

What a difference a year makes: Social Europe, globalisation and the response to market fundamentalism

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In April 2008 one of the key questions regarding the purpose of the social dimension of the European Union, or Social Europe, was whether it was fit for globalisation. The extensive study published with this title by Ian Begg *et al.* (2008) examined the effects of globalisation for the losers as well as the winners. Underlying this is the question of whether the EU and its social dimension was perceived as an agent or a barrier to economic globalisation, at a time when there was widespread consensus amongst policy-makers in governments in western Europe that deregulation of world markets would be accompanied by increased prosperity. One of the conclusions of the report was that fears that the European social model was under threat were largely unfounded and that there was no compelling evidence that globalisation is leading inexorably to a 'race to the bottom' in social policy, or in the capacity of European society to maintain its commitments to solidarity and equality. At the same time, there is an increasing body of work which critiques the lack of balance between free market capitalism on the one hand and collective interests on the other, in the form of the state at national or supranational level, along with organised labour represented by trades unions at both levels.

Increased deregulation and the blurring of the public and private sectors in health, education and transport in particular seemed in 2008 to point to a future where neoliberalism would increasingly be unchallenged. This lack of challenge has been referred to in France as '*la pensée unique*' and under Thatcher in Britain in the 90s, the spectre of TINA (There is No Alternative) has performed a similar function in silencing debate in the mainstream and pushing radical critical analyses to the margins.

Works such as *Global Europe, Social Europe* by Giddens *et al* (2006) have provided an optimistic reading of the possibilities of a third way progressive policy environment where the interests of capital and labour would not be in opposition but could be harmonised. Issues such as flexicurity have been presented by the European Commission in a similarly optimistic light as possible win-win situations where all that was needed was mutual trust. However, EU discourse has increasingly focused on workers as an economically useful human resource rather than focusing on the implications for citizens who are not economically active and, therefore, excluded. The report by Begg *et al.* (2008) emphasises that this is problematic. It argues that within the debate on flexicurity, it is especially important to look beyond the labour market emphasis of much of the discourse to embrace those wider aspects of the concept that bear most on the economically inactive and the excluded and not to lose sight of the solidarity function of social protection.

The Lisbon Agenda is similarly problematic. Heralded by the European Commission as the opportunity to make the EU into the most dynamic knowledge-based economy by the year

2010, pessimism about this target is now evident as the date is almost upon us. The economic indicators at the half way mark of 2005 showed that the targets for training and vocational education were highly unlikely to be met. The culprit was considered to be the social aspects of this strategy which were duly reduced in order to concentrate on the European Employment strategy, remedying deficiencies in the workforce through training and increasing the numbers in higher education. This highlighting of work as the only means of salvation at the Hampton Court summit under the UK presidency of the European Union in 2005 was seen by many as indicative of the Anglo-Saxon influence on the direction of policy, and arguably marks a turning point in the notion that all western European countries shared the same concern with the social dimension of the European Union in the broader sense. This policy shift moved away from a broad concept of highlighting entitlement to lifelong learning for citizens with all their diverse needs, to the narrower economic imperatives of upskilling of human resources. Difficulties in defining the scope of the knowledge economy and the extent to which it is gendered add enormously to the complexity of the issue (Walby *et al.* 2006).

The question posed by Begg *et al.* (2008) (Is Social Europe Fit for Globalisation?) is still highly relevant, and the depth and breadth of its analysis is impressive. However, the understanding of the scope of the terms used are still shifting, affecting both use by academics and public perception. Moreover, given the failure to cope with the excesses of free market capitalism on a global scale (Albers *et al.* 2006) the underlying question being posed can be recast to echo the work done by Teresa Rees on gender mainstreaming (Rees 2000). Does the relationship between Social Europe and globalisation call for tinkering, tailoring or transforming?

As the report by Begg *et al.* (2008) states at the beginning, terms such as globalisation and Social Europe are complex and often misunderstood except by experts, who may in any case disagree on the scope of the definition. While academic experts and some politicians may handle the term globalisation with care, there is arguably a gulf between the elite understanding of the term and the popular perception. Polling the public perception of whether globalisation is more or less feared in different countries reveals this gulf clearly, and the gulf is particularly wide in France. Startin (2008) examines extensively the exit poll data from the 2005 referendum on the European Constitution and makes the case that the voters of France rejected the Constitution because of their concerns about globalisation and France's role in the wider global context rather than because of opposition to the EU per se.

This is further complicated by the connotations of the translation of the term into different languages, or indeed the Americanisation of the terminology which has connotations for many of the neoliberal agenda if used with an American spelling with a 'z'. While critics of globalisation from a European perspective will tend to use the spelling with an 's' to signal their critical stance, translation into other languages makes the terminology more complex. For example in French, the usual translation of *mondialisation* may not carry exactly the same connotations as globalisation, particularly since antiglobalisation protesters do not simply label themselves as what they are against but what they are for, and have created the neologism '*altermondialistes*' – literally other worldists.

Globalisation is at its simplest level the growing interdependence of economies, peoples and cultures (Steger 2006). Begg *et al.* (2008) argue that globalisation is a multidimensional phenomenon and that a credible definition would encompass the following aspects: the

growth international flows of goods, services and capital; an increased propensity towards international migration, the spread of technologies and of the multinational companies that play a major role in diffusing them; and the intensification of communication exemplified by the expansion of Internet use. Geographically more dispersed subcontracting, sourcing and division of labour in production processes are also associated with globalisation.

Many would argue that while globalisation is not a complete fantasy, there is disagreement about the extent to which the phenomenon is exaggerated. In historical terms there was greater openness in global trade and migration during the *Belle Epoque* at the turn of the 20th Century than there is in the 21st Century and as Joseph Stiglitz (2005) argues, globalisation today has been oversold. While there is little disagreement that the move towards economic globalisation exists, since neo-liberalism (free market capitalism) has reduced borders in order to increase trade between nations, the extent and duration of this is contested. Rugman (2000) argues that most business activity by large firms still takes place in three regional blocks consisting of the triad of the United States, Europe and Japan, with business strategies which are regional at the level of the triad. For example over 95 per cent of all cars produced in Europe are sold in Europe. However, it is more difficult to argue this case where industries are dominated by multinationals rather than where there is some notion of national ownership of firms. There is broad agreement that the move towards cultural globalisation exists, since there are now world brands, world music. However, many would argue that this is not equal between cultures and really means cultural imperialism by economically more powerful countries like the United States of America.

Paul Hopper (2006) argues that if globalisation refers to the homogenisation of cultures across the world due to Western encroachment, the process is subtle, complex and uneven. Some radical political theorists like Ohmae (1995) have claimed that the nation state no longer has influence in a globalised world, whereas many would dispute that a high level of political globalisation exists, claiming that the nation state is still the level at which the people engage with politics. The return to quasi-national Keynesianism to combat the global financial crisis of 2009 supports this point of view. In fact it is since 9/11 that globalisation sceptics have argued even more strongly that the state, territorial power, geopolitics and empire have come back to centre stage. Some would argue that transnational corporations now have more power than governments to control economies with a consequent effect on the workforce, and are having undue influence on citizens in areas where the public state sector used to intervene to counter the free market. For Beck (2000) globalisation makes possible things which, though always there, remained hidden during the stage of the welfare-democratic taming of capitalism, while corporations have more power to shape society as well as the economy since they have it in their power to withdraw the material resources from society such as capital and taxes.

For David Held and Anthony McGrew (2006:173) "the most contentious aspect of the study of contemporary globalisation concerns the ethical and the political: whether it hinders or assists the pursuit of a better world and whether that better world should be defined by cosmopolitan or communitarian principles (that is an attachment to making the world a singular good global community as opposed to a world of coexisting good national or local communities)". They argue convincingly that views can be located on a continuum between globalist and sceptic (who see the state as still having more importance).

Even if a consensus can be arrived at to provide a broad definition of globalisation, the term needs to be reconstructed if it is primarily defined as economic globalisation and placed in opposition to Social Europe, as is often the case in policy at European Union level. A major part of the definition of Social Europe covers the social dimension of the EU, and part of the coherent response of the EU is the commissioning of so-called expert reports to inform policy-making, including the report by Begg *et al.* (2008), produced by the Centre for Policy Studies. While it carries the disclaimer that the report does not necessarily reflect the Commission's official position, the report was financed by and prepared for the use of the European Commission through the , Directorate-General for Employment, Social Affairs and Equal Opportunities, Unit for Social and Demographic Analysis. Some policy analysts like Pelkmans (2007) argue that the social dimension is already strong enough and cup is half full, whereas others such as Liddle (2007) argue that the cup is half empty and the social dimension should be reinforced with more state intervention.

However, the term 'Social Europe' was first used in French to cover a particular shift in perspective by the European Commission under Jacques Delors to designate a balancing of the social element of the EU to counter the Single European Market (i.e. the social dimension of the Single European Market agreed by EU governments in 1985 as a response to economic competition by the US and Japan). Whilst this meant giving a stronger voice to European Trades Unions, the latter were persuaded to go along with the marketisation of the public sector since they trusted Delors to look after their interests while European national governments swung to the right. Similar shifts occurred in other EU member states.

The term has also more recently been used as being synonymous with the notion of a European Social Model, the existence of which is itself contentious since there are so many differences between European countries. Giddens *et al.* (2006) argue that we can identify a set of values underlying something that we can call a coherent European Social Model, and that more commitment to the progressive nature of these underlying values by politicians and policymakers can right the balance of power between capital and labour, and even restore popular trust in the project of the European Union.

In 2009 in the middle of the global financial crisis, the issue of trust of citizens in markets and governments is paramount. Under Thatcher from the 1980s onwards there was a move towards an Anglo-Saxon neoliberal model which advocated a light touch approach for the financial services sector. This light touch meant deregulation from state control and left self regulation up to the financial sector itself, and has been used by governments at national and supranational level to exonerate themselves from blame for the negative side-effects of the market which were to a large extent entirely predictable. Markets and competition introduced into the health service, transport and education have led to them being driven by key performance indicators which are often in tension with each other, if not completely inappropriate. The result has not, in general, been an improvement in either efficient delivery of these services to citizens, nor the improvement in terms and conditions of public sector workers.

Many arguments are part of third way thinking, involving attempts to strike a balance between excessive state paternalism of the left and excessive stress on individualism of the right. However this has attracted much criticism since much of the analysis in work such as Giddens *et al.* (2006) remains under-researched and is over-optimistic, relying on a modernised form of enlightened social democracy which does not address the intractable

power struggle between capital and labour. References to modernisation in fact constitute a euphemism for marketisation but the use of the term modernisation is discursively powerful since it frames those resisting marketisation as backward looking.

In early 2009 following the global financial crisis, there are some signs of a shift in discourse towards more state activism and away from the primacy given to the advantages of market opening, competition and liberalisation which was pursued during the liberal consensus of 1990s Europe (Independent 5/3/09 p.8). However, there are still considerable problems in attempting to right the balance between the negative side-effects of economic liberalism and the protection of the social dimension. The case of the quasi-nationalisation of the banks in Europe is a dramatic case in point. One major side effect has been increased inequalities across Europe, particularly in many policy areas in the UK where New Labour has espoused Anglo-Saxon neoliberal ideology and deregulation to such an extent that policies advocated by a neoconservative such as Nicolas Sarkozy in France appear to be more in tune with old Labour values of giving an important role to the state.

While there seems to be a new awareness in the numerous articles in British broadsheet newspapers in 2009 that change is necessary, it is still being proposed as minor: that is tinkering around the edges rather than transforming through radical policy initiatives. A speech by given to the British business community on March 4th 2009 by the political chameleon Lord Peter Mandelson, business secretary to the UK Labour government at Mansion House highlights this when Mandelson stated that Gordon Brown's ill-fated 'light touch' City regulation would have to be replaced by a more active 'right touch'. He called for a 'new balance' between the state and the private sector, with increased industrial activism. His speech echoed the discourse surrounding the Lisbon strategy advocated by the European Commission in arguing that a "...dynamic capitalist economy is not an end in itself but a means to a stronger and more cohesive and prosperous society. A capitalism which builds for the long term as well as rewarding in the short term."

This new call for responsible capitalism, requiring a new sense of public responsibility and defence of the public interest in Britain will have to deal with a series of inherent contradictions. This is likely to renew the debate about the role of Social Europe in providing an effective barrier to guard against the unwanted effects of globalisation, but public trust in powers of the state to represent the public interest, whether at national or supranational level, must first be restored. While the discourse over the advantages of neoliberalism may have changed with increased public awareness of the dangers of casino capitalism, policy initiatives which merely tinker round the edges of current provision will not be enough. What is now needed is strong policy measures to transform the powers of the state to deal with the social effects of the crisis of capitalism in 2009.

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