

*Europe's Crisis:*

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Social Bonds*

**James Wickham**

## Europe's Crisis: Market Competition instead of Social Bonds

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TASC Discussion Paper, July 2012

### Introduction

The euro crisis is a crisis of Europe. While the debate is nominated by often arcane economic arguments, it is also a political crisis, a crisis of European solidarity. Are there social bonds which will hold Europe together?

That of course raises the perennial question: 'What is Europe anyway?' When you leave Europe then you see it better. Seen from the outside, in other words, in global terms, what makes Europe different from other developed market-based economies, especially the USA, is the European Social Model. In the words of Paschal Lamy, then Commissioner for Trade, "our European social model – our specific combination of market economy, welfare state and democracy" (Lamy, 2004). This European social model is arguably what makes Europe distinctive, it is one basis for European solidarity and even for European identity. This is what American talk show hosts have in mind when they describe Europe as 'socialist'; this is what US liberals praise when they write books like *The European Dream* (Rifkin, 2004) or *The European Way* (Hill, 2010). This may also have been what the President of the European Central Bank, Mario Draghi had in mind when he said '*The European social model has already gone*' (Interview with Wall Street Journal, 24 February 2012).

Actually he's wrong: Europe has been and still is distinctive, but there are two butts, butts that are crucial to understanding the current political crisis. The first is that what makes Europe European are features that derive primarily not from the European Union and its institutions, but from the **national** states of Europe. While that has long been the case, the second butt is relatively new: these features are now being undermined by the EU itself. Just when Europe needs more European social bonds, they are being undermined by European market competition.

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## 1. Defining the European Social Model

If we look to the past, Europe can be defined in terms of its history, in particular its cultural history. While this is the core of academic courses in 'European Studies', it has little popular resonance today. For better or worse, the 'European' high culture of painting, architecture and classical music has become simply another form of consumption and has long lost its moral value. In 1880 the frieze of the new opera house of Frankfurt dedicated the building to '*Dem Wahren, Schönen, Guten*' (*Truth, Beauty, Goodness*) – unfortunately perhaps, such a slogan could not be made without irony today (Figure 1).

**Figure 1 Old European High Culture**



Inscription on the front of Frankfurt Alte Oper. Photo credit: Jakob Moehs

We could look to the future, seeing 'Europe' as something to be made.<sup>2</sup> Whereas in the 19<sup>th</sup> and 20<sup>th</sup> centuries national states were legitimated by constructing unitary national myths of a historical past (*'the Irish people'*, *'nos ancêtres les Galle'* or whatever), Europe could be understood in terms of its future: the '*ever closer union of peoples*' hailed in the Treaties, even

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<sup>2</sup> Interestingly, the great republican revolutions of the 18<sup>th</sup> century, the American and the French, also have this future orientation in their appeal to the realisation of universal human rights.

'the European project' itself. From this perspective Europe's boundaries are not fixed but fluid and expanding: European integration is ongoing because there is no defined end apart from the process itself. In all sorts of ways legitimacy through perpetual motion defines 'Europe'; it highlights the curious fact that despite one crisis after another 'Europe' keeps getting bigger (Voruba, 2005). Yet this ever closer, ever bigger Union was never actively supported by those same peoples in whose name it is being constructed and it has few enthusiasts today. In terms of expansion, the Turkish question highlights that increasingly the only important advocates of Turkish entry are precisely those who argue for a 'thin' Europe where union means little more than a customs union<sup>3</sup>.

We could however look to the rather more mundane present. There is evidence that across the Continent there are low key ways in which Europeans consider themselves partly 'European'. Such a European identity is usually subordinate to, or at least co-existing with, a national identity (first French, then European). It seems to be linked with the practical benefits of European integration in terms of professional work, but above all consumption and leisure travel: free movement and even a common currency are the things that people appreciate most about "Europe" (Fligstein, 2008). At a slightly more elevated level it's the most mundane things about Europe that have some legitimacy: European institutions and above all the common framework of European law do have limited purchase on Europeans' loyalty (Mayer and Palmowski, 2004).

All of this is about Europe itself, not the component member states. What makes Europe distinctive however is a cluster of features of the societies that defined the 'old' pre-2004 enlargement EU. These four dimensions are both structural features of the society *and* features which have popular support. Their intellectual origins are in the two European political traditions of Christian Democracy and Social Democracy. Even if their most explicit advocates today are on the left rather than the right, these features are not the private property of the left. However, they are not part of the neo-liberal political canon and they have an ambiguous relationship to the third way centre left. Separately and together these four features distinguish Europe from the USA.

The first and most obvious feature of the traditional (West) European state is that it is a welfare state. In the second half of the 20<sup>th</sup> century European states became welfare states instead of warfare states. At the macro level, social expenditure vastly outpaces 'defence' expenditure,

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<sup>3</sup> Turkish entry is also supported by various 'multi-culti' lobby groups and (some) immigrant lobby groups, as well as those well-known European enthusiasts, the British and American governments.

and while this has also happened in the USA, the shift has been greater in Europe. At the micro level Europeans continually interact with the institutions of the welfare state (education, health, social security), whereas many live their entire lives with only the most minimal contact with the military.

While social policy researchers usually focus on the level of social expenditure as the key index, what actually matters is the extent to which citizenship involves social rights. Social rights can be counter-posed to charity. Charity and voluntary work are also part of good citizenship, and Americans are justly proud of their traditional generosity in this area. However, the problem with charity is twofold. Firstly, it may be good for the donor,<sup>4</sup> but by itself not even the most supportive tax environment generates enough donations to make a major difference to income distribution. Secondly, social rights cannot depend on the voluntary goodwill of others, since there is no necessary correlation between the extent of the recipient's need for social support and the intensity of the donor's charitable feeling.

Such rights necessarily have costs, not just in monetary terms but also in terms of restraints on the rights of others. If there is to be free education, then taxpayers have to pay for it. My right to free education constrains your right to spend your income. And frequently, rights and obligations are imposed on the same people (my right to health means I have to pay higher taxes). Furthermore, once people have *rights*, they are also opened up to *duties*. The political right to vote was historically linked to the obligation of universal military service, while today welfare rights are defined as involving the obligation to look for work. This density of rights *and obligations* in Europe means that Europeans are of necessity more entangled in the state than Americans.

The importance of social rights in Europe also has its converse, the unimportance of group rights. As individuals, citizens have social rights and these rights are by definition universal: they apply to all members of the society. Because social rights have substantial financial costs, they are only sustainable if they are interwoven with notions of mutual responsibility (I am prepared to pay taxes or even 'insurance' to finance my fellow citizen's health needs). In other words, extensive social rights require a strong sense of *national* identity, and are incompatible in the long run with strong multi-cultural policies which prioritise the identities of ethnic sub-groups. Indeed, one of the more effective (and unusual) arguments *against* social rights is the claim that

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<sup>4</sup> Most religions stress the value of charity, but they are more concerned with its value to the donor than to the recipient. When writers such as Putnam (2000) see charitable giving in terms of social capital they are adopting the same perspective.

the individualistic USA is far more tolerant of cultural diversity and immigration than is socially cohesive Europe. Historically, inequality has been posed and challenged in the USA in terms of ethnicity and 'race', but in terms of social class in Europe.

Social citizenship flourishes where the income distribution is relatively egalitarian. Over the last decade income inequality has been growing in some, but not all, European countries. Nonetheless, no European country approaches the levels of income inequality found in the USA. It is only now becoming generally known that income inequality has been growing in the USA *since the 1970s*. For well over quarter of a century, the real income of most Americans has been stagnant (increased consumption has only been financed by increased borrowing), while the incomes of the more affluent have increased (e.g. Ryscavage, 1999). American income distribution is far more polarised than in Europe. Data for the late 2000s shows that in no European country is the Gini coefficient for income inequality larger than in the USA, and no European country has such a large proportion of the population in poverty. Thus whereas 17.3 per cent of the US population has less than half of the median income, the closest to this level within Europe is Estonia at 13.9 per cent and in most European countries this applies to less than 10 per cent of the population (OECD, 2011). Compared to some (but not all) European countries, the USA also generates greater inequality at the top: it has a larger proportion of people receiving twice the average income. Finally, the USA is the land of the super-rich: no European country has such a concentration of wealthy individuals (e.g. Atkinson and Piketty, 2007).

European societies have also developed institutions of *economic citizenship*, rights which make employment and the labour market a distinct legal area. This involves the right to representation, most developed in the German tradition of *Mitbestimmung* (co-determination) whereby employees are represented at both workplace level (in the works council) and at enterprise level (on the supervisory board). Just as social citizenship is not the same as charity, so economic citizenship is very different to participation as promoted by American-style human resource management. Such 'direct participation' can be much welcomed by employees and of course is claimed by its proponents to increase commitment and productivity. What matters here however is that direct participation *is not a right*. To paraphrase the Bible: Management giveth, and management taketh away.

Employment rights are also a constituent part of economic citizenship. Compared to American workers, European workers enjoy protection against dismissal; they have rights to maternity leave and even parental leave; their working hours are regulated, as often is 'non-standard work' such as temporary contracts and agency working; their wages are usually determined at national, regional or sectoral level. Furthermore, if they are unemployed or sick, their receive income support and so do not have to work at poverty wages. It has now become an article of

faith for many employers, economists, financial journalists and, above all, American commentators that these rights define Europe's 'rigid labour market' and are the cause of European unemployment. Such claims are of course hotly contested, and in any case if made today ignore the significant changes in employment regulation in many countries. The economic consequences can be debated, but the European distinctiveness of economic citizenship cannot be denied (Teague, 1999).

Finally, the European social model involves a particular form of state where the state is the *backbone* of society. Welfare states are nationally bounded. Within their territorial boundaries national states raise the taxes that fund the social expenditure; within these same boundaries they define which individual are entitled to what support. Strong social rights necessitate strong states. These same national states also maintain the public realm. Unlike in dictatorships, where 'civil society' opposes the state, through its public institutions the European state maintains civil society. The public realm is the space, whether virtual or physical, where all citizens have equal rights. In the public realm the ties of family or ethnicity are excluded, but so too is the market. A strong state ensures a broad public realm populated by citizens with equal rights, unlike the market in which consumers exercise their rights by dint of their inherently unequal purchasing power. If politics is the public realm, then each citizen is equal; if politics is a market, then by definition some customers have more money than others. In the public sphere things are done not for profit, but for the general good. A public transport system may not actually be provided by the state, but it is provided *for the public*. 'Public service broadcasting' – a concept almost unknown in the USA – means that some media are considered too important to be run purely for profit, since citizens have a right to good quality entertainment and impartial news which the market cannot be trusted to deliver. Similarly, it is accepted that the state should play a major role in providing education and health, since these involve notions of equity which it would be difficult for a commercial company to apply. This 'public realm' is distinct from both the market and the private spheres. While the public realm is not the same as the public sector, "*central to it are the values of citizenship, equity and service*" (Marquand, 2004: 27). A strong state has citizens who by definition have equal rights in the public realm.

These four elements (social citizenship, relatively egalitarian income distribution, economic citizenship, the backbone state) together define the lived experience of ordinary Europeans as quite distinct from that of Americans. Yet while they produce a recognisably European way of living, they have very little to do with the European Union. One might expect however that precisely because they are so 'European', they would be strengthened by the European Union. As we shall now see, the reality is very different.



## 2. The European Union and the European Social Model

Each national welfare state of Europe holds together a national society and a national economy. The national economy was largely the result of *negative integration* – the removal of internal barriers so that economic action spanned a homogenous national territory. The national society was the result of *positive integration* - the creation of social rights by the state to counter-balance the negative effects of the market. By contrast the European Union increasingly involves only negative integration: it creates a market but not a society.

The initial decades of the then 'common market' saw the removal of customs barriers between the founding six member states, largely by inter-governmental agreement. At the same time, the power of the nation state within the national territory increased both through state intervention in the economy and crucially through the expansion of social rights. Far from undermining the European nation state, the (then) EEC consolidated it – this was the '*European rescue of the nation state*' (Milward, 1999). From the 1970s through to the 1990s this process continued and European states acquired their distinctive features. These were the years in which the three worlds of welfare identified by Esping-Andersen were consolidated: the Bismarckian insurance-based systems of Germany and other corporatist Continental countries, the social democratic systems of Scandinavia and the liberal system of the UK (and Ireland). At the same time, the USA became increasingly distinct from Europe. With the collapse of the Great Society programme, 'welfare' in the USA came to mean various forms of income maintenance for the poor concentrated in the inner city ghettos and had less and less relevance to employed and unionised 'blue collar' employees. Meanwhile on our side of the Atlantic, the European Social Model became more European.

Initially, European-level social policy complemented national state policies. When the EEC was enlarged in the early 1970s to include Denmark, Ireland and the UK, this was accompanied by the first major expansion of social policy: the Social Action Programme of 1974 gave employees rights to consultation in relation to mergers, tightened health and safety regulations and, above all, initiated European legislation in equal opportunities (Gold, 1993: 22). The second enlargement brought in Greece (1981), Spain and Portugal (1986), and for the first time the EU ensured a significant transfer of resources from rich to poor countries. Nonetheless, in social policy terms the EU's impact on Europe as a whole remained primarily through regulation (e.g. the gender initiatives) rather than redistribution.

From the mid-1980s onwards Jacques Delors as President of the European Commission began to popularise the idea of a '*European Social Model*'. For Delors the completion of the internal market had to be accompanied by the creation of European level institutions, especially ones concerned with social protection. The paradox of Delors's presidencies was that the European



Commission created negative integration (the successful completion of the Single Market programme), but achieved far less in terms of *'positive integration'* (Grant, 1994: 160). In retrospect, this period marks the beginnings of the market-making role of the European Court of Justice (ECJ). The doctrine of the supremacy of European law over national law fed into the process whereby the ECJ appropriated power to strike down national regulations which might even *potentially* hinder free competition (the Cassis and Dassonville judgements). According to Scharpf (1999, 2012) this opened the path for the demolition of *any* national economic regulation.

Expansion also meant a growing diversity of national societies within 'Europe'. The original six members all had broadly similar Bismarckian welfare states, as well as broadly similar social structures and standards of living (Southern Italy, the Mezzogiorno, was different, but it was a region of a national state). The first enlargement brought in social democratic Denmark and the liberal UK, as well as the first country (Ireland) where the overall standard of living was significantly below that of all the other member states. While the poorer Mediterranean enlargement of the 1980s was counter-balanced by the rich social democratic enlargements of the 1990s (Sweden, Finland, Austria), the sheer diversity of national systems continued to increase. While it might have been possible to imagine an integration of the national welfare states of the original six, such a union of what had now become the EU15 was rather implausible.

In this context social policy became increasingly an optional add-on to the process of European integration. The Maastricht Treaty included the *'Social Charter of Fundamental Rights of Workers'* but this was only signed by the UK after New Labour came to power. When the Social Charter was incorporated into the EU's Charter of Fundamental Rights the UK, along with Poland and the Czech Republic, duly secured an opt-out from its application. Even when all member states do participate, participation has no mandatory consequences. Thus all states now collaborate in the mutual discussion of employment and social policy through the *'Open Method of Co-ordination'* (Heidenreich and Bischoff, 2008). This certainly ensures some exchange of information; it has facilitated the development of common indicators of poverty and inequality across the Union; it *possibly* has helped disseminate concepts such as flexicurity. It clearly involves no transfer of resources. Such social and employment policy does involve some Community institutions (e.g. the Economic and Social Council) (ECOSOC); there is also some limited involvement of the social partners (trade unions and employers organisations). Nonetheless, the OMC is essentially an inter-governmental process, which means that political conflicts remain bottled up within national member states. Policy conflicts become conflicts between member states, rather than between different cross-national groupings. Positive

integration is not only limited, it has become voluntary and inter-governmental – almost a contradiction in terms.

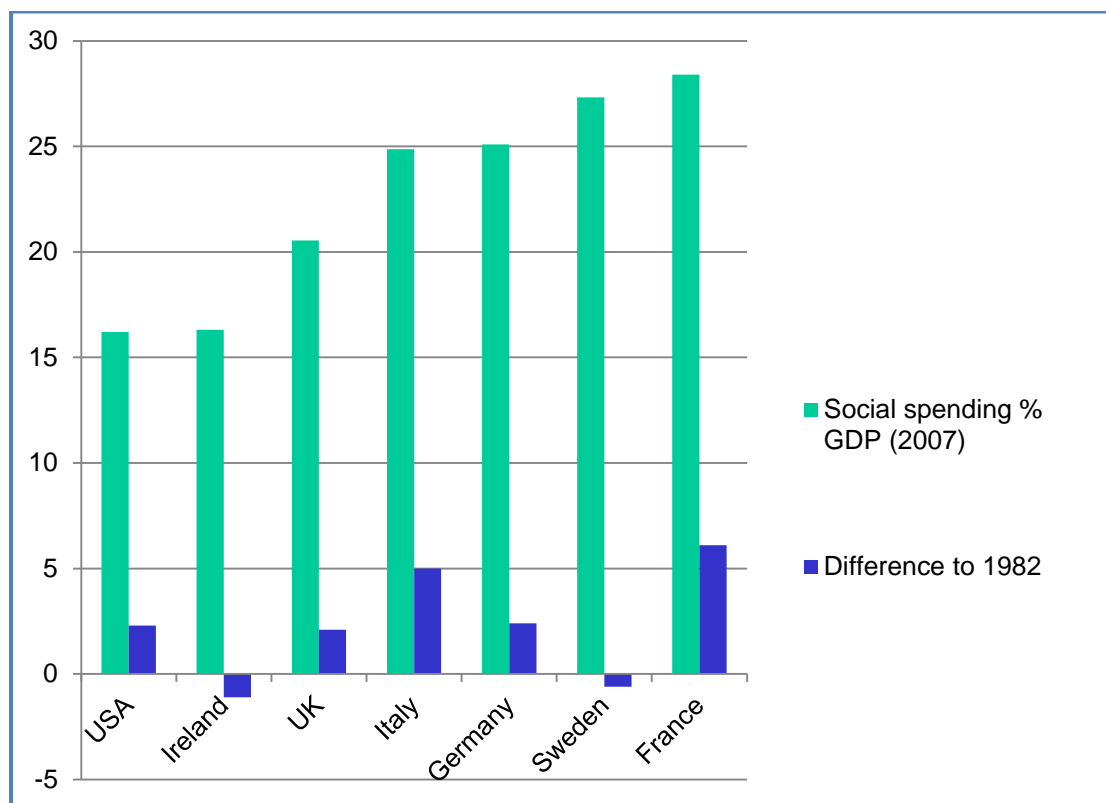
Meanwhile negative integration proceeds apace through the application of hard law. The Fiscal Treaty brings this to a new level. This is purely an agreement between the national governments, with no involvement of either community institutions or the social partners (though one suspects with massive lobbying by financial interest groups). It will nonetheless be enforceable by the ECJ. If greater fiscal integration really is the only alternative to a collapse of the euro, this will create a completely lop-sided Europe: a Europe united purely by the rule of the market. It is difficult to see how that could gain any popular support, for without anything holding Europeans together, European politics will just mean conflicts between member states.

### **3. The Impact of the EU on national social models**

These developments at EU level have facilitated changes in the components of the European Social Model at the national level. Across Europe the changes in most states have so far not been dramatic, but with a few exceptions they do make European states less 'European'.

Certainly there has been no simple demolition of the welfare state. For decades European welfare states have allegedly been in 'crisis', but for all the continual talk of cut-backs in fact up from 1982 up until 2007 public social spending as a percentage of GDP had increased in most countries (Chart 1). However, this stability masks changes in the form of *some* welfare states: the push towards so-called asset-based welfare especially in the UK, the expansion of private finance in education and health, the marginalisation of public housing, the out-sourcing of public services to private companies. None of these changes are universal across Europe, and in some areas such as childcare provision social rights have expanded.

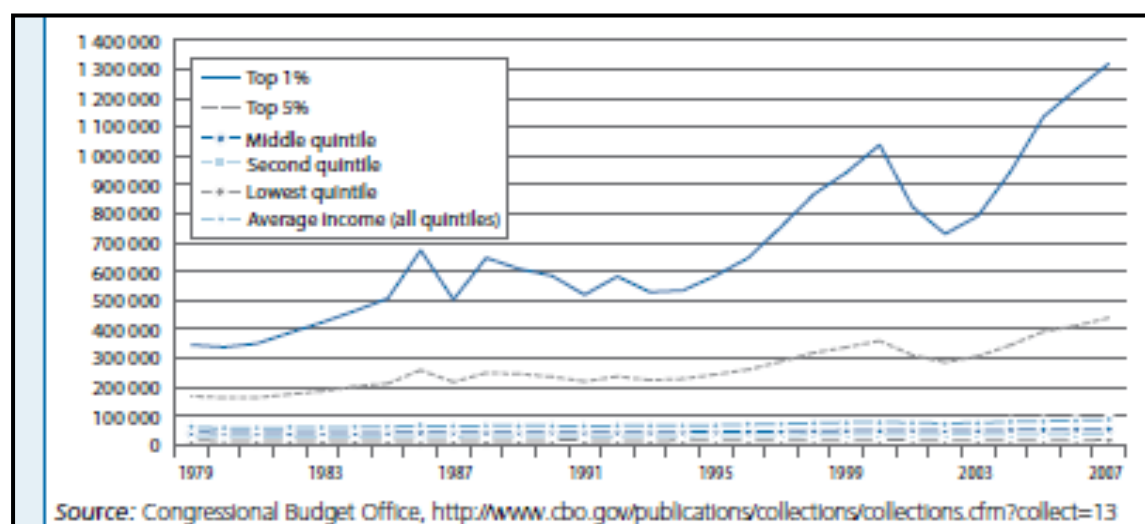
**Chart 1. Social Spending as Percentage of GDP, 1982-2007.**



Source: Derived from OECD (2011), Society at a Glance.

The story with income inequality is rather similar. In nearly all EU15 countries income inequalities have increased since the early 1970s, but this is not completely universal and certainly not a consistent increase. More recently income inequality has been increasing especially in the previously more egalitarian societies (for example Sweden and Germany). Nonetheless, all these countries – even (just) the UK – remain more equal than the USA, where for decades now the benefits of economic growth have gone disproportionately to the top five percent and in particular the top one per cent of the population, while the incomes of everyone else have stagnated (Chart 2). Only in the UK has there been a growth of the ‘super-rich’ on a scale which begins to match that in the USA so that in both countries very rich private individuals become major social actors in their own right.

**Chart 2. Average after tax income, by brackets in the US 1979-2007 (in 2007 dollars)**

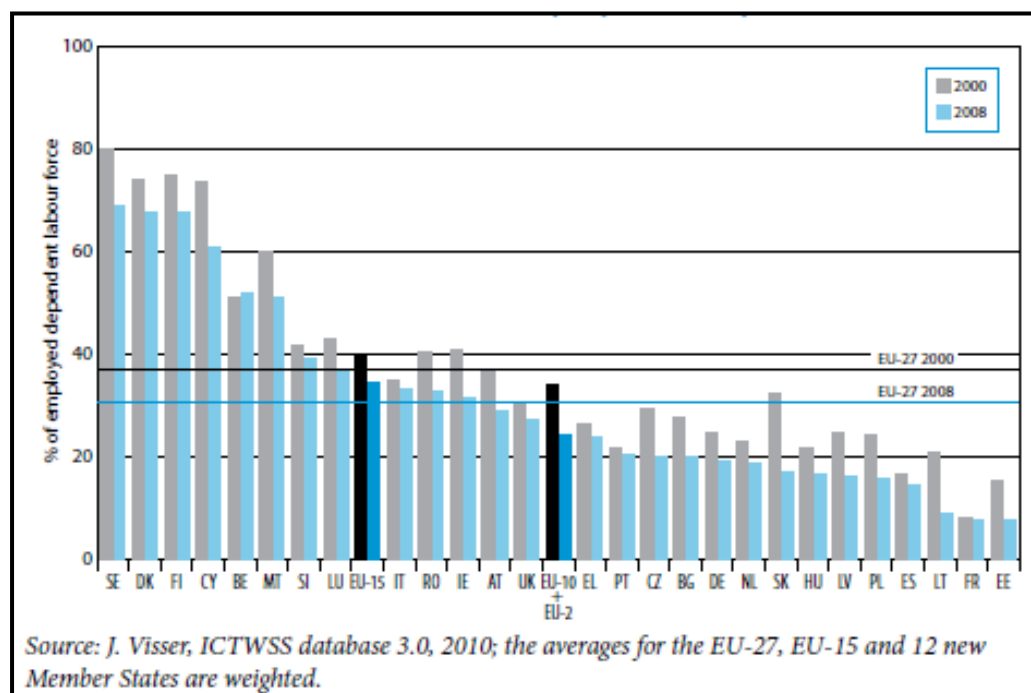


As cited in: European Commission (2011), Employment and Social Developments, p. 75.

In terms of economic citizenship, the key development has been the steady decline in the membership and power of trade unions. Here again of course there is wide diversity. Whereas in most countries decline started as early as the 1980s, in Sweden trade union density was increasing until the end of the century (Visser, 2006). Today over two thirds of employees are still in unions in Scandinavia as compared to less than a tenth in France (Chart 3). At least as yet, actual bargaining coverage has not declined to nearly the same extent, so the decline in membership probably exaggerates the decline in union power. Nonetheless, labour market flexibility has clearly reduced the number of employees in secure jobs and hence undermined the workplace as the basis for distinct rights.

Everywhere, labour market 'reform' has meant just flexibility (the erosion of employment protection) rather than flexicurity (less job security but more vocational training combined with active job placement and support). Especially in Germany the result has been the emergence for the first time of a low wage service sector on the US model. Just as the key elements of economic citizenship depended on national institutions, so their erosion has had relatively little to do with the EU. The major exceptions are in the construction industry, where the new free movement of workers and the use of various forms of posted workers has enabled wage-cutting and erosion of standards in some countries.

**Chart 3 EU27 Union density by country 2000-2008**



As cited in: European Commission (2011), Industrial Relations in Europe, p.26.

The final distinctive feature of the European Social Model has been the backbone state, and it is here that the most decisive changes are occurring, changes which potentially undermine the entire model. If in the second half of the 20th century the development of European institutions complemented and strengthened the national state, today EU legislation undermines it. The process begins with the onslaught on state enterprises ('privatisation'). Early initiatives came not from the EU but from national states, and furthermore, whereas the lead was taken by the Thatcher government in the UK in 1980s, other key early initiatives came from social democratic Sweden. Equally, until the recent bailouts, the EU never directly mandated any privatisation. Instead, privatisation has been the direct or indirect consequence of the application of European competition law. In the name of ensuring competition, state enterprises are required to act as if they are private companies. Once that is the case, then there is not much point in them remaining in state ownership. In this way utilities (energy, telecommunications) and transport (above all national airlines but also increasingly railways) are being privatised across the EU. Until recently every country has its national postal system but now these are fading or disappearing.

The merits and demerits of privatisation are always discussed in economic terms – is private ownership more efficient? Discussion in this impoverished language ignores the institutional change involved. Privatisation involves a fundamental transformation of the relationship between the state, the society and the economy (Frangakis and Huffschmid, 2009: 10). Everywhere in Europe in the 19<sup>th</sup> century, national states developed national postal systems with national stamps, national post offices, national livery. This national framework was consolidated in Western European societies by the 1970s: a national postal service, a national electricity company, even a national railway, was part of the framework of the national society. Since the 1980s such institutions have been privatised. Discussing the privatisation of British transport, the late Tony Judt remarked:

Now, whether or not the trains all run on time, and just as efficiently and safely whether private or public, doesn't detract from the fact that what you've lost is a sense of the collective service which we commonly own and in the benefits of which we share (Judt, 2012: 383).

Health policy, social policy and educational policy are key areas for positive integration. So long as the national state remains the key actor, then a European health policy would require the harmonisation of national systems. Such harmonisation would involve positive integration through the construction of European institutions. This has only happened to a very limited extent. Instead, the very absence of any such institutional development has opened the way for market development. The initial services directive of 2006 (the 'Bolkestein directive') would have opened all education and health services to private provision. For once, opposition was organised and effective and a more restrictive version came into force in 2007. However, the Commission and the ECJ have made clear that there is no change in the basic principle that *any* public service should be open to competitive provision.

The European Social Model was largely constructed at national level: the European Social Model is or was a cluster of different national systems. Equally, its dismantling started at the national level, a process which to date has if anything exacerbated differences between the different European countries. However, since the turn of the century the EU through the Commission and the ECJ has emerged as a key driver of the process. Competition law and competition policy have been chipping away at the institutions of the national states. In the past the national state both created the national market and protected its population against the market. Initially, the EU supplemented this process and so consolidated the European Social Model. For the last decade the process has gone into reverse. Having long abandoned its social face, the European Union has begun to destroy the European Social Model.

### 3. Whose Europe?

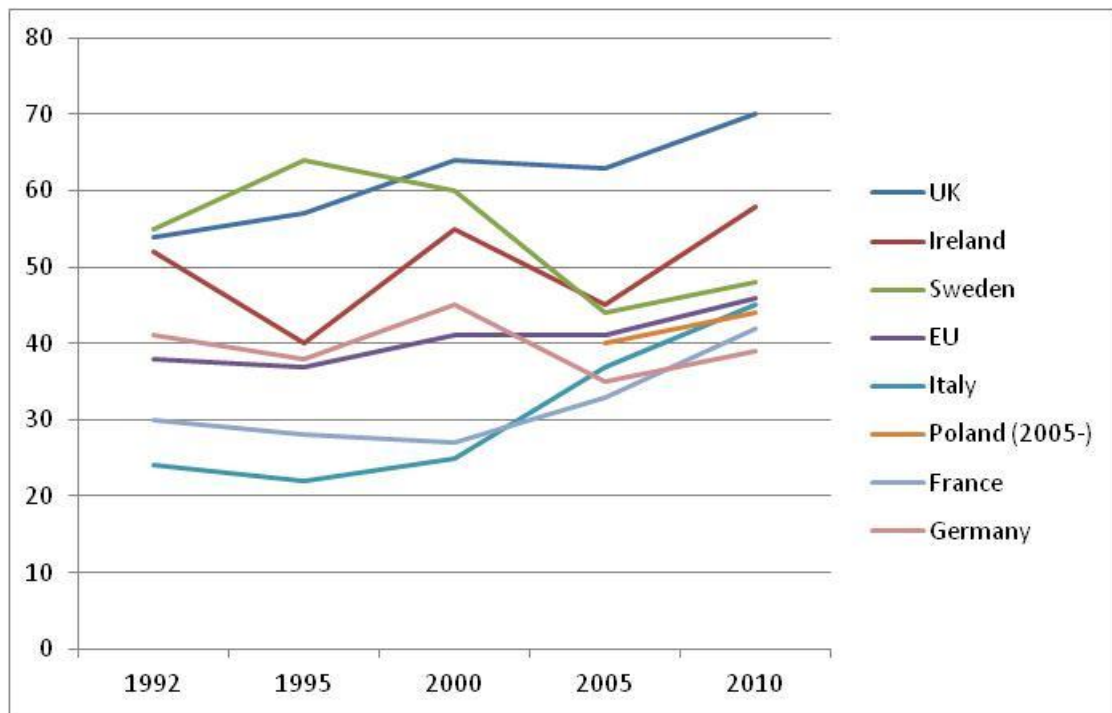
One response to the crisis has been to call for greater European integration, but popular support for the European project is stagnant or even declining. As we shall now see, there is no real European political debate and at best a weak European identity. While some important social processes do operate at a European level and thus create elements of a common European society, these disproportionately involve the relatively privileged. There is little social basis for social Europe.

Any stronger political union would require a common European *demos*, a 'public' which debates what 'we' should do (Siedentop, 2000). Since the 19<sup>th</sup> century European national states have been the framework for political debate. Despite the party alliances within the European Parliament, there is precious little sign of such debate at European level. Indeed political debate was arguably more Europeanised in the inter-war years of the 20<sup>th</sup> century than it is today. Researchers have looked hard for anything resembling a European public sphere (Koopmans and Erbe, 2004). Public discussion of 'European' politics is in terms of national interests: 'the' Greeks, 'the' Germans or whatever. This has clearly been exacerbated by the current crisis, with policy made by national governments bargaining with each other. As Europe faces its political crisis, national governments have sidelined European institutions.

For Europeans to debate European politics as Europeans would also require some form of common European identity. Here the signs are rather more mixed: a European identity does now co-exist with national identities. While only a small minority of Europeans (never more than ten per cent in any member state) identify themselves in exclusively European terms, about 40 per cent consider themselves as having at least partly a European identity (Fligstein, 2008: 144). However, nearly half of Europeans define themselves in purely national terms, and as Chart 4 shows, this proportion has been growing decisively since the onset of the crisis. Conversely, as exclusively national identity has been growing, so the proportion of people who think Europe to be good for their country is declining in most countries (Chart 5).

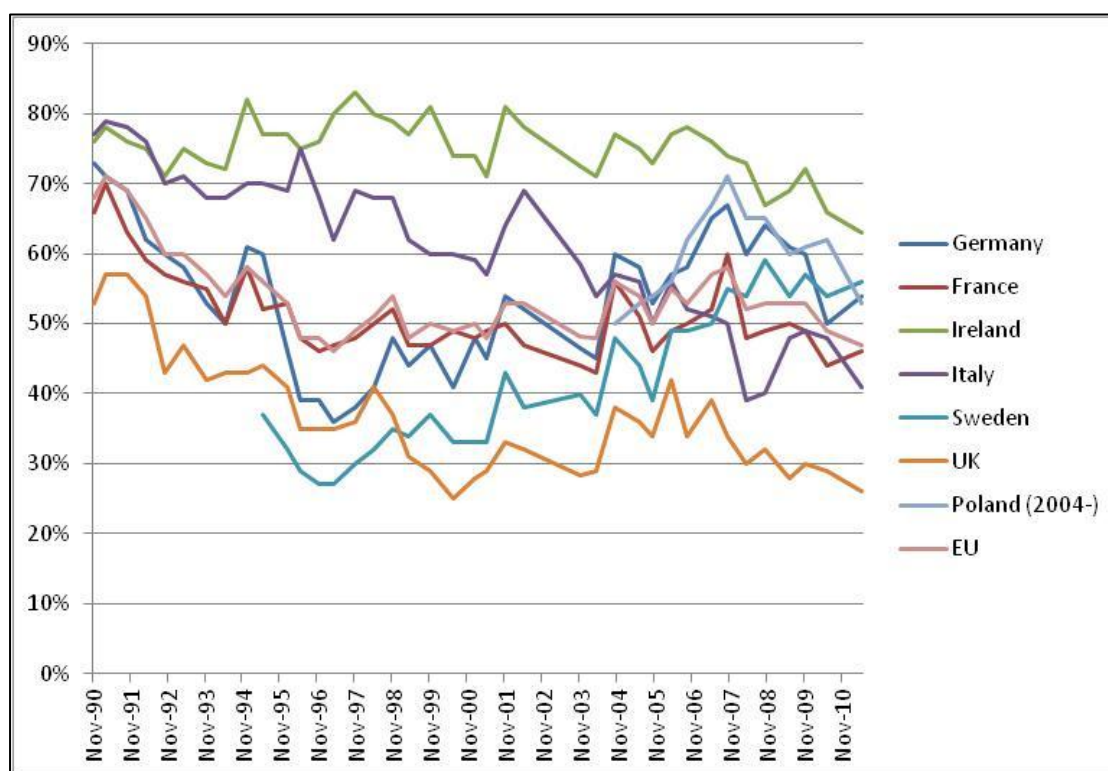


**Chart 4. Identity as exclusively national: selected countries 1992-2010**



Source: Eurobarometer database.

**Chart 5 Support for EU membership: selected countries 1990-2011**



Proportion considering membership of the European Union is a good thing for their country (Eurobarometer database).

Who are these Europeans and who are the non-Europeans? Self-ascribed European identity is linked to support for the European Union and somewhat linked to relatively left wing views. One of the most pro-European groups comprises those EU citizens who have migrated from one EU state to another. Such internal migrants are especially likely to think of themselves as Europeans: they are likely to be well-informed politically and to support greater European integration. Intriguingly they tend to be more left wing than would be expected on the basis of their occupational backgrounds and display *'a certain reticence towards economic liberalism'* (Muxel, 2009: 163).

These internal migrants are one example of the processes of Europeanisation that have been growing in recent decades:

Being European...is [also] about shopping across borders, buying property abroad, handling a common currency, looking for work in a foreign city, taking holidays in new countries, buying cheap airline tickets, planning international rail travel, joining

cross-national associations – and a thousand other actions facilitated by the European free movement accords (Favell, 2005).

Migration within the EU is now very different to traditional forms of immigration. Whereas migration used to mean the unskilled moving from poor countries to rich countries, now *within Europe* it is above all the educated and skilled who move (e.g. Mau and Verwiebe, 2010: 326). While many move for employment, others move for lifestyle reasons, for retirement or – and this is one of the most important reasons – simply to join a partner or other family member (Santacreu et al, 2009). Below the radar such movements are creating a European society out of European societies.

Similar processes are occurring in education. The Erasmus programme of student exchange between European universities has made a stay abroad part of the normal experience for young Europeans (Teichler, 2004). It has been facilitated by the Bologna process of mutual alignment of third level institutions, which is producing a common structure of qualifications across all Europe. In European schools educational curricula are slowly changing with less emphasis on purely national content and – apart from in the UK – a greater awareness of a common European history (Soysal, 2002; Faas, 2007). The Erasmus programme and the Bologna process integrate existing national systems and so are examples of positive integration. Interestingly, they are now overlaid by the very different process of educational globalisation operating through the creation of educational markets. This is not institutional integration, but market access: wealthier parents now try to enable their children to escape the national educational systems by buying them an education at expensive private or semi-private universities – Oxford, Harvard or whatever.

Many Europeans are now involved in organisations and institutions that function on a European rather than a national scale. Euro-2012 might mean the latest stage of the European financial crisis, but it also means hundreds of thousands of football supporters travelling to matches, national fans in other European countries (Figure 2) and a European TV audience of millions. Football clubs like Barcelona or even Manchester United have a European rather than a regional fan base and play on a European stage (Martin, 2005 (Figure 2). And everyone talks about Eurovision, even if nobody knows who is taking it seriously (Raykoff, 2007). For many members of the 'service class' (managers and professionals), their everyday working life involves not just contact with colleagues in other countries but participation in European professional associations: everything from the European Association of Archaeologists to the European Association of Zoo and Wildlife Veterinarians.

**Figure 2 New European Popular Culture**



Spanish fans celebrate in Dublin after Spain's victory in Vienna over Germany in UEFA Euro 2008

Just as for Eurovision and for UEFA, for professional associations 'Europe' is often bigger than just the European Union. In other respects however, the European football and television organisations are unusual in that they involve the participation of ordinary Europeans. If Europe is being integrated through migration, through education and through civic society organisations, even through shopping and foreign property purchase, then this is a very uneven process. Football may be increasingly European, but most popular culture is either national or global/American. Most processes of Europeanisation by contrast disproportionately involve the service class.

European integration is described by researchers as an elite process in the sense that it has been always been driven from the top (Haller, 2008) with the passive tolerance of the population. This has made European unification very different to the great 19<sup>th</sup> century national movements of Germany or Italy. Italian unification was certainly created by political elites, but they did at least aspire to popular mobilisation. The heroic images of the Risorgimento may in retrospect appear as romantic posturings, but they had some plausibility at the time. Such images are totally foreign to European unification!

Nonetheless, in terms of social groups or even social classes it is misleading to focus on the European 'elite' as the most pro-European. If elite means the very wealthy and those on incomes of (say) several hundred thousand euro a year, such people have little interest in 'Europe'. The super-rich of Europe are increasingly disconnected from any national society. For them, the national state is something with which they have only the most utilitarian relationship: an institution which irritatingly still tries to tax them and from which they escape as much as possible. Such elite cosmopolitans are certainly not interested in developing a larger European state.

In terms of identity and politics, it is therefore not so much the elite as the broader service class that is European. It is thus reasonable for Fligstein to ignore any 'upper class' or 'socio-economic elite' in his account of the linkage between European identity and social structure, reporting that: *"The upper-middle-class are the most European, the middle classes are more national but still partly European, and the working and lower classes are the least European"*. (Fligstein, 2008: 18).

Pro-Europeans often explain hostility to Europe in terms of prejudice, but this is arrogance instead of analysis. Given the differential involvement in European processes, it is hardly surprising that the less skilled and the more welfare dependent are becoming more hostile to 'Europe'. Like it or not, such people have a realistic perception of their economic interests (e.g. Gabel, 1998; also de Vries and van Kersbergen 2007). Increasingly it is the service class that is gaining from Europeanisation, and the working or lower class that is losing. For many of the latter, Europe has meant the destruction of secure employment and the undermining of their national welfare state. Above all Europe means for them the erosion of the limited but real protection which the national welfare state provided against the uncertainty of the market. It is not surprising that in France or in Germany such people are drifting to the nationalist right-wing parties. Although political commentators often ignore this, nationalist parties such as the Front National in France promise to protect national *welfare* states - against 'Europe'.

## Conclusion

The founding fathers of Europe (Schuman etc) were primarily Christian Democratic politicians who were committed to European unity as the solution to intra-European rivalry. Their explicit objective was to end wars between European states. Perhaps their covert ambition was also to use a united Europe to re-assert the European influence on the global stage that was now beyond the reach of any single European state. As they clearly stated, economic integration was a tool with which to achieve the political objective of European unity. Today, traces of this orientation linger on, especially perhaps within the German CDU/CSU. For many of those who promote European integration, however, the relationship between economics and politics has

long since been reversed. Now political structures are used to achieve economic objectives, and those objectives are not so much the creation of a *European* market as the universal *generalisation* of the market.

Any history of the European Union reiterates how the 'lesson' of the war was the need for European unity. Slipping out of sight now is what was then another obvious 'lesson' of history. Political extremism of the inter-war period was seen as the result of mass unemployment and (to a lesser extent) of untrammelled social inequality. This opened the door for the '*class compromise*' (Crouch, 1999) of the post-war decades: Keynesian economics and the welfare state, which together ensured not just rising real incomes but crucially less inequality. Christian Democrats (and, in Britain one nation conservatives) now modernised their unitary conception of the national society to acknowledge popular interest representation. This compromise was ruptured in Britain by the Thatcher revolution. Thatcher famously declared that '*there is no such thing as society*'. Yet in the 1980s and 1990s, this belief remained an Anglo-Saxon eccentricity: outside of Britain national welfare states were consolidated while the first attempts were also made to create the institutions and policies of a European society. Today however, for European business and political elites, what seems to really matter is the global *market*, certainly not European *society*.

The neo-liberal elites that now dominate Europe have abandoned any commitment to 'Social Europe' and have turned European institutions into market-making mechanisms. In so doing they are trashing everything that made Europe distinctive and they are chipping away at popular tolerance of European unity. The neo-liberals appropriated the European project for their own purposes and in so doing now risk destroying it completely. Today only a social Europe can rescue Europe.

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