

Reconciling Economic and Social Europe: Values, Ideas and Politics

RESceEU

SUMMARY

The welfare state (WS) and the EU are two precious legacies of the XX century. Their mutual relationship has been however fraught by unresolved tensions (and a potential “clash”), which the recent crisis seems to have markedly exacerbated. **The project purpose is to develop a new theory on the genetic roots of such tensions, their temporal swings, the possible institutional solutions and their political pre-conditions.**

The WS serves essential economic, social and political functions. The EU (EMU in particular) is in its turn essential for growth and jobs, but tends to undermine the WS’s very institutional foundations. When, how and why did the initial “elective affinity” between the two spheres start to weaken? Is “reconciliation” possible and how? **The project will focus on the intellectual and political dynamics** of both WS-building and EU-building. Drawing on **Weber’s insights** on the relationship between values, ideas, and politics, a new framework will be elaborated, aimed at reconnecting these three elements in the explanation of change, then breaking new grounds in institutional theories.

An extensive empirical work will be carried out, based on a multi-disciplinary approach (political science, political philosophy, policy analysis, law, history and economics). **Detailed case studies will reconstruct the logic of key past junctures**, such as the crisis of the 1970s, the years between the Amsterdam and the Lisbon Treaties, the post-2008 crisis. Public attitudes on the EU’s social dimensions will be tapped through a survey and social media analysis. Academic and expert networks will be involved as well as EU policy makers, in order to discuss the scientific and policy implications of the project results. Policy documentation, assessment and **proposals will be produced through an observatory (“EUvisions”)** for systematic data collection and analysis on (social) EU-building “in action”.

GENERAL THEME AND PURPOSE

The nation-based welfare state (NBWS) and the EU are two of the most precious legacies of the XX century, yet they have entered the XXI century in conditions of mutual tension—which the recent crisis has exacerbated into a fully-fledged “clash”. **The purpose of this project is to develop a new theory and generate new empirical knowledge on the genetic roots of such tension, its temporal swings, possible scenarios and institutional solutions, as well as their political pre-conditions.**

In capitalist democracies, the NBWS serves essential functions of economic stabilization, social integration and political legitimation. The EU (and in particular EMU) is in its turn essential for growth and jobs, and thus for safeguarding the resource basis of redistributive policies. However, by imposing increasingly stringent budgetary constraints and eroding the regulatory autonomy of Member States, **EMU tends to undermine the very institutional foundations of the NBWS.** In the wake of the Eastern enlargement and the post 2008 crisis, we can identify four distinct lines of tension: 1) economic vs social objectives at the EU level; 2) national social sovereignty/discretion vs EU law/conditionality; 3) intra-EU “system competition” between high-wage/high welfare Member States (West) and low-wage/low welfare Member States (East); 4) core (North) vs peripheral (South) Member States around the issue of fiscal discipline and cross-national transfers. The four lines of tension intersect, creating complex policy dilemmas, political turbulence and a further erosion of popular legitimacy for the EU. **How can we enhance our understanding of this predicament? What are the “conditions of possibility” of “reconciliation” on each of the four lines of tension?**

STATE OF THE ART AND CONTEXT

The destabilizing consequences of economic integration have already been the object of a rich debate. Two main strands can be highlighted. The first has been focusing on the EU legal framework and decision making procedures, suggesting that tensions are linked to a contest between “market-making” and “market-correcting” logics, supported by asymmetric decision rules (negative vs positive integration)¹. The second strand considers EU integration as a new phase in the long term development of the European state system², characterized by a gradual weakening of spatial boundaries and the emergence of a “sovereignty contest” between the national and supranational levels for determining “who has access to what forms of protection”.

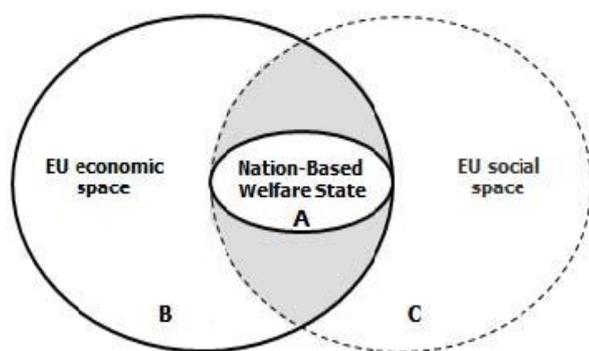
While the literature largely agrees on the nature and intensity of the current predicament, **prognoses tend to diverge.** At one extreme we find a position of **dead end pessimism**: tensions and conflicts cannot be solved at the EU level, the only solution is to “bust” the status quo and repatriate key competences in the social sphere. At the other extreme we find the **federalist position**: the EU should swiftly turn into a super-state, with taxing and spending powers. In the middle we find **supranational incrementalists**, for whom reconciling economic and social Europe is difficult, but not impossible. To some extent, this process has been under way for some time³. A recognizable “social space” has been emerging within the EU architecture (Figure 1), serving three distinct objectives: 1) strengthening the social dimension at the supranational level proper; 2) protecting the NBWS from excessive intrusions on the side of free movement and competition laws; 3) elaborating a new policy agenda for the “modernization” of social protection and promoting adaptation and convergence among domestic welfare systems.

¹ Leibfried S. and Pierson P. (eds), 1995, *European Social Policy between Fragmentation and Integration*, Washington D.C.: Brookings Institution; Scharpf F., 2010, “The Asymmetry of European Integration, or Why the EU Cannot Be a ‘Social Market Economy’”, *Socio-Economic Review*, 8, 2, 211-250.

² Bartolini S., 2005, *Restructuring Europe*, Oxford: Oxford University Press; Flora P., 2000, “Externe Grenzbildung und Interne Strukturierung. Europa und Seine Nationen”, *Berliner Journal für Soziologie*, 10, 157-166.

³ Hemerijck A., 2012, *Changing Welfare States*, Oxford: Oxford University Press.

Figure 1



The crisis has proved that the current strength of space C is still inadequate for containing cross-spatial tensions. Moreover, its content seems insufficient to cope with the new distributive cleavage between richer, “paying” Member States and poorer, “receiving” Member States. The challenges faced by EU-building have thus become formidable: addressing them certainly require the mobilization of extraordinary intellectual and political resources by both national and supranational leaders.

OBJECTIVES AND RESEARCH QUESTIONS

The project aims at making advancements beyond the state of the art in three directions: theoretical, empirical, evaluative/prescriptive.

1) Theory advancement

In examining the “clash syndrome”, the literature has not systematically explored and linked two important dimensions of EU-building: **the intellectual and the political dimensions**. Yet both are crucial for capturing the logics and causal mechanisms behind processes of institutional development in general, and EU-building in particular. Recent scholarship within the historical institutionalist school has made promising advancements in sorting out the possible modes and mechanisms of gradual, but transformative innovation through small-scale policy reforms that, with the passing of time, reshape interest and power constellations⁴. In its turn, the constructivist-discursive school has provided persuasive evidence of the autonomous causal effects of ideational factors in processes of socio-political change⁵. Both approaches offer new precious tools for analyzing EU-building dynamics. There is however room (and need) for further theoretical progress. The challenge is that of achieving a selective integration of insights from the two schools at both the macro and micro levels, focusing on the interplay between policies, power politics, interests on the one hand *and* ideas, axiological visions and discourse on the other hand.

In order to achieve this goal, **the project will build on Max Weber and neo-Weberian theory**. Why Weber? Because his theoretical approach kept firmly together what contemporary neo-institutionalist schools have pushed apart. Weber proceeded through the elaboration of multi-causal developmental models, i.e. analytical constructs aimed at typifying “driving forces”, “elective affinities”, stage specific actor constellations, patterned ideational orientations, as well as “moments of choice” along a distinctive path of development (*Entwicklungsweg*). The intellectual and the political spheres were for him the engines of institutional stability/change⁶. **Returning to Weber thus allows for a new, fresh start in theory-building, aimed at overcoming analytical “compartmentalisations”**.

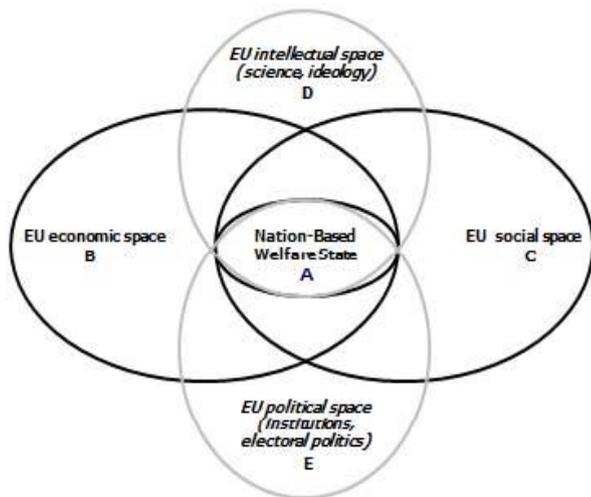
⁴ Thelen K., 2010, *Explaining Institutional Change: Ambiguity, Agency, and Power* (co-edited with J. Mahoney), New York: Cambridge University Press; Thelen K. and Streeck W. (eds), 2005, *Beyond Continuity: Institutional Change in Advanced Political Economies*, Oxford: Oxford University Press.

⁵ Beland D. and Cox R.H. (eds), 2011, *Ideas and Politics in Social Science Research*, Oxford: Oxford University Press; Schmidt V., 2010, “Taking Ideas and Discourse Seriously”, *European Political Science Review*, 2, 1, 1-25.

⁶ Lepsius R.M., 1990, *Interessen, Ideen, Institutionen*, Opladen: Westdeutscher Verlag.

Figure 2

Figure 2 visualizes the direction that the project will take. By changing the analytical *Gestalt* of the spatial architecture presented in Figure 1, the attention will be shifted from the horizontal, socio-economic axis to the vertical, politico-symbolic axis. Space D corresponds to the intellectual substratum of both the welfare state and the EU (in its economic and social dimensions), while space E corresponds to the political substratum. Following Weber, we can say that the intellectual sphere (space D) is typically concerned with the production of “nomological” knowledge about the functioning of society and with the critical discussion/analysis of values. This sphere also includes the production of broad worldviews, in the form of public philosophies and ideologies, combining factual and normative judgements. The political sphere (space E) is in its turn typically engaged with two tasks: the maintenance of legitimate *Herrschaft* (simplifying: consensus and power) and the overall “direction” of the polity (simplifying: steering and problem-solving).



Choices are typically made in possibility spaces resulting from the interplay between the political and the intellectual spheres. Outlining a developmental model of EU-building means essentially to identify those factors that—given stage-specific structural constellations—have favored/inhibited the ability of the two spheres and their national and supranational actors to effectively blend ideas, values, policy instruments and consensus to build “more and better” Europe—capable of balancing efficiency, solidarity, legitimation and normative guidance.

A neo-Weberian perspective on EU-building and its social dimension thus leads to two sets of “grand” questions that will drive the overall theoretical efforts and empirical investigation:

- **what possibility constellations were present when critical EU-building choices were made**—in particular choices that set in motion “deconciliation” and “clash” dynamics or tried to contain them? Which characteristics and dynamics of the intellectual and political spheres generated the possibilities? Having in mind a “reconciliation” scenario, is the current constellation “adequate”? Or can we detect and highlight missing elements that are crucial for “adequacy”? In this case, how could the gap be filled?
- **Which agents prepared the intellectual ground and made the relevant political and policy choices?** Can we trace the mix of rationalities that guided their strategies in the “arenas of possibilities”? Who are the potentially relevant actors (for “reconciliation”) of the intellectual and political spheres in the present possibility constellation?

2) Advancement in empirical knowledge

The literature already offers ample evidence of the tensions between Economic and Social Europe (judicial litigations, social and political conflict around policy competences and objectives, attitudinal and electoral trends etc.). The crisis has however originated new and more vivid manifestations of the clash along the abovementioned lines. **A systematic characterization of the clash syndrome** in its legal, social, political and intellectual components will be a prime objective of the project, in all its duration. The conflictualist perspective of Weberian theory will be used to frame the descriptive characterization. The units of observation will be “voice manifestations” on the side of individual and collective actors, including in the

“online” sphere (social media). Voice manifestations will then be traced back –down the chain which includes processes of mobilization and preference formation- to the underlying constellation of interests. Such empirical analysis will be inspired by the following questions: what are the origins, nature, logics, mutual relationships and consequences of each line of conflict? What has been the role of material, ideational, institutional, and power-political factors that have produced “deconciliation”?

A second task will be an accurate descriptive **mapping of the EU intellectual and political spheres** (spaces D and E in Figure 2 above). The latter has already been the object of extensive investigations. In addition to keeping track of both scholarly advancements and factual developments, the mapping of the political sphere will try to document empirically the increasing clash between top-down “fiscal responsibility” pressures on national leaders, on the one hand, and the bottom up “responsiveness” pressures coming from domestic interests and their material demands – mainly linked to tax-welfare issues. As to the intellectual sphere, the mapping will be guided by the following questions: what are the intellectual contents that are being promoted to support (or contrast) EU-building? Which are the loci and actors of intellectual elaboration, including non-governmental “elaborators” (in academia, think tanks, political and civic associations etc.)? What processes are at work for the transmission of intellectual contents? The project will draw a map of key intellectual players and their channels of influence by observing and analyzing them “in action”, in respect of the most salient issues dominating the EU economic and social agenda. This will not be just a sociological map of intellectual networks, but an epistemic/discursive one aimed at identifying “who is influencing whose ideas for doing what”.

A third empirical task of general significance will be the collection and **classifications of the main written “statements”** (speeches, policy proposals, official documents, manifestos, academic works etc.) regarding EU-building in its social dimensions that will be **produced in the EU intellectual space**, especially in the lead-up of key political or institutional events, such as elections, policy reviews, major legislative acts or reforms. Here the objective will be to highlight, in particular, the key axiologies which frame the various intellectual conceptions of the EU—in its nature and its future evolution.

3) Policy evaluation and recommendations

The institutional calendar of the 2010s includes a number of critical events and deadlines: the European Parliament elections of 2014 and the ensuing renewal of the Commission; the mid-term review of the Europe 2020 strategy and the ensuing programming of the post-2020s decennial cycle of reforms; the reform of the EU economic governance system and possibly negotiations on “Political Union” and a new round of Treaty revisions. Each step of this sequence offers choice opportunities to the relevant actors within the constraints of the extant “possibility constellations”. Building on a (hopefully) robust theoretical framework inspired by neo-Weberian institutionalism, the project will generate **broad evolutionary scenarios** and formulate event/deadline/problem specific **policy diagnoses and recommendations**, for building (paraphrasing, again, Weber) a *neugeordnetes Europa*.

METHODS, PHASES AND DELIVERABLES

The project will implement its three broad objectives through five different streams of activity (Table 1), building on a multi-institution, multi-team and multi-disciplinary network of researchers (Table 2).

Streams A and B. The first two streams will be **theory-building** and **theory-probing**. Here the first task will be a systematic conceptualisation of the intellectual and political spaces of the EU and a theoretical recasting of the EU-building process (in relation with the National Welfare State) in a **neo-Weberian perspective**. This exercise will require a number of empirical “probings” (short case studies) aimed at gathering factual knowledge on landmark events of EU-building related to space B, C and their impact on space A (Figure 1). Each probing will rest on qualitative methods and perform “historical causal analysis” by means of process tracing, using primary and secondary sources and conducting semi-structured interview with key informants.

Stream C (and part of D). The third stream of activity and (part of) the fourth will be **theory application** (C1), **empirical analysis** (C2) based on the theoretical framework, and **policy analysis/proposal** (D), with the setting up of an **observatory (Euvisions)** for systematic data collection on EU-building “in action”. Though organizationally distinct (cf. below), the two streams will be substantively interconnected. The first task will

be a joint effort of the two streams for the collection and analysis of empirical data documenting the clash syndrome and the above mentioned four lines of conflict: 1) economic vs social objectives at the EU level; 2) national social sovereignty/discretion vs EU law/conditionality; 3) intra-EU “system competition” between high-wage/high welfare Member States and low-wage/low welfare Member States East vs West); 4) the size and mechanisms of cross-national transfers between “rich” and “poor” countries (North vs South). Different types of data will be systematically collected:

- **Attitudinal data**, including a) a mass and an elite **survey on the four conflict lines**, b) data from the internet through social media analysis. The latter will use is new and unconventional methodologies for “mining” public opinion on diverse issues, exploiting the increasing availability and popularity of opinion-rich internet resources (sites, blogs, twitters etc.).
- **Behavioral data**. a) data on “voice manifestations” along the four lines of conflict; b) a number of speech acts of key European leaders, which will be scrutinized through critical discourse analysis and more traditional content analysis.
- **Institutional data**. Here the aim will be to monitor EU policy making by collecting relevant documents on the economic, social and governance dimensions of EU-building.

The distinctive aim of the empirical application stream will be to **systematically substantiate the theoretical framework** and “developmental model” elaborated by the theory-building and theory probing streams.

A number of substantive key themes will be investigated. Their selection reflects the wish to highlight the most relevant aspects of “deconciliation” and its temporal unfolding along the four conflict lines.

Different disciplinary perspectives (political science, law, economics, history and philosophy) will be mobilized to investigate elements and dynamics of the intellectual and political spheres which have played/are playing a key role in “deconciliation”.

More precisely, in the intellectual sphere, the following elements/dynamics will be investigated:

1. The rise of the austerity paradigm and its ordo-liberal roots;
2. The rise of a supra national “econocracy” and its implications for democracy and legitimacy;
3. The interplay between epistemic actors at the national and supranational levels in addressing the ideational tensions between economic integration and social solidarity.

In the political sphere, the focus will be on:

1. The strategies (explicit or implicit) of key supranational leaders for legitimating policy choices and efficiency/solidarity tradeoffs linked to integration and EU-building;
2. The strategies of key national leaders in reconciling social demands with economic imperatives under increasingly stringent electoral constraints;
3. The causes and consequences of the various “conditionality regimes” which has been put in place in the wake of the crisis;
4. The institutional and political tensions linked to free movement and access to welfare, with a special focus on the role of judicial arenas and actors in the balancing of such tensions

Each theme will be the object of a relative autonomous sub-project(s) resting on the overall REScEU framework, but formulating specific research questions and hypotheses and adopting different designs and methods. In other words, the sub-projects will “branch out” from the project’s “core” in order to cast light on issues/events/arenas which are critical for the clash syndrome and the four lines of conflict. The findings of the sub-projects will then be used by the PI for a conclusive re-statement of the project’s “core”, i.e. a developmental model of “deconciliation”, its causes and consequences in a neo-Weberian perspective. The overall structure of the project is presented in annex 1, will the sub-projects are listed in annex 2. The list also includes a number of case studies in which RescEu’ s questions and theoretical framework will be applied to more specific and circumscribed events/issues/developments, in order to get closer to the meso and micro levels.

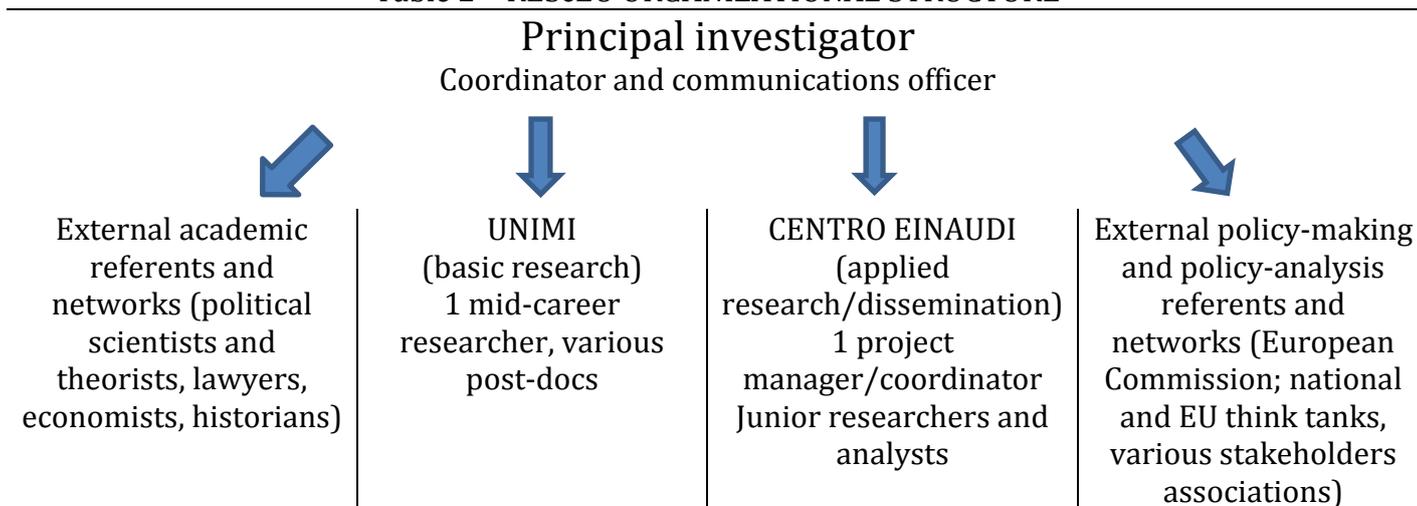
Stream D. The main goal of the fourth stream (the EUvisions observatory: cf. Annex 2) will be **policy documentation, assessment and proposals**, through the establishment of a fully-fledged mini-structure for monitoring EU-building. EUvisions will be an independent, small but active unit serving three functions: 1) systematizing the attitudinal, behavioral and institutional data collected in stream C (cf. above); 2) classifying and analyzing relevant documents on EU-building more generally, with a view to monitoring and assessing developments occurring in spaces D and E; 3) carrying out a second-order analysis of intellectual contents on EU-building produced by the prominent ideational actors at both the national and supranational levels.

Stream E. As to **dissemination**, this will be initially carried out through the website, the EUvisions newsletter and policy documents and, finally, the organization of public events. It is also envisaged to organize a high level/visibility initiative (a **“Social Governance Forum”**) at the end of the project, to present its more interesting policy-relevant results to an audience of experts, policy makers and stakeholders.

Table 1 - REScEU ACTIVITIES

Streams ►	A Theory-building	B Theory-probing	C1 Theory application	D Observatory / Policy analysis and proposals	D Dissemination
▼ Outputs			C2 empirical analysis		
			Empirical characterization of the “clash” through quantitative and qualitative indicators	Setting up of the EUvisions observatory	
	<ul style="list-style-type: none"> • Theoretical papers • Book 	<ul style="list-style-type: none"> • Pilot case studies • Working papers • Journal articles 	<ul style="list-style-type: none"> • Collection of attitudinal, behavioral and institutional data, survey and social media analysis • Journal articles • Individual books • Data archives 	<ul style="list-style-type: none"> • Website (REScEU, EUvisions) • Website, newsletter • Policy briefs/notes • Seminars/conferences • Social media • Forum on Social Governance 	

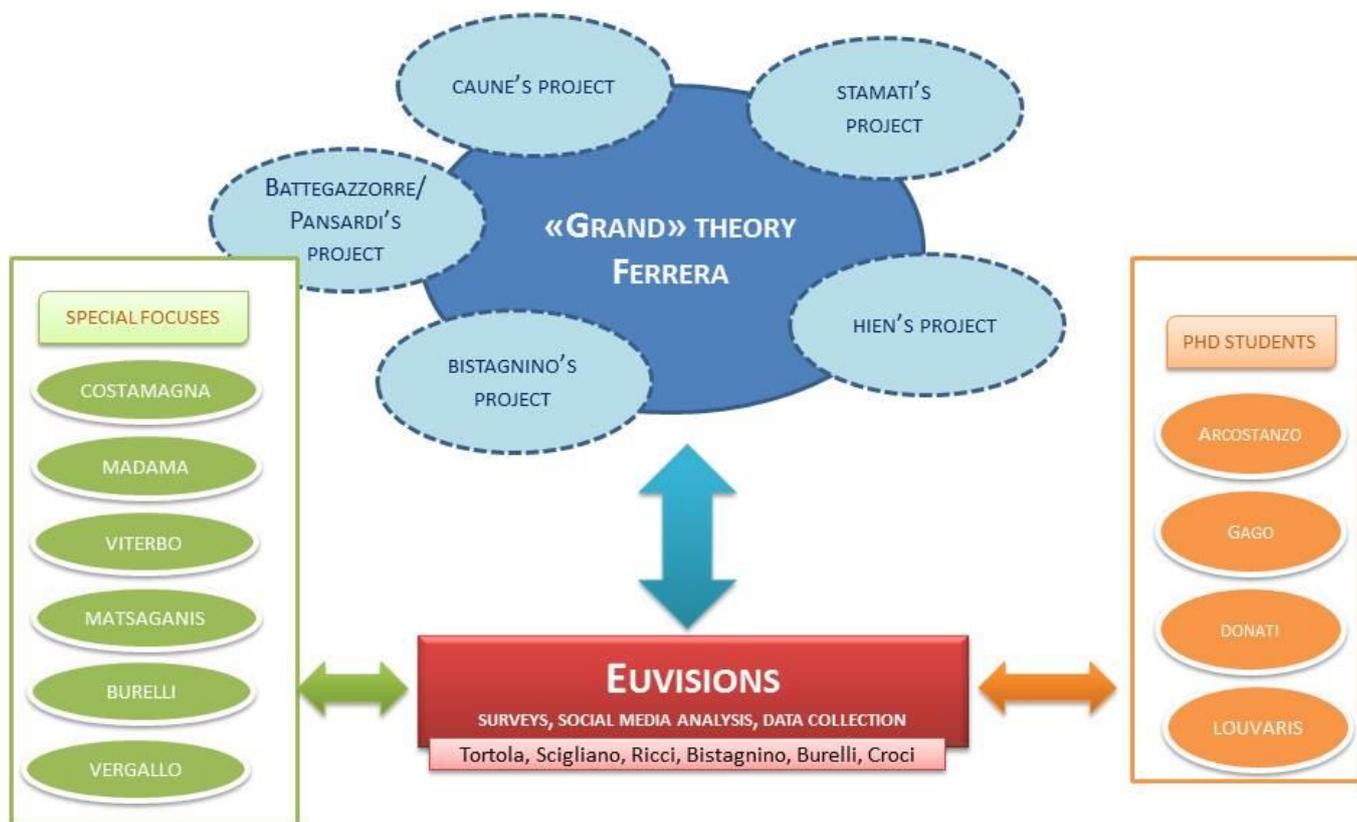
Table 2 – REScEU ORGANIZATIONAL STRUCTURE



The project builds on a **multi-institution, multi-team, and multi-disciplinary network of researchers** (Table 2). The Host Institution is the University of Milan (UNIMI), which serves as the central base for the overall steering of the project and for its “basic” research. For EUvisions (stream D), dissemination (E), and part of the empirical work (C), a Partner Institution is involved. The establishment of an independent unit for documentation and policy assessment as well as the dissemination activities of the project requires a flexible and reactive organizational context; specific, established competences in carrying out applied research and valorizing its results *vis-à-vis* a wide constituency of potential users and stakeholders; editorial and publishing experience; the ability to effectively relate with the press and other media etc. Given its credentials as a leading policy center in Italy, the Centro Einaudi is the ideal partner for undertaking streams C2, D and E of the project. **Various leading scholars from diverse disciplinary backgrounds, experts and stakeholders** are involved in the project, in all its duration.

Annex 1: project structure

RESCEU'S STRUCTURE AS OF JUNE 2015



Maurizio Ferrera - University of Milan

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Annex 2: List of REScEU's sub-projects and case studies

- 1) Of Saints and Sinners: the rise of Ordoliberalism and its effects on “deconciliation” (Josef Hien)
- 2) Democratic Statecraft and its Discontents: European Leadership and Reconciliation under Electoral and Economic Constraints (Furio Stamati)
- 3) The Conciliation between Economic and Social Europe in its Ideational Dynamics (Helene Caune)
- 4) Reconciling Responsiveness and Responsibility: Democracy, Welfare and Legitimacy in the European Union (Giulia Bistagnino)
- 5) The EU Claim for Legitimacy: Community, Values and Conflict in the Speeches of EU Political Leaders (Francesco Battegazzorre and Pamela Pansardi)
- 6) The Fund for European Aid to the Most Deprived (FEAMD): Contested, Contentious ...Yet Successful. A Case of Supranational Incrementalism at Work (Ilaria Madama)
- 7) The Sustainability of Member States' Public Finances as a Limit to the Application of EU Law (Francesco Costamagna)
- 8) The Implicit Conditionality of the European Central Bank During the Crisis (Anna Viterbo)
- 9) Austerity And Structural Reform In Portugal And Greece, 2010-2014: How Were Losses (And Gains) Shared Among Social Groups? (Manos Matsaganis)
- 10) Key Protagonists and Key Moments in the Formation of Social Europe: Evidence from the Historical Archives of the European Union (Luigi Vergallo)

The EUVISIONS observatory

Dissertation projects related to REScEU:

- 1) New Media and the European Identity: Echo Chambers or Public Sphere? (Francesca Arcostanzo)
- 2) The Politics of Pension Reforms During the Great Recession. Southern European Trade Unions Facing EU Conditions (Angie Gago)
- 3) Reconciliation, Solidarity and the Cohesion Funds (Niccolò Donati)
- 4) The European Semester and its influence on national social policies: the cases of France and Belgium (Christos Louvaris)