRs Germany 2013.

<sup>90</sup> Maribel Casas-Cortés, “A Genealogy of Precarity: A Toolbox for Rearticulating Fragmented Social Realities in and out of the Workplace,” *Rethinking Marxism: A Journal of Economics, Culture and Society* 26:2 (2014): 206-226.

<sup>91</sup> CSRs Luxemburg 2011.

<sup>92</sup> Harry C. Katz, *The Decentralization of Collective Bargaining: A Literature Review and Comparative Analysis* (Ithaca: Cornell University, 1993), 12-14.

<sup>93</sup> CSRs France 2011.

In some cases such as Germany, the European Commission's aim is indeed to raise wages in light of stagnation, despite productivity gains in recent years. Nonetheless, the overall implications of the European Commission wage policy preferences lead to divergences within and between member states, potentially facilitating the development of a dual track European economy and appearing to be a shift towards a neo-liberal model in which wages are reduced to an expenditure item, while social cohesion and equality based on fair income distribution in the social democratic sense is being abandoned in favour of business interests.

The fact that the European Commission is concerned with wage formation indicates the intent to consolidate neo-liberal monetarist policy, which is a requirement to ensure price stability as envisaged by neo-liberalism, as well as a consequence of the Monetary Union, which deprived member states of external monetary devaluation as an economic adjustment mechanism, forcing them to rely on internal devaluation in the form of wage devaluation and labour flexibility.<sup>94</sup>

Partially as a consequence of the European Commission's recommendations, as well as other developments at the national and European level, low wages are increasingly becoming a component of some member states' economic fabric, especially where productivity is relatively low. They can sometimes even replace innovation as a means to gaining competitive advantage in the absence of external devaluation mechanisms.<sup>95</sup>

Another set of CSRs that responds to this development and further encourages employers to hire low paid labour is the recommendation to reduce the high taxation on labour and high social contributions and to shift taxation to other areas such as environmental tax and value added tax on consumption instead. In 2011, seven countries received recommendations in this regard and in 2012 this number increased to fourteen, and thirteen in 2013. The European Commission claims that this will be beneficial to job creation, in particular for low skilled workers and in the low wage sector. In practice however, this recommendation undermines the financial sustainability of the social democratic model and is effectively substituting employers for paying low wages similar to the mini job scheme in Germany that is becoming subject of emulation abroad in countries such as

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<sup>94</sup> Carchedi, "The EMU," 97-98.

<sup>95</sup> Ibid., 97-101.

Spain,<sup>96</sup> and was also considered in the United Kingdom.<sup>97</sup>

Mini-jobs were part of the German Social Democratic Party's Agenda 2010, and in turn part of their Third Way politics that accepted the ideological hegemony of neo-liberalism.<sup>98</sup> As the German example illustrates, the pay in this area is often below living wage, currently 450 EUR a month in the case of a mini job, making the recipient dependent on social transfers, further straining social systems and making the state an agent of capital welfare subsidising business' labour costs. Accordingly, employers' organisations such as the European Association of Craft, Small and Medium-Sized Enterprises (UEAPME), promote minimum income schemes, reducing social contributions, shifting taxation from labour to other areas and even propose to “grant companies some financial incentives to give them [disadvantaged people] a job opportunity.”<sup>99</sup> The concept of a means tested minimum income based on social protection is a common feature of the neo-liberal model,<sup>100</sup> and the implicit promotion of work patterns like this make social assistance increasingly necessary across Europe, while undermining its funding, constituting a qualitative shift in a neo-liberal direction at the EU level.

The approach also stands in conflict with the Conservative model that is largely based on mandatory social contributions, as removing burden of such contributions from employers undermines the basis of the Conservative model's funding. Lastly, the European Commission's suggestion to shift taxation to areas such as value added tax on consumption hit the low paid twice as hard as they spent the greatest share of their income on consumption, thereby carrying the brunt of the burden.<sup>101</sup> This is particularly the case in Belgium, where the recommendations for 2013 advise to shift taxation to heating fuels.

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<sup>96</sup> Ana Requena Aguilar, “El Gobierno abre la vía a los 'minijobs' con contratos más precarios,” *Público.es*, 13 Feb. 2012, <http://www.publico.es/dinero/421728/el-gobierno-abre-la-via-a-los-minijobs-con-contratos-mas-precarios> (last accessed 16 May 2014).

<sup>97</sup> Stephanie Blankenburg, “Mini-Jobs' Don't Work in Germany, and They Won't Work in Britain,” *The Guardian*, 21 Aug. 2012, <http://www.theguardian.com/commentisfree/2012/aug/21/mini-jobs-germany-britain> (last accessed 16 May 2014).

<sup>98</sup> Mouffe, *Democratic Paradox*.

<sup>99</sup> European Association of Craft, Small and Medium-Sized Enterprises, *Reply to the Commission's 2nd Consultation on EU Level Action to Promote the Active Inclusion of the People Furthest from the Labour Market*, 22 Feb.2008, Brussels, [http://www.ueapme.com/docs/pos\\_papers/2008/080222\\_pp\\_2nd\\_consultation\\_inclusion.pdf](http://www.ueapme.com/docs/pos_papers/2008/080222_pp_2nd_consultation_inclusion.pdf) (last accessed 16 May 2014).

<sup>100</sup> Kvist, “Post-Crisis,” 92.

<sup>101</sup> Office for National Statistics, *Poorest Households Spending More on VATable Items than in 1986*, 31 Oct. 2011, London, [http://www.ons.gov.uk/ons/dcp171776\\_239565.pdf](http://www.ons.gov.uk/ons/dcp171776_239565.pdf) (last accessed 16 May 2014).

Labour mobility has so far not been a major item on the European Commission's agenda, and only Italy and Belgium received recommendations accordingly to increase labour mobility across regions, while Poland was only encouraged to increase cross-sectoral labour mobility in 2013. In the context of bi-lingual Belgium, the lack of labour mobility can largely be attributed to linguistic and cultural differences, an issue that also continues to be an obstacle to labour mobility in the wider European context, posing a challenge to the European Commission's proposal to strengthen the social dimension of the EMU via a greater emphasis on mobility as an adjustment variable. Overall, it is also questionable whether labour mobility is a sustainable, or even desirable alternative to distorted economic development within and between member states, or if it is only likely to entrench such developments further.

The CSRs concern for in-work poverty in some places could suggest social democratic considerations and the measures prescribed to e.g. Germany and Poland could be a challenge from, or concession to the social democratic model. However, the overall policy recommendations on wages and taxation on labour point in a different direction. The European Commission's wage policy challenges the notion that the social democratic project is gaining ground by, for example, promoting employment in the low wage sector. This illustrates the sometimes contradictory nature of the CSRs, as they appear to be concerned with social democratic priorities while implicitly promoting neo-liberalism at the same time. Neither do they challenge the basic premises of neo-liberal hegemony.

One possible explanation for this could be internal struggles over policy hegemony that lead to inconclusive outcomes, or as Egbert Holthuis of the European Commission put it at a public panel discussion, “the result is a compromise.” However, overall direction points to a preference for neo-liberal policies and the result of this compromise was welcome by Thérèse de Liederkerke, Managing Director at the employer organisation *BUSINESSEUROPE*, who bluntly urged trade unions to accept the reduction of social standards,<sup>102</sup> this suggests that elites, which can be associated with the neo-liberal hegemonic project, may have the capability to influence and mobilise institutional actors in their favour, thereby shaping European Commission policy preferences.

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<sup>102</sup> Bernhard Achitz, Egbert Holthuis, Maria João Rodrigues, Thérèse de Liederkerke and Bernadette Ségol, “A Stronger Social Dimension to the European Union – More Than a Political Fig-Leaf?,” (AK EUROPA and ÖGB Europabüro panel discussion, Brussels, 12 Nov. 2013).



### 3. Labour Activation

The high rate of unemployment across Europe makes labour activation policy another prominent item on the European Commission's agenda. The CSRs in this area appear to feature a policy outlook that is partially compatible with social democratic and neo-liberal social policy models respectively. Some aspects however, suggest the active dismantling of the Conservative model, in particular with regard to the Conservative family model.

CSRs addressing labour activation were issued to fourteen countries in 2011, a number that increased to twenty-three in 2012 and twenty-five in 2013. In addition, the European Commission made recommendations to increase the availability of childcare at all stages of a child's development in line with the 2013 Barcelona targets,<sup>103</sup> to increase workforce participation, especially of women in seven countries in 2011, eight in 2012 and nine in 2013 consecutively. By increasing female workforce participation, the European Commission also attempts to foster gender equality and close the gender pay gap in line with the social democratic model, but contrary to the Conservative model, particularly with regard to family organisation. In addition, some countries such as Finland also received recommendations to extend working careers in order to align with gains in life expectancy and to assure long term labour supply. With regard to childcare, Jon Kvist's analysis suggests that the quantity of childcare has indeed increased in all but five countries that saw a reduction, while he suggests that the quality is likely to have suffered due to limited financial resources at a time of expanding services.<sup>104</sup>

With regard to labour activation measures, the CSRs frequently suggest to reform and modernise employment services to “enhance their capacity to match skill profiles with labour market demand,”<sup>105</sup> as well as “active labour market policies, including targeting measures on young people and the long-term unemployed.”<sup>106</sup> The CSRs also advise better access to life long learning and other qualifying measures, which is essentially compatible with the social democratic model. This is the case in Germany where the CSRs consistently address the existing educational stratification and exclusiveness, which entails life long consequences, advising “to enhance participation in the labour market by

<sup>103</sup> European Commission, *Barcelona Objectives*, 2013, Luxembourg: Publications Office of the European Union.

<sup>104</sup> Kvist, “Post-Crisis.”

<sup>105</sup> CSRs Bulgaria 2011.

<sup>106</sup> CSRs Estonia 2011.

improving equitable access to education and training systems,”<sup>107</sup> and to “raise educational achievements of disadvantaged groups.”<sup>108</sup> However, the majority of CSRs place an emphasis on individual qualifications, for example “better matching young people's qualifications to labour demand.”<sup>109</sup> In turn they place the responsibility for raising qualifications and skills singularly on the employee and the employment services in part relieving employers of their training responsibilities. This resonates with the definition of the neo-liberal model that encourages individual responsibility and liability, reduced state intervention, apart from those interventions that enable market functioning.

This language implies that individual failure is responsible for unemployment, a view that is even more pronounced in 2012 when the European Commission recommends several countries to link unemployment benefits with active labour market policies or reducing the amount over time to erase disincentives to work. For example by advising, “to pursue the initiated reform of the unemployment benefit system to reduce disincentives to work,”<sup>110</sup> suggesting that high benefits are responsible, when it is often low pay rates that create the actual disincentives.<sup>111</sup>

Similar reforms have been implemented in Germany in the early 2000s as part of the Agenda 2010 that also foresaw the revision of unemployment and social transfer payments. Although the example from Germany illustrates that the European Commission's view is shared by some academics and grounded in academic publications.<sup>112</sup> These kinds of recommendations appear to be motivated by prejudice, with detrimental effects on those concerned. Indeed, empirical evidence, such as the research of Klaus Dörre and his colleagues, suggests that the measures to remove disincentives to work, as well as the intended activation measures tailored to the long-term unemployed and the so-called low skilled in fact lead to deteriorating employment outlooks and social status. Part of the problem is the combination of a subsidised minimum income and labour activation measures that compel workers to take on employment that does not pay a living wage, where they get caught up in a self-reinforcing cycle of low paid work and social transfers

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<sup>107</sup> CSRs Germany 2011.

<sup>108</sup> CSRs Germany 2013.

<sup>109</sup> CSRs Luxemburg 2011.

<sup>110</sup> CSRs Belgium 2012.

<sup>111</sup> Andreas Peichl, Nico Pestel, Hilmar Schneider and Sebastian Sieglöcher, “Reform der Hartz IV-Hinzuverdienstregelungen: Ein verfehelter Ansatz,” *Perspektiven der Wirtschaftspolitik* 12:1 (2011): 12-26.

<sup>112</sup> Alfred Boss and Thomas Elendner, “Incentives to Work: The Case of Germany – Kiel Working Paper no. 1237,” *Kiel Institute for World Economics* (2005).

but without the opportunity to make the transition to more stable employment. Yet, while the CSRs for Germany suggest taking steps to foster “the transition from non-standard forms of employment such as mini-jobs into more sustainable forms of employment,”<sup>113</sup> the recommendations for other countries described above promote precisely the combination of policies that led to the lack of opportunity and social stigma attached to mini-jobs. Further, they ignore that the number of individuals abusing the system is marginal compared to those that are seriously committed to finding employment, even where benefits are high.<sup>114</sup>

An indication that CSRs in the area of labour activation are driven by neo-liberal considerations, is the fact that they correspond with the definition that state intervention should be limited to the most marginalised social groups that are incapable of caring for themselves, which stands in contrast to the social democratic model of strong universal social rights. Accordingly, the CSRs often refer to the “least qualified” and “most disadvantaged,”<sup>115</sup> as well as disadvantaged groups such as Roma for example in Bulgaria, or immigrants in Sweden.

Nevertheless, the CSRs make remarkable progress towards better addressing employers' role in training and enhancing qualifications by promoting apprenticeship schemes in six countries starting in 2012 and nine in 2013, up from one, Poland, in 2011. This mixed record of social democratic and neo-liberal recommendations could suggest competing currents within the policy-making of the European Commission, however with a strong aversion to the Conservative model in form of the recommendations on childcare, which is particularly relevant for countries such as Austria and Germany that are representative of the Conservative model.

#### **4. Education**

In the area of education CSRs can be grouped into three themes, one of which contains general recommendations on improving the quality of education, and reducing drop out rates. The second theme concerns Hungary and Germany, which received

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<sup>113</sup> CSRs Germany 2013.

<sup>114</sup> Klaus Dörre, Karin Scherschel, Melanie Booth, Tine Haubner, Kai Marquardsen and Karin Schierhorn, *Bewährungsproben für die Unterschicht? Soziale Folgen aktivierender Arbeitsmarktpolitik* (Frankfurt: Campus Verlag, 2013).

<sup>115</sup> CSRs France 2013.

recommendations to provide better access and opportunities to disadvantaged groups. More frequently though, CSRs of the third theme advise member states to match educational outcomes with labour market demand, which is in part related to the section above on labour activation.

In addition, a number of CSRs advise to subject education to market mechanisms, expressing a clear preference for neo-liberalism and undermining the independence of the education system. Recommendations include tying performance to funding, with the exception of the Czech Republic which should “take targeted measures to support schools that rank low in educational outcomes,” albeit only primary and secondary schools, while the recommendation suggests to “increase the share of performance based funding of research institutions.”<sup>116</sup> Making funding dependent on performance may increase the quality of select educational institutions, but it will inevitably create divisions between elite universities and the rest, possibly facilitating a two tier system with growing education inequalities, as is evident in countries where funding is already performance based. Such recommendations contain the connotation of bolstering select institutions by channelling funding to them, making them more attractive to a select strata of students, while many other institutions may deteriorate and will fall victim to market mechanisms – Something that is already visible as a result of the Bologna reforms, which were designed to align European systems of higher education with each other. Sybille Reichert highlighted the increasing importance of market mechanisms in higher education, where resulting from the Bologna process “institutional profiling and selectivity are given free reign... there are signs of institutions differentiating their mass and élite cohorts along bachelor's master's lines.” Likewise, the reforms are held responsible for the “erosion of academic freedom, egalitarian values and democratic culture” in countries such as Spain and France.<sup>117</sup>

Education does not easily lend itself to a classification in terms of a social welfare model. Nevertheless, it is particularly relevant from a neo-Gramscian perspective, which pays great attention to the importance of organic intellectuals as part of a historic bloc. Agustí Nieto-Galan found that:

For Gramsci, if the educational system of a country surrenders docilely to industrial

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<sup>116</sup> CSRs Czech Republic 2013.

<sup>117</sup> Sybille Reichert, “The Intended and Unintended Effects of the Bologna Reforms,” *Higher Education Management and Policy* 22:1 (2010): 114-115.

demands, to the utilitarian rhetoric of immediate applicability, then we risk transforming our young students' greatest potential into grey automata, handmaiden of private interests. To avoid this, future professional training had to be open to the talent of each individual and not be limited to mechanically serving the interests of the market.<sup>118</sup>

Subjecting the outcomes of higher education to the demands of the labour market could shackle academic freedom and make academics liable to social classes that are likely to be committed to the neo-liberal hegemonic project, thereby harnessing academics capacities in the support of this project.<sup>119</sup> Accordingly the CSRs in this area imply the prevalence of a neo-liberal hegemony.

## 5. Social Inclusion

Social Inclusion, an area that tends to be associated with social democratic principles, did not feature prominently in the CSRs until 2012. In 2011 only two countries received related recommendations, Cyprus and the United Kingdom. The latter was advised to reform its housing market “with a view to alleviating problems of affordability and the need for state subsidy, for housing.”<sup>120</sup> This is also one of the few CSRs that pursues the regulation of market mechanisms, which suggests a shift away from neo-liberal policies that often tend to pursue less regulation of market forces. With regard to Cyprus the CSRs advise to “accelerate implementation of the national health insurance system.”<sup>121</sup>

In 2011, these recommendations stand in contrast to a somewhat misleading language that uses terms such as “social inclusion” to advance essentially neo-liberal policies. For example, Bulgaria received the advice “to address the challenge of combating poverty and promoting social inclusion,”<sup>122</sup> while the European Commission suggests to do so solely via labour market activation measures as described above, including its premises of personal responsibility and focus on the most vulnerable groups without a claim to universality that would be expected from a policy recommendation with a social democratic rationale. Likewise, Cyprus was recommended “to address the high at-risk-of-

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<sup>118</sup> Nieto-Galan, “Gramsci Revisited,” 458-59.

<sup>119</sup> Ibid., 458.

<sup>120</sup> CSRs United Kingdom 2011.

<sup>121</sup> CSRs Cyprus 2011.

<sup>122</sup> CSRs Bulgaria 2011.

poverty rate for the elderly,<sup>123</sup> under the pretext however, of curbing age related expenditure by, for example, extending the years of contribution on pensions, which would paradoxically increase the likelihood of failing to qualify, and thus increase the at-risk-of-poverty for the elderly.

The European Commission conducted a noticeable shift in its policy on social inclusion in 2012 when six countries received recommendations accordingly and seven in 2013, also acknowledging accompanying measures in addition to labour activation. Therefore, CSRs from 2012 onwards tend to be more and more in line with the social democratic model e.g. in the case of Bulgaria the CSRs suggest “to alleviate poverty, improve the effectiveness of social transfers and the access to quality social services for children and elderly and implement National Roma integration”<sup>124</sup> to compliment labour activation measures. On a similar note, the European Commission urges Latvia and Spain “to tackle high rates of poverty and social exclusion by reforming the social assistance system to make it more efficient, while better protecting the poor,”<sup>125</sup> and to compliment labour activation measures by implementing “effective child and family support services in order to improve the situation of people at-risk-of-poverty and or social exclusion, consequently to achieve the well-being of children.”<sup>126</sup> The United Kingdom and the Netherlands were advised to reform their housing market by increasing availability and affordability in the case of the United Kingdom and by aligning rents of social housing with household incomes in the Netherlands, while also providing more market oriented pricing mechanisms. This illustrates a degree of inconsistency, as the one country is supposed to regulate its housing market more while the other is supposed to rely more on market mechanisms.

The CSRs for 2013 read very similar to the ones in 2012, especially for Latvia, Romania and Spain which should reform e.g. social assistance for better coverage, improve benefit adequacy, and social transfers combined with activation measures. The United Kingdom also received advice to better support low income households by ensuring that the Universal Credit and other welfare reforms deliver a fair tax benefit system.”<sup>127</sup>

Furthermore, the inclusiveness of the education system is on the agenda of the European Commission in several countries, including Germany and Hungary, while Romania should

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<sup>123</sup> CSRs Cyprus 2011.

<sup>124</sup> CSRs Bulgaria 2013.

<sup>125</sup> CSRs Latvia 2012.

<sup>126</sup> CSRs Spain 2012.

<sup>127</sup> CSRs United Kingdom 2013.

reform its health sector to “increase its efficiency, quality and accessibility in particular for disadvantaged people and remote isolated communities.”<sup>128</sup> Bulgaria is likewise expected to “ensure effective access to health care and improve the pricing of health care services.”<sup>129</sup> The Netherlands continued to receive recommendations to reform social housing.

In summary the European Commission seems to respond to growing inequalities and social exclusion as of 2012, whereas this concern seemed marginal in 2011. However, the number of such recommendations remains comparatively low and appears to be limited to worst-case examples. Furthermore, the limited number of these recommendations stands in contrast to the omnipresence of fiscal consolidation and austerity that can put pressure on public services and benefit systems that are meant to alleviate poverty and inequalities. In the final event, the European Commission does not seem to question the premises of neo-liberalism evident in other policy areas, such as wage policy that contributes to growing inequalities. The strong focus on marginalized groups is a far cry from the social democratic premises of universality, and is instead firmly in line with the liberal model.

## 6. Social Partner Involvement

Although it is not a policy area *per se*, a nonetheless exceedingly interesting aspect of the CSRs for the current discussion is the European Commission's expectation of social partner involvement, for the two following reasons. Firstly, the Communication on Strengthening the Social Dimension of the EMU calls for a stronger role of the social dialogue and the social partners. Therefore, the CSRs offer insights to the current state of play, especially bearing in mind the REFIT Communication that actually halted a social dialogue agreement for the first time. Examination of the role attributed to the social partnership in the CSRs may therefore indicate the future outlook of the social dimension of the EMU. Secondly, social dialogue is a fundamental aspect of the social democratic and the Conservative social policy models. The European Commission's attitude towards the social dialogue is therefore a relevant factor in assessing its policy preference. The third reason why social partner involvement is of interest is that trade unions representing labour in the social partnership are proponents of Social Europe. In turn, the

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<sup>128</sup> CSRs Romania 2013.

<sup>129</sup> CSRs Bulgaria 2013.

recommendations and expectations towards the social partners are potentially telling of hegemonic power relations within the European Commission.

While the overall number of recommendations in most policy areas increased during the course of the period under observation, it is a striking feature that the reverse is true for CSRs calling on social partner involvement in the policy-making process. Whereas the European Commission called on eleven countries to involve social partners in the implementation of their recommendations in 2011, this number dropped to five and seven in 2012 and 2013 respectively.

The European Commission still expects social partner involvement in a number of policy areas described above, including pensions and effective and statutory retirement age, wage formation, as well as labour protection and labour rights. In 2011, Finland and Austria received recommendations to consult social partners in the process of improving “the employability of older workers” and “to encourage older workers to stay in the labour market.”<sup>130</sup> Slovenia should, in consultation with social partners, reduce asymmetries in rights and obligations guaranteed under permanent and temporary contracts.

However, the majority of cases in which the European Commission seeks social partner involvement concern the abolishment of wage indexation systems where these are in place, such as in Belgium, Cyprus, Luxembourg, and Malta. In addition, some recommendations seek to review labour protection legislation in France, align wages with productivity in France and Bulgaria, as well as reform of collective bargaining in France and Spain. In the case of the latter, the CSRs seek the decentralisation of collective bargaining and enabling local and firm level bargaining in Spain. This does not include instances where similar recommendations were made without consulting with the social partners. In effect, these measures weaken the bargaining position of trade unions and reduce coverage by collective agreements.<sup>131</sup> These policy measures essentially foster the kind of competitiveness that is based on internal devaluation.<sup>132</sup>

The overall scope of CSRs seeking social partner involvement suggests a stronger position of employers in collective bargaining and an attempt to raise competitiveness through

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<sup>130</sup> CSRs Finland 2011.

<sup>131</sup> Katz, *Decentralization*, 12-14.

<sup>132</sup> Carchedi, “The EMU.”



internal devaluation. This implies downward pressure on wages, more of the kind of flexible employment that is beneficial to employers, but does not necessarily meet the needs of employees, as well as a general weakening of labour protection. The likely outcome of this is contrary to the goals of the social democratic model to achieve social cohesion and greater equality, instead the European Commission recommendations actually generate pressure on trade unions challenging a fundamental element of the social democratic and Conservative social policy models. In contrast when the European Commission seeks to implement measures in favour of labour rights such as in the case of limiting the excessive use civil law contracts in Poland, as described above, the European Commission does not seek social partner involvement. This suggests that the role that the European Commission attributes to the social partnership is primarily one in which downward convergence is legitimised by trade unions, which should uphold higher standards. This places them in a difficult position, mocking their role in the social partnership and providing institutional backing to the employers' organisations shifting the balance in a direction that is more favourable of the liberal model, which does not feature a great regard for trade union rights.

This is perhaps the most telling instance in which the European Commission seems dominated by a neo-liberal hegemony not just issuing recommendations that are undesirable to labour interests and contrary to the social democratic model, but also undermining trade unions as agents in the fabric of the social democratic historic bloc.

## **7. Economic Policy**

Finally, the CSRs comprise a range of economic policy recommendations. Although the focus of this paper is on social policy developments, it is worthwhile to consider a brief overview of the kind of economic policies that the European Commission suggests to member states. This will help provide a complete picture of the content of the CSRs and to assess if and to what extent economic policies have an impact on and/or interact with social policy, especially with a view to potential policy hierarchies.

As a result of bank bailouts that were deemed necessary in many countries in the wake of the financial crisis to revitalise struggling financial institutions, the European Commission issued a number of recommendations to restructure the banks concerned, in order to return

them to private ownership and restore their normal functioning in the economy. Also related to the causes of the crisis some countries such as Denmark, the Netherlands, Sweden, and the United Kingdom were issued with CSRs addressing risks and preventive measures in their housing markets related to the recommendations described above.

The majority of CSRs, however, deal with economic and competition policies in particular, with a view to fostering greater competition especially in the service- and retail sectors, as well as in network industries such as gas, electricity and transport. In this context, some countries were also advised to invest in network infrastructure, create incentives for research and development in the private sector, and open access to the provision of public services and public procurement. Further measures address the efficiency of public administration and other services and proposals to improve the quality and effectiveness of the judicial system in order to speed up court procedures and fight corruption. In addition, member states are often encouraged to open up regulated professions and reduce entry barriers.

In other areas too, the European Commission deems it necessary for member states to simplify or remove regulation perceived as restrictive by businesses for example by recommending them to “reduce the administrative burden for enterprises”<sup>133</sup> or “improve business environment by cutting red tape,”<sup>134</sup> Indeed, this is a reoccurring theme in CSRs, which will be described in the following section as it lends itself to a broader discussion in which the findings of this paper will be viewed from a neo-Gramscian perspective.

## **Discussion**

The European Commission's efforts to simplify or remove regulation is particularly telling of hegemonic power relations as it can sometimes clash with social policies, where legislation is designed to protect e.g. citizens as consumers or the rights of workers. After all, it is under the pretext of phrases that can also be found in the CSRs such as “improving business environment” and “cutting red tape” that the European Commission launched its REFIT agenda.<sup>135</sup> It is in this context that the European Commission halted for the first time a proposal on work place health and safety in the hairdressing sector reached between

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<sup>133</sup> CSRs Spain 2011.

<sup>134</sup> CSRs Bulgaria 2013.

<sup>135</sup> European Commission, *REFIT*.

the respective employer's organisation and trade union and calling into question the sincerity of the Communication on Strengthening the Social Dimension of the EMU,<sup>136</sup> both published on the same day. This suggests that where they clash, economic policies trump social policies, and business interests take precedence over labour rights. Something that is also evident in a benchmark ruling of the Court of Justice of the EU in the so-called Laval judgment,<sup>137</sup> which essentially “restricted the rights of trade unions in respect of posted workers on the basis of fundamental economic freedoms, which were considered as more important than fundamental social rights.”<sup>138</sup> This in turn encouraged many employers to bend the existing legislation in order to exploit posted workers. The same policy hierarchy is also reflected in the recommendations described above in section 2. on structural labour market reform which sought to reduce social security contributions for low wage workers and reduce tax on labour, with potentially detrimental effects on social welfare while enabling businesses to hire employees at lower wages. Likewise, some countries were advised to invest in network infrastructure, and create incentives for research and development, which also implies public spending to enable private businesses to be more profitable. Therefore, it becomes evident that the European Commission's credo of fiscal austerity and public spending cuts does not equally apply to all areas of spending. Although investment is a desirable goal, also expressed by proponents of a Social Europe such as the European Trade Union Confederation in its proposal against austerity and for alternatives,<sup>139</sup> it is of some concern that the European Commission appears to promote investment to create a corporate welfare model in the place of a social democratic one. This resonates with the assessment of the European Trade Union Institute that “the CSRs convey ideas associated with a particular 'model' of the EU, insofar as they are focused on growth and competitiveness while totally neglecting what constitutes the principal role of social policies, namely, to ensure social cohesion and some degree of redistribution.”<sup>140</sup> Correspondingly, the findings of this paper suggest that the European Commission is committed to establishing a European social policy model, albeit one motivated by neo-

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<sup>136</sup> European Commission, *Strengthening the Social Dimension of the EMU*.

<sup>137</sup> Court of Justice of the European Union, *Ruling C-341/05 - Laval un Partneri* (December 2007), <http://curia.europa.eu/juris/liste.jsf?language=en&num=C-341/05> (last accessed 16 May 2014).

<sup>138</sup> European Trade Union Confederation, “Council of Europe’s European Committee of Social Rights Strengthens Collective Rights! Sweden’s Laval Legislation is Violating the Revised European Social Charter,” *ETUC*, 21 November 2013, <http://www.etuc.org/press/council-europe’s-european-committee-social-rights-strengthens-collective-rights-sweden’s-laval#.U3Xr716dLwI> (last accessed 16 May 2014).

<sup>139</sup> European Trade Union Confederation, *A New Path for Europe: ETUC Plan for Investment, Sustainable Growth and Quality Jobs*, 7 Nov. 2013, Brussels, <http://www.etuc.org/documents/new-path-europe-etuc-plan-investment-sustainable-growth-and-quality-jobs#.U3Yzol6dLwJ> (last accessed 16 May 2014).

<sup>140</sup> Degryse, Jepsen and Pochet, *The Euro Crisis*, 22.

liberal principles, in which the policies that are promoted by the European Commission closely resemble the ideal type of liberal model exemplified by the United Kingdom or Ireland. Common policy themes include for example fiscal consolidation as a guiding premise, minimum income schemes, and a limited focus on most vulnerable groups.

This peculiar vision of a European social policy model is obviously not what proponents of Social Europe envisioned when they formulated their demands, as it has the potential to facilitate the downwards convergence of social standards across Europe. By facilitating the implementation of such a social policy model the neo-liberal hegemonic project forestalls a more ambitious social policy model based on social democratic motives, thus it “seeks to advance neoliberalism through a strategy of incorporating, and ideologically neutralizing, rival projects.”<sup>141</sup> From a neo-Gramscian perspective, it seems as if social democracy as a hegemonic counter project has not left its mark on the current policy-making of the EU.

It is important to note that the European Commission is of course not to be held solely responsible for these developments. Rather, its decisions and policy preferences reflect the ideological hegemony that is advocated by some social classes and accepted by others. Indeed, the European Commission's decisions are reflective of societal choices, which are, nevertheless, increasingly subject to scrutiny. This is not least due to the impact of the financial and economic crisis on the socio-economic fabric of member states, as it forced an entire generation, especially in Southern Europe, to question the premise of neo-liberalism that attributes such a great deal of responsibility to the individual for economic success or failure. In turn, the structural mechanisms behind overt social inequality are no longer blindly accepted.

Although the findings of this paper point to a predominately neo-liberal direction, it appears that there were some concessions made to social considerations nonetheless. As indicated above, some aspects of the CSRs suggest internal debate within the European Commission, and Commissioner Andor acknowledged that the current Commission made significant concessions to social democracy. For example, with regard to financial regulation, he stated in an interview that, “we made a lot more progress with financial sector regulation than the previous college, thanks mainly to Michel Barnier [Commissioner for Internal Market and Services] and all those who supported him. The

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<sup>141</sup> Van Apeldoorn, “The Contradictions,” 21.

situation indeed allowed and demanded a departure from neo-liberalism.”<sup>142</sup> Political parties too, have begun to challenge neo-liberal hegemony, and social democratic parties in particular are searching for a new outlook for their political agenda following their flirtations with neo-liberalism during the phase of Third Way politics.<sup>143</sup> In this quest, they are also supported by intellectuals who, true to the neo-Gramscian notion of organic intellectuals, form part of an historic bloc that challenges the basic assumptions of neo-liberalism.<sup>144</sup> Another element that suggests the formation of a historic bloc to challenge the existing paradigm is the wide range of social and protest movements that have emerged in recent years. These include for example the Occupy movement, and trade unions that are increasingly opposed to neo-liberal restructuring.<sup>145</sup> The paradigm shift is also evident on a European level in the strong support for the first successful European Citizen Initiative Right2Water that brought together a broad coalition of actors opposed to the liberalisation of water services in the EU.

While the current capacity of this historic bloc to mobilise the European Commission as an institution remains limited due to its overarching acceptance of neo-liberal hegemony, it remains to be seen if the new College of Commissioners to be put in place after the European Parliament election in May 2014 will be capable of performing a significant policy shift. This of course depends in part on the capacity of left parties to mobilise the needed electoral support to pursue Social Europe as an alternative to both neo-liberal hegemony and Euro-sceptic parties.

On the one hand, the European Commission's current vision of the European social policy model is likely to mobilise Euro-sceptic voters to make their voice heard against further integration, holding Brussels-based decision-making accountable for the sometimes detrimental developments in a number of member states. Nevertheless, European institutions are beginning to pay attention to demands for more Social Europe. The European Economic and Social Committee already recognised this in an opinion from

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<sup>142</sup> László Andor, “Welfare Chauvinism Threatens the European Spirit,” interview by Henning Meyer. *Social Europe Journal*, 28 Mar. 2014, <http://www.social-europe.eu/2014/03/welfare-chauvinism-threatens-european-spirit/> (last accessed 16 May 2014).

<sup>143</sup> Poul Nyrup Rasmussen and Jacques Delors, *The New Social Europe* (Brussels: Party of European Socialists, 2007).

<sup>144</sup> Ernst Stetter, Karl Duffek and Ania Skrzypek, eds., *Next Left – Towards a New Strategy* (Brussels: Foundation for European Progressive Studies, 2011).

<sup>145</sup> Andreas Bieler, “Labour, New Social Movements and the Resistance to Neoliberal Restructuring in Europe,” *New Political Economy* 16:2 (April 2011).

2008, requested by the French Presidency of the European Union on its views on a new European Social Action Programme, from which it is worth quoting in length:

Contrary to Euro-sceptic demands for less-Europe, we in our EESC consultations and citizens' forums ... have repeatedly heard the deafening call for more social Europe. From Stockholm, to Edinburgh, from Dublin to Wrocław, each time, we have heard citizens speaking up for a Europe of solidarity, a Europe of values, a Europe, which embraces globalisation, but not in a race to the bottom, not putting profit before people, a Europe of inclusion and opportunity, of innovation and entrepreneurship, of decent working conditions and secure living standards. There is a steady and vocal call for a new progressive social consensus. - Europe should listen and Europe should act.<sup>146</sup>

The 2014 European elections will show to what extent the current neo-liberal hegemony will be challenged and if this challenge will be based on the prospect of Social Europe, or disillusionment with integration. At any rate, the European elections will prompt the need for further research in this field, and the CSRs, issued on an annual basis, will continue to provide empirical evidence to monitor and track the European Commission's future policy choices.

Overall, the neo-Gramscian perspective applied in this study offers a valid route to assessing hegemonic power relations in European Commission decision-making, and succeeds in opening a concrete gateway to approaching the discourse on Social Europe.

One shortcoming of this approach, however, is that it can only trace outcomes and not processes, therefore it cannot necessarily predict the policy choices of the European Commission or assess the process by which the European Commission arrives at its decisions. This is why future research could be directed at the internal debates within the European Commission that lead to particular policy outcomes, or the role of the Council of the EU and e.g. the position of individual governments within it. This would be a relevant area of inquiry as in the past the veto right was used to block social policy, as noted by the European Economic and Social Committee: “Social policy measures proposed by the Commission and endorsed by the European Parliament and European Economic and Social Committee hit the immovable buffer of the liberum veto now actively employed in Council especially by one particular Government.”<sup>147</sup> It is for example possible that this same

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<sup>146</sup> European Economic and Social Committee, *Towards a New European Social Action Programme – Highlights and Conclusions of the EESC-Notre Europe Joint Conference of 30 November 2009*, Dec. 2009, Brussels.

<sup>147</sup> Ibid.

government continues to use other channels to prevent social policy to be implemented, which could imply that this government is dominated by social classes and interest groups committed to the neo-liberal project, offering an additional level of analysis for hegemonic power relations within the EU in which the incumbent hegemony displays the capability to block policies that could challenge its basic premises and thereby lock-in policy in a more favourable mode. However, since the introduction of qualified majority voting, the mobilisation of a greater number of member states is required to achieve this. Conducting research on the internal workings of the European Commission and the Council of the EU would, however, require a much more intrusive approach than the analysis of official documents can provide, therefore, other methods such as expert interviews could be applied.

Furthermore, the CSRs illustrate yet another dynamic, not within, but between institutions namely the European Commission and the Council of the EU. It is striking that for example the text containing the recommendations for the euro area proposed by the European Commission differs from the final version adopted by the Council of the EU, which added an additional package of recommendations that highlights many of the policy preferences expressed by the CSRs. One possible explanation for this could be that national governments use the EU as a forum to push through reform that they could not pursue domestically without political damage. This would imply that the European Commission is used as a scapegoat by politicians at a national level. In this view, Euro-scepticism would be a welcome distraction from domestic issues that are underlying EU policies. One way to approach this could be a computer assisted content analysis to detect divergences between the wording of the European Commission proposals and the final versions adopted by the Council of the EU.

### **Conclusion: The Social Chimera of the EMU**

In conclusion, the answer to the research question if the impact of the crisis led to a visible revival of Social Europe in EU policy-making is negative. To date, Social Europe continues to take a back seat in EU policy-making and neo-liberal hegemony remains paramount. The analysis of the CSRs indicates that the overall policy outlook of European Economic Governance continues to be guided by neo-liberal principles with regard to economic as well as social policy. However, it can be argued from a neo-Gramscian

perspective that the small, but increasing number of concessions made to the social democratic model, when placed at the backdrop of broader social developments, including the rise for social movements critical of neo-liberal restructuring, suggest an increasing relevance of the historic bloc around social democracy. Although the tentative outcome appears to be that neo-liberalism is holding on to its hegemonic position, this is not the final assessment, as the open-ended nature of a neo-Gramscian perspective accounts for the possibility of change. Hence the evolution of hegemonic order must be subject to continued scrutiny.

Furthermore, this study yielded additional findings that were not anticipated at its conception. For example, it suggests that the European Commission is indirectly promoting a certain social policy model through the CSRs, which resembles the liberal model. This is somewhat contrary to the literature describing social policy models in Europe, which found no evidence for a European level social policy model. In addition, there is evidence that the European Commission's recommendations appear to grant preference to corporate welfare over social welfare, meaning that the CSRs promote fiscal austerity in areas of social spending, while advising redistributive schemes that benefit private business and to some extent subsidise private profits. These recommendations could potentially have far reaching consequences if applied by national governments, as they would alter the basic premises of the social fabric of many member states, with the potential consequence of locking-in neo-liberal policy beyond the capacity of neo-liberal hegemony to mobilise the necessary institutional resources to pursue such policies in the first place.

Perhaps Mario Draghi, President of the European Central Bank, was right when he stated in an interview with the Wall Street Journal that “the European social model has already gone,”<sup>148</sup> or at least it has not made much of an appearance in the mechanisms of European Economic Governance. In light of the gaining importance of these mechanisms and their implications for social policy, it is important for European citizens and proponents of Social Europe to be aware of and understand the current European Commission agenda and the long-term objectives it pursues with its policy recommendations. Indeed, the results of this study make the argument of Ronald Jansen plausible, when he claimed that

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<sup>148</sup> Alberto Mingardi, “The European Union According to Hayek,” *The Wall Street Journal*, 23 Mar. 2012, <http://online.wsj.com/news/articles/SB10001424052702304636404577299471982641512> (last accessed 16 May 2014).



hidden behind the social language of the Communication on Strengthening the Social Dimension of the EMU is “a Trojan horse for Social Europe,”<sup>149</sup> suggesting that the outgoing European Commission together with the majority in the Council of the EU are masking their real intentions when promoting its fundamentally neo-liberal social policies.

Despite evident counter currents, notably in institutions such as the European Parliament, the European Economic and Social Committee and even within the European Commission, I can only concur with this view as the findings of this paper unveil the sometimes delusive social language in the CSRs that seems to be used to hide what really constitutes the neo-liberal restructuring of member states' social policy models. In light of this, the outcomes that can be expected from the Communication on Strengthening the Social Dimension of the EMU will be a Social Chimera at best, or worse, Europe's established social policy models will vanish along with the trappings of social language in which the European Commission dressed its proposals.

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<sup>149</sup> Janssen, “Trojan Horse.”

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