

EUROPEAN UNION IN THE AGE OF NEO-LIBERALISM

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Abstract: Acest articol face parte din aria studiilor critice privind integrarea europeană și încearcă să analizeze dimensiunea suprastructurală a integrării europene și să îi identifice rolul în două politici ale UE. Abordarea teoretică a acestei lucrări este neo-gramscianismul, care se concentrează pe acțiunea forțelor sociale în procesul de integrare și dimensiunea suprastructurală a pieței unice europene. Încă din 1980, interesele marelui capital s-au reunit în organizația numită *European Round Table* și au modelat economia europeană îndreptând-o către o dimensiune neoliberală, adaptând-o contextului globalizării.

Acest proiect neoliberal a fost capabil să înglobeze cerințele social-democrate, sindicaliste și centriste într-o ordine europeană neo-liberală, numită de Bastiaan van Apeldoorn neoliberalism încorporat. Acest model european este de asemenea limitat deoarece pune interesele marelui capital în fața politicilor sociale printr-o asigurare a eficacității economiei de piață de către UE, conducând la o hegemonie neo-liberală. Scopul meu este acela de a vedea dacă hegemonia neoliberală din cadrul UE are un impact real asupra politicilor, analizând extinderea către est și Strategia Europa 2020.

Cuvinte cheie: neo-gramscianism, neoliberalism, hegemonie, extindere, Europa 2020.

Abstract: This paper belongs to the area of critical studies of European Integration and tries to analyse the super-structural dimension of European Integration and to identify its role in two areas of policy outputs. The theoretical approach is neo-gramscianism, which is focused on social forces agency in the process of integration and super-structural dimension of European Single Market. Since 1980, the interests of big capital, gathered in the European Round Table, shaped a neo-liberal dimension of the European economy, adapting it to the context of globalisation.

But this neo-liberal project was also able to capture social-democratic, trade union and centrist demands into a neo-liberal European order, called by Bastiaan van Apeldoorn "embedded" neo-liberalism. This European model has also his limits because it puts the interests of capital in front of social policies through the assurance of market efficiency by EU, leading to a neoliberal hegemony. My purpose here is to see if neoliberal hegemony in European Union has a real impact on policies outputs, analysing the Eastern Enlargement and Europe 2020 Strategy.

Keywords: neo-gramscianism, neo-liberalism, hegemony, enlargement, Europe 2020.

1. INTRODUCTION. DEFINING HEGEMONY

To emphasize the super-structural dimension of European integration, I will focus on neo-gramscian concept of *Hegemony*. Hegemony in this theoretical framework has a more complex understating, used also by the realist author like Robert Gilpin, and is not simply reduced to economical hegemony or military hegemony. Also, the main tool for achieving hegemony is ideology. Following Gramsci: "Gramsci attempted on numerous occasions to define the ideological as the 'entire ensemble of superstructures'" (Rehmann 2007, 219). Thus, for Gramsci, nothing could be scientific because everything is understood ideological, in a relation with its historical time. Accordingly with this perspective, even orthodox Marxism cannot be understood as scientific, and the deterministic view of Marxism is from now seriously challenged.

Therefore, one of the questions arising now is: what theoretical impact has this abandon of classical deterministic Marxism? The answer at this question represents the core of Gramscian theory of Hegemony. The point is that superstructures have a much more importance in understanding social change and a higher impact on social relations of production. „The 'ideological terrain' that from now on will continually accompany the treatment of ideologies shows that these 'are anything but illusions and appearance'¹, but rather, an 'objective and effective reality', the terrain of the 'superstructures'" (Rehmann 2007, 218).

Gramsci connects ideology with entire superstructure and emphasis that it has a more practical implication in the field of social relations of production. This is the starting point for the theory of hegemony. Sometimes he identifies the concept of hegemony with „political power exercised by coercion, but as a rule he distinguished the two concepts, so that hegemony signifies the control of intellectual life of society by purely cultural means" (Kolakowski 1978, 242). Furthermore, the emergence of a new hegemonic apparatus implies also a philosophical reform: "insofar as it 'creates a new ideological terrain, its effects a reform of consciences and of methods of knowledge, it's a fact of knowledge, a philosophical fact'" (Bollinger and Koivisto 2009, 301)

¹ This point of view belongs to orthodox-Marxist tradition.

Robert Cox developed the theory of hegemony and adapted it to the International Relations studies:

“Hegemony at the international level is thus not merely an order among states. It is an order within a world economy with a dominant mode of production which penetrates into all countries and links into other subordinate modes of production. It is also a complex of international social relationships which connect the social classes of the different countries. World hegemony is describable as a social structure, an economic structure, and a political structure; and it cannot be simply one of these things but must be all three. World hegemony, furthermore, is expressed in universal norms, institutions and mechanisms which lay down general rules of behaviour for states and for those forces of civil society that act across national boundaries - rules which support the dominant mode of production” (Cox, Robert. *Gramsci, Hegemony and International Relations: An Essay on Method* in Gill 1993, 61-62).

Thus, international hegemony should be analysed on three interconnected levels: production, social forces and historical bloc. Different historical periods are characterised by different modes of production which means the way people produce their material life. But in Cox’s theory, production is understood in a broader sense, like a production of physical goods and knowledge. Furthermore, “[d]ifferent modes of production engender various forms of social relations by giving rise to different constellations of social forces” (Bhole 2006, 62). The latter are very important for a neo-Gramscian framework of analysis because they constitute the power relations inside and across state’s societies, and also they are a central element in building hegemony. If the hegemony is established then we face the creation of a *historical bloc*. “This refers to the way in which a leading class builds 'organic' alliances with subordinated classes within a specific national context” (Bhole 2006, 62). In this way, subordinated class perceived the goals and values of dominant class as their goals and values. “Also crucial for international hegemony are values, norms and ideas that are shared by ruling and subordinated classes. Similar to constructivist approaches, neo-Gramscian analysis stresses the role of ideas in shaping institutions and actions” (Bhole 2006, 62). Accordingly to this perspective, ideas and material condition are always seen as bound together.

2. THE SUPER-STRUCTURAL DIMENSION OF EUROPEAN INTEGRATION

The neo-Gramscian theory can be also very useful in European integration studies and it focuses on two central concepts: super-structural dimension and social forces agency. It tries to capture a so-called real picture of the integration by showing the forces which shape the European decision-making process (market forces) and the nature of ideological hegemony, which is the central concept of this paper.

Adam Morton, a neo-Gramscian author, considers that “hegemony within the realm of civil society is then grasped when the citizenry come to believe that authority over their lives emanates from the self” (Morton 2007, 93). In other words, hegemony does not represent, like in the realist view, a hegemonic state that controls and dominates other states, but “type of rule which predominantly relies on consent rather than on coercion” (Bieler 2000, 14), passing from relations between states to the relations between citizens and authorities. Furthermore, the dialectical relation between economic structure and ideological super-structure produces, as Gramsci states, the historical bloc. In Gramsci life time, the historical bloc was accomplished through the alliance between the bourgeoisie and working class, using cultural hegemony. But a historical bloc is more than a mere alliance between social forces. It is “the term applied to the particular configuration of social classes and ideology that gives content to a historical state” (Robert Cox. 1987. *Production, Power And World Order: Social Forces in the Making of History*, New York: Columbia University Press, 409 *apud* Bieler 2000, 14). As try to demonstrate through my study cases, in nowadays European Union, the ideological hegemony is represented by neo-liberalism. But as I already mentioned, this specificity of super-structure should be based on a specific arrangement inside the economic structure, which is shaped by social forces (Caradaică 2012a, 930). To conclude, “a hegemonic order is based on a historical bloc that does not necessarily coincide with the boundaries of a state, but may be established at a transnational level” (Bieler 2000, 14).

I should add that between structure and super-structure is a reciprocal relationship that for Gramsci is nothing more than a dialectical process. “Superstructures of ideology and political organisation shape the development of both aspects of production [that is, the social relations and the physical

means of production] and are shaped by them" (Robert Cox. 1983. "Gramsci, Hegemony and International Relations: An Essay on Method". *Millennium: Journal of International Studies* p162-175. 168 *apud* Bieler 2000, 14).

The social relations, or force relations as Gramsci called them, are in fact relations between different social groups. Thus, the relations of force operate on three interconnected levels: structural, political and strategic. Methodologically, the object of the analysis is the historical situation, and the method of analysis is the observation of force relations (Gill 2003, 51). In other words, the dynamic of force relations produces certain historical events. For example, it is difficult to elaborate a general theory which could explain in the same time the emergence of the European Community and European Union (Caradaică 2012a, 931).

For a better understanding of social forces agency, the nature of capitalism should be presented. As it is obvious, the capitalist mode of production is based on private enterprise and wage labour, which define the opposition between property owning and free labour. "Labour and capital are, consequently, two collective actors opposing each other, engendered by the production process as social forces" (Bieler 2000, 10). And because the production process is no longer organised on the national level, capitalist accumulation exceed national boundaries and social forces become transnational. But in all this time, capitalism, as current mode of production, changed its nature and according with this we have two phases in the European socio-economic order (Caradaică 2012a, 931). The first one is Europe after Second World War, called by Hans-Jurgen Bieling the Keynesian period, when European regulatory framework (like Treaties of Rome) "primarily aimed at supporting national socioeconomic models and their development by providing an advantageous, growth and employment-friendly economic environment" (Bieling 2003, 205). Then, in the years of 1970s and 1980s and with the programme of Single European Market, "Keynesian policies are being replaced step by step by a new, more aggressive configuration, which basically is neoliberal, i.e. in favour of broadened and intensified market competition and monetarist anti-inflation and austerity measures" (Bieling 2003, 206). This period is called the post-Fordist one, and defines also nowadays European Union.

Thus it becomes very simple for a theory of European integration to understand this process in a wider structure and link it with other worldwide

transformations like globalisation. Furthermore, globalisation itself, even if it is an independent process, should not be understood as a distinct process from European integration, but as a complementary one (Caradaică 2012a, 931). For Andrea Bieler and David Morton “globalisation can be defined as the transnationalisation of production and finance at the material level and the shift from Keynesianism to neo-liberalism at the ideological level” (Bieler and Morton, 4). This process could also be remarked at the European level by incorporating the new social forces “engendered by the transnationalisation of production and finance” (Bieler and Morton, 17).

In fact, those social forces are market forces as: lobby groups, banks, corporations or even unions. Thus, European integration process can be analysed using the relation between structure and super-structure. The economic structure is understood here as being shaped by the social forces agency, while the ideological super-structure is characterised by the neo-liberal model, as I will show in my study cases.

3. NEO-LIBERAL HEGEMONY

The question now is whose interests were behind Single European Market and its neo-liberal model? The answer is simple and lays in the Gramsci concept of force relations. It is well known that neo-liberal restructuring of the European Union was possible because of European transnational corporations¹. “These forces, in close co-operation with representatives of the European Commission, often bypassed national governments in designing the next steps of European integration” (Bohle 2003, 20). The most important transnational market force was probably European Round of Industrialists² (ERT), a business group founded in 1983 which contains the representatives from the biggest transnational corporations. “Through intense lobby activity at national and supranational levels, regular official meetings with the highest EU

¹ Those are not the only kind of actors that are involved in the process of negotiation to legitimize the superstructure, but they are the most important following the authors like Bastiaan van Apeldoorn, Dorothee Bohle or Andrea Bieler.

² This is the institutionalized expression of those kind of social forces. A broad explanation could be also found in the dynamic of capitalism.

representatives, and strategic reports on burning issues of European integration, ERT has acquired privileged influence in European policymaking" (Bohle 2003, 21).

Using neo-Gramscian theory, as I suggested somewhere else, a historical bloc (who wants to establish the hegemony of transnational capital) is pushing forward for the European integration dominated by a neo-liberal model. "In Western Europe, social-democratic political forces, organised labour and political forces of the peripheral countries have been incorporated into the historical bloc, albeit in a subordinated position. As a result, a precarious hegemonic constellation of 'embedded neo-liberalism' has emerged" (Bohle 2006, 78).

Another interesting point of view comes from the founder of the "embedded neoliberalism" concept, Baastian van Apeldoorn. He claims that "embedded neo-liberalism is here seen as a *hegemonic* project inasmuch as it seeks to advance neo-liberalism through a strategy of incorporating, and ideologically neutralizing, rival projects"(Apeldoorn 2009, 22). But there is also a contradiction between social policies and freedom of capital, both being included in the same European hegemonic project. Thus, the process of European integration has created "a *supranational* internal market (and later a monetary union), thus transferring 'policies promoting market efficiencies' to the European level, whereas policies 'promoting social protection and equality' have remained at the *national* level" (Apeldoorn 2009, 26).

This structural arrangement of European internal market, understood as the asymmetric governance of the embedded neoliberal European order, "makes states adopt supply-side oriented national competitiveness strategies, which, rather than offering any shelter from the discipline of the European market, promote a thorough neoliberal socio-economic restructuring" (Apeldoorn 2009, 27). The result of such strategies is an economic nationalism race where member states are competing to provide the best conditions for the mobile capital. It means that social policies are occupying the second place in the states preferences (Caradaică 2012b, 1670-1671).

4. TWO CASE STUDIES

For this part of the paper I have chosen two examples of EU's policies output to see if we can talk or not about neoliberal hegemony. The first example is about European Union Eastern Enlargement and about the conditions that every new country should fulfil for the accession. Those conditions are deeply connected with the interest of Western European big capital, embedding a particular version of market radicalism.

After the abolition of communist regimes in Eastern Europe, those countries have chosen the road of Euro-Atlantic integration and they all switched to a market economy. The European Union started to prepare the strategy for the applicant countries after 1993 and "the main thrust of this pre-accession strategy was to liberalise the external economic relations of CEE" (Bhole 2003, 22). Four years later, the European Commission gave its first *avis* (opinion) regarding applicant countries and proposed a pre-accession strategy in its Agenda 2000.

But what was the nature of those bilateral relations and conditions in which Eastern countries could join European Union? "Agreements of the mid-1990s that set the framework for bilateral EU-CEE relations, the main thrust of the EU policy has been to secure the liberalisation and deregulation of the applicants' political economies" (Bhole 2003, 24). This allows European Union to have a decisive word in the model of capitalism that was implemented in Eastern countries, with a focus on competitive policies and industrial standards.

At this time, European Union was very reserved to apply in the CEE countries those policies that will make their transition easier, policies like free movement of labour, liberalisation of agricultural trade, etc. "The earliest example of this attitude is the selective protectionism incorporated in the trade sections of the Europe Agreements, where the European Union conceived of a battery of protectionist instruments that targeted precisely those sectors in which CEE had a competitive advantage: steel, textiles, clothing, chemicals and agricultural products" (Bhole 2003, 24).

Regarding financial aid, European Unions has supported its own members much more consistently than the CEE countries which needed to catch up Western economical standards as fast as is possible. Thereby, the *per capita* transfer of UE funds to the applicant countries was lower than current

members. "According to calculation made by Karl Debbaut, in the first year after accession Poland will receive €67 per person, Hungary €49, Slovenia €41, and the Czech Republic €29. By contrast, Greece, Ireland, Portugal and Spain receive €437, €418, €211, and €216 per capita respectively" (Bhole 2003, 24). Moreover, European Union limited the maximum transfer of structural funds to a limit of 4% from the GDP of member states. "This disadvantages the acceding countries as their GDP is much lower than of the current members" (Bhole 2003, 24).

For a better understanding of neoliberal hegemony I will emphasise whose interests were behind those policy outputs of the European Union. The first point of view regarding CEE accession to European Union was taken in 1991 by the European Round Table of Industrialists. They stated that "the European Union should take immediate action in response to the new challenge and the window of opportunity offered by the astonishing developments in Eastern Europe" (Bhole 2003, 26). Furthermore, since 1997 ERT actively supports the Eastern Enlargement. "In a message to EU heads of states in 1997, it invited the European Union to reform its institutional structure in order to facilitate enlargement, and urged it to begin closer co-operation with the applicant countries" (Bhole 2003, 26).

The second example is about the Europe 2020 Strategy. For Apeldoorn and Hager the European Commission launched in 2010 a successor of Lisbon strategy, called Europe 2020 Strategy that offers the same neo-liberal recipes of labour market flexibility and welfare state retrenchment (Apeldoorn and Hager 2010) through austerity and neoliberal restructuring during the global financial crisis.

Other authors point out the same aspect, that the Europe 2020 is the continuation of the Lisbon agenda, but it is introducing "a number of innovative elements which proved the willingness of the Commission to strengthen the whole process" (Butkovic and Samarzija 2010, 11). They observed a new dynamism regarding its targets and three mutually reinforcing priorities: developing an economy based on knowledge and innovation, promoting a more resource efficient, greener and more competitive economy and fostering a high-employment economy delivering social and territorial cohesion (European Commission 2010, 3).

Richard Hyman remarked the new language used in this strategy, but he is wondering how its goals will be achieved. The recipes of the new strategy, he

states, remained similar with the Lisbon Strategy: a stronger and a deeper single market; facilitating cross-border activity; improving the business environment; modernising labour market, training and social protection systems; defining and implementing the second phase of the flexicurity agenda; pressing ahead with the Smart Regulation agenda; consolidation of public finances in the context of Stability and Growth pact (Hyman 2011, 19), etc. All this will require stronger economic governance, linking the Europe 2020 strategy with the Stability and Growth Pact (SGP) and Euro-Plus Pact. "This gave the green light for further initiatives to impose an austerity regime across the EU, with a draft Directive published in September 2010 on Requirements for Budgetary Frameworks of the Member States and adopted in autumn 2011" (Hyman 2011, 20).

In Europe 2020, the European Commission could not concentrate again on business (like it did in Lisbon Strategy) and make business the engine of the strategy. It needed a new ideological and economic strategy to fulfil goals like employment policy which should refocus on the demand side of the labour market and renewed growth which should be founded on quality jobs, enhanced security and stronger worker's rights (Hyman 2011, 21). But the most relevant feedback of these apparent changes was given by the European Trade Union Institute (ETUI): the strategy's targets could not be achieved if the Stability and Growth Pact and internal market were assigned priority (Caradaică 2013, 194). Also, "any concerns with job quality had disappeared from the new strategy, a reflection of the subordination of social to economic rights" (Hyman 2011, 21).

It is no surprise to conclude that the Euro 2020 Strategy is matching with the SGP and the Euro-Plus Pact because it was built on the same neoliberal logic with its European specificity (Caradaică 2013, 194). Fiscal discipline and structural reform are enforced to develop stronger governance. "Fiscal consolidation and long-term financial sustainability will need to go hand in hand with important structural reforms, in particular of pension, health care, social protection and education systems" (Europe 2020, page 24). Referring to the social forces interests involved in the elaboration of this strategy, there is one more point to highlight. Europe 2020 "draws part of its inspiration from the European Round Table of Industrialists, Vision for a competitive Europe in 2025". This last document was released with one month (February 2010) before the Europe 2020 Strategy (March 2010).

Furthermore, I will present some points of this vision which demonstrate the neo-liberal influences on the Europe 2020 Strategy. The ERT considers that Europe is an integral part of world economy and its success is built on the economic openness to the world, and for this reasons Europe should be deeply integrated in the global economy. Thus, the Single Market should be further extended to cover all goods, services, capital, people and knowledge (Vision for a competitive Europe in 2025, 1). Furthermore, the economic engine should be the business activity which it is supposed to create prosperity without considering social negative effects of the freedom of capital. Also, ERT proposes for the future of Europe, that the social security system should be reformed (to a better balance between social cohesion and financial sustainability) and the aspects of SGP should be firmly respected (Vision for a competitive Europe in 2025, 4-5).

5. CONCLUSIONS

Since 1980 the interests of big capital have a great impact on the direction of European Integration process, leading neoliberalism to a hegemonic level. This means that neoliberalism becomes the dominant discourse in society, influencing the policy outputs of the European Union. The most actively role was played in this process by the European Round Table of Industrialist, a lobby group gathering the biggest European Corporations, which all the time was putting pressure on European Institutions for driving European Integration.

In this paper I have tried to show how European Eastern Enlargement and the strategy Europe 2020 were two neoliberal oriented policies of the European Union. I was doing that by analysing the nature of the enlargement conditions which should be fulfilled by Eastern states and the main objectives of the Europe 2020 Strategy. Also, I tried to show that behind those policies was a great lobby activity realized by the ERT, which was aiming to liberalize as much as possible the European economy.

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