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Continuity and change in national parties' strategies of adaptation to European integration

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Abstract

How have national parties adapted their strategies of competition and behaviour to use, handle, and manage the European issue in domestic political competition? This article outlines the principal elements of continuity and change in the ways national party organisations have strategically adapted to the increasing significance of European integration in West European party systems over the last twenty years. It contests the arguments of a gradual europeanisation and rising progress of euroscepticism. It shows that the likelihood of politicisation over European matters occurring has been very dependent on the arena and the context considered. Few changes have occurred regarding the consensual and relatively positive treatment of the European Union (EU) in national newspapers, the very limited saliency of EU-related debates in national electoral campaigns and the tendency of mainstream parties to converge rather than diverge on the ways they frame the EU. Conflicts over EU matters are not typical, nor are they inherently on the increase: they remain the exception rather than the rule.

Introduction

How have national parties adapted their strategies of competition and behaviour to use, handle, and manage the European issue in domestic political competition? How have different parties within distinct political systems adapted their behaviour under the influence of European integration over time? In response to these research questions, this article provides a critical review of the existing studies and of their arguments in the contemporary political science literature. Building on a comprehensive review of the existing findings, it attempts to outline the key elements of continuity and change in the ways national party organisations have strategically adapted to the increasing significance of European integration in West European party systems over the last twenty years. This comparative and longitudinal outlook enables us to engage in a broader theoretical debate and it paves the way to future investigations.

The article is structured into three complementary sections that discuss the findings related to the three main dimensions of studies in the literature: while the first sec-

tion reflects upon the strategies of political communication of national parties over EU matters; the second reassesses the dilemmas they have faced in EU referendums, their main strategies for managing intra-party factionalism as well as their evolving behaviour in response to the consolidation of the European electoral arena. The final section introduces a broader normative debate on the effects of these strategies of politicisation and depoliticisation of EU matters, outlining the centrality of a twofold paradox of "distance" and "defiance".

The strategies of communication over Europe of domestic party organisations: The stability of the marginalisation and the nationalisation of the EU

The literature dealing with political communication on EU matters at the national level is dominated by what could be conceptualised as the "europeanisation argument", that is to say, the broad idea that the visibility of

European affairs has gradually increased over the last fifteen or twenty years, while EU-related issues would have witnessed more and more convergent frames across distinct EU member states through transnationalisation trends. It is spoken here of a “europeanisation argument” because it introduces the notions of gradual and convergent processes that would have increasingly fostered the representation of European actors (vertical europeanisation), and of other actors from distinct EU member states (horizontal europeanisation) in domestic political debates. European actors or members of EU institutions would tend to increasingly participate in EU-related debates at the national level. It is said that these debates would witness increasingly similar frames of reference and a growing interconnectedness across EU countries. However, although the visibility of European affairs has, at times, increased at the national level - under certain political conjunctures which have fostered more intense debates - generally, EU matters have nevertheless remained relatively marginal in domestic politics. While this article would agree that convergent frames have sometimes emerged, in contrast, under routine circumstances as well as in general election campaigns, it is the stability of distinct “nationally-grounded” ways of framing the EU that has prevailed, while transnationalisation trends have remained marginal.

The stable marginalisation and low visibility of European affairs

The idea that the visibility of EU affairs has increased over time in domestic politics over the past twenty years is commonplace in the literature (Van de Steeg 2002: 499-519; Koopmans 2007: 183-210). From an empirical point of view, it has led several authors to take for granted the existence of a European public sphere, or to “look for” evidence that confirms its gradual emergence. For example, on the basis of the development of the symbols of the EU, such as the Euro, and the general positive support for EU membership by the populations of the distinct EU member states, Michael Bruter argues that a “mass European identity” would progressively have emerged (Bruter 2005: 2). However, a clear normative bias has prevailed. First, as a consequence of the fact that the theoretical and conceptual reflections have generally dominated the empirical investigations. Second, most political scientists have also preferred a “top-down” vision of what a European public sphere

would entail, rather than developing a bottom-up approach. Such alternative perspective would have started with empirical and inductive observations, to later argue, on the basis of concrete evidence, whether a process of “europeanisation” of domestic public spheres could in fact be observed. As Sophie Duchesne has rightly argued: “can we consider that an ‘imaginary European’ exists nowadays: controversial, variable from one country to another, and sufficiently constructed and present to exercise an influence upon the ways Europeans negotiate and act in relation to one another, and in relation to the rest of the world? It demands to be demonstrated” (Duchesne 2010: 7-16). The idea of a “gradual europeanisation of public spheres” is in fact contradicted by the lack of longitudinal perspectives, that are, undoubtedly, crucial to assess whether something has changed or not. These limits have been attested compellingly by Risse, who strongly defends this “europeanisation” thesis, even though he recognises that “the picture for the pre-1995 period remains unclear” (Risse 2010: 127-128).

This lack of a longitudinal perspective also appeared in the study of Hans-Jörg Trenz who argued, on the basis of the study of eleven daily newspapers from six EU member states, that one third of all political news contained references to EU issues (Trenz 2004: 291-319). However, as he focused only on one single year (in 2000), his findings might only represent a specific conjuncture. Elsewhere, he recognised the dilemma between of a “normative overstretch” on the one hand, and “empirical disenchantment” on the other hand (Trenz 2008). The conclusion that EU actors themselves are more visible when the specific issue of EU integration is framed, or that the more competences the EU presents in a given issue arena, the more EU actors are referred to in the media, is not especially unsurprising. (Koopmans 2007: 183-210). A longitudinal perspective is not only necessary, but the increasing visibility (or not) of EU affairs also needs to be considered on the basis of the degree to which national actors themselves, and not only European actors, have framed (or not) the EU to a greater extent. Wessler and his coauthors found that the articles mentioning EU actors have steadily increased between 1982 and 2003, but they also pointed out that these have remained relatively marginal by comparison to national institutions and actors (Wessler et al. 2008: 41).

Yet, if a common pattern can be delineated regarding the nature of EU-related debates at the national level, it can be argued that it is the continuously lim-

ited visibility of EU institutions and actors that needs to be emphasised. National party organisations have not framed EU issues to a greater extent in domestic electoral campaigns over the last fifteen years. The extent to which EU-related issues might potentially constitute a matter of partisan debates in domestic campaigns in fact remains strongly influenced by contextual factors, and especially by their temporal proximity to EU “grand bargains” and Treaty negotiations. Indeed, it can be said that the closer domestic elections occur to EU Treaty ratifications and the more polarised mainstream parties are on EU matters, the more EU-related debates are likely to be salient in national electoral campaigns.

In some ways, there is nothing new in the fact that general elections are still, first and foremost, about national politics and that the saliency of EU issues in domestic campaigns remains very limited. However, the fact that we cannot say, on the basis of concrete empirical evidence, that nowadays there are more debates about Europe in national electoral campaigns than there were in the early 1990s, is far more surprising and presents important theoretical implications. Indeed, it is a clear indication that national elites have not contributed to foster a “cognitive” turn that might have attenuated the real and the imaginary boundaries that continue to seclude domestic political spaces and national citizens from the EU system of governance. Conversely, it would appear that whilst the “institutions” of the EU have evolved, the main domestic “interests” and nationally-oriented “ideas” of domestic elites have remained relatively unchanged, so that they have, arguably, become “trapped by their ideas” about Europe (Hassenteufel and Surel 2001: 8-24; Schmidt 2007a: 992-1009).

In fact, several other studies also question the thesis of a gradual europeanisation of domestic partisan debates. A recent study using time series data analysis from 1951 to 1995 has shown that EU issues mattered very little in German quality newspapers (Van de Steeg 2005: 145-146). If the coverage of the EU has remained fairly limited in a traditionally pro-EU country, the potential for an increasing visibility of the EU in other countries seems even more remote. Another investigation of the coverage of five EC/EU summits between 1969 and 1991 in German, French and British newspapers has suggested the importance of “fall and rise”, that is, significant fluctuations in the treatment of the EU: for example, while the 1991 Maastricht summit received much attention, other posterior ratifications such as the debates about the Treaty of Amsterdam obtained no such visibility (Meyer 2008: 327-340). Meyer suggests that even though EC/

EU summits are the “masterpieces” of EU politics and foster an increased public visibility of the EU, the “European actuality” still remains marginal in terms of the news overall. Another study has also demonstrated that “European affairs are not covered routinely”, but tend to be given a “fragmented treatment linked with the important events of the European institutional actuality” (Le Torrec and Garcia 2003: 122). Overall, while scholars disagree about whether the visibility of the EU and European affairs has increased over time, they nevertheless converge, explicitly or implicitly, on the idea that domestic actors and nationally-oriented claims still dominate importantly. Independently of the normative debate related with the actual existence (or not) of a European public sphere, most authors do agree that ‘Europe’ and ‘European integration’ generally remain secondary issues for domestic political parties as compared with national matters.

Risse (2010: 118) rightly asserts that “the more European and EU issues are reported by comparison to national or local issues, the more we could claim a europeanisation of public spheres”. However, it is rather the continuous marginalisation of EU institutions and actors that has prevailed in domestic politics. The treatment of EU affairs continues to fluctuate between visible conjunctures surrounding the EU’s ‘great bargains’ and a relative invisibility under routine periods. Top-down vertical claims, characterised by demands from supranational actors on domestic actors and institutions, have remained relatively marginal over the last fifteen years in domestic political spaces. The public communication of EU institutions and actors has continuously been poorly presented in domestic public spheres, demonstrating little change in that respect, so that it has remained a “surrealist communication” characterised by structural weaknesses and limits (Dacheux 1994: 159-166).

It is nonetheless true that national parties have adapted in a certain way to the development of EU integration, to the extent that they have directed a greater proportion of their claims towards (and generally against) the EU level, and slightly incorporated the “European dimension” into their national political discourses. These trends are interesting in themselves given that they show that parties have not been immune to the process of EU integration. Yet, if the level of analysis is displaced to consider the broader effects of these dynamics of adaptation to the more general ways through which parties compete, it can be said that apart from during specific and temporarily limited conjunctures, EU issues have continuously remained marginalised. Parties have not

remained completely “frozen” in their response to the development of EU integration, yet it cannot be stated that important changes have occurred. Rather, party organisations have developed strategies of “conservative modernisation”, understood as limited adaptations and strategic uses of Europe, that have nonetheless led them to maintain their broad traditional patterns of behaviour (Badie 1992: 48-57; Jacquot and Woll 2004). Therefore, it seems clear that contrary to the important speculations that dominate the literature, nothing can tell us that a greater “europeanisation” of domestic politics has occurred - or necessarily will occur in the future. In fact this prospect seems even more unlikely given the limits of most of the investigations in this field of research, which mainly consider national debates over Europe through the lens of domestic newspapers (Erbe 2005: 75-92; Adam 2007: 409-433). Indeed, it is well-known that, in practice, most people receive their news about the EU from television and tabloids, rather than from radios and quality newspapers (Blumler 1983). De Vreese et al. have, for instance, emphasised that the television coverage of the EU in the weeks prior to the 1999 and to the 2004 EU elections, was very marginal in all EU member states (De Vreese et al. 2006: 477-504). Pfetsch et al. have shown that the tabloids in Germany, Spain and the Netherlands generally comment on the EU even less than quality newspapers, while Peter and De Vreese have concluded that the EU remains almost entirely absent from television coverage, stating that “television has not left the nation-state” (Pfetsch 2008: 474; Peter and De Vreese 2004: 18). Hence, by focusing on quality newspapers rather than on tabloids, TV or radios coverage, most investigations tend to exaggerate the degree to which national public spheres might be europeanised (De Vreese and Boomgarden 2003: 361-381).

This implies that the very limited, temporally confined and spatially secluded europeanisation of national political debates that can be observed under routine periods in domestic newspapers and electoral campaigns would be even more limited in practice. Even in quality newspapers, which are arguably read by a limited and rather “elitist” public, the absence of europeanised debates generally predominates. Risse himself recognises that “if EU affairs are not reported at all, we do not need to worry about a European public sphere any further” (Risse 2010: 116). Agreeing that a European public sphere could theoretically emerge “through the process by which people debate controversial issues in public”, this study nevertheless questions whether this process

has taken place up in the EU to date (Risse 2010: 111). The visibility of EU institutions and actors, as well as the general treatment of European affairs is still relatively marginal in domestic public spheres, apart from during specific and limited conjunctures. If one considers the evolutions at stake from a broad longitudinal perspective, it appears that it is the nationalisation of the EU and the bottom-up transposition of the nationally-based visions of domestic actors towards Europe that have prevailed, and that continue to do so.

1.2. *The myth of transnational European debates*

The idea that the discussion of EU-related issues would have been characterised by increasingly convergent frames and transnational exchanges across EU member states is also widespread among those who claim an emerging “European identity” (Robyn 2005; Checkel 2009: 1-25). Fossum and Schlesinger speak, for instance, of a European-wide “communicative space in the making” (Fossum and Schlesinger 2007: 12). Ulrike Liebert also argues that “transnational communication has given foreign actors a direct voice and has led them to incorporate foreign arguments, positive as well as negative, into national public discourses” (Liebert 2007: 254). On the basis of the study of four EU-wide controversies (the Haider debate, the ratification of the EU Constitution, the debates over enlargement and on EU foreign and security policies), Risse argues that shared frames of reference appeared across the distinct EU member states. He concludes that “a community of communication in the making” can be observed through the growing interconnectedness between EU-related debates in distinct countries (Risse 2010: 139-157). Barbara Berkel also argued that a tendency that could be characterised by a greater “parallelism” emerged in the news and commentary on the Haider conflict in Austrian, British, German and French newspapers (Berkel 2006: 85-104). However, to paraphrase Andy Smith, it seems that many scholars have developed an “aerial view” of what a public sphere is, leading them to mix the potential emergence of a European public sphere (that exists) with its actual existence (that does not yet exist) (Smith 1999: 169-180). Hence, while this study does not deny that transnational political debates on EU matters have sometimes occurred, it argues that they have remained sporadic and fairly limited to specific conjunctures and controversies. Risse suggests that the extent of transna-

tional patterns of communication is attested by the degree to which “national media observe political debates and conflicts in fellow European countries” (Risse 2010: 118). Overall, there is nevertheless little evidence of this type of “horizontal europeanisation” linked with transnational references to other EU member states. In other words, it seems reductive to focus on limited conjunctures only to later argue that transnational exchanges over EU matters have progressed. Instead, if one takes a broader longitudinal outlook, it appears that transnational communication over EU matters constitutes a convenient myth that, nonetheless, remains marginal and sporadic. Several recent investigations have questioned the reality of transnational patterns of communication over European issues, as well as the idea of a “gradual” emergence of transnational communicative exchanges (Baisnée 2007: 493-303; Mesnil 2000: 58-75). It could even be said that this premise reproduces the same dilemma that characterises the neo-functional theory, as it suggests the existence of a process that would progress inherently (Haas 1958).

Other authors have shown that, to date, it is difficult to speak of a greater “transnationalisation” of the debates over Europe across EU member states. Focusing on Austrian, Danish, French, German and British newspapers, Wessler and his coauthors find, for instance, that “Europe” became the object of identification in only 5 percent of the articles they studied, concluding that a “distinctly European discourse involving speakers from EU institutions and from other European countries only take place in the small number of articles which actually focus on EU policymaking” (Wessler et al. 2008: 46-51). While he recognises that “the transnationalisation of discourses and its interdiscursivity” are mostly confined to EU actors and national governments, Risse nevertheless concludes that a “transnational and European-wide” public sphere would be in the making (Risse 2010: 170). However, in my view, the fact that the degree of “horizontal” patterns of communication across EU member states has remained marginal and limited to specific conjunctures constitutes clear evidence of a lack of europeanisation and transnationalisation.

1.3. The continuous nationalisation of European affairs

A third point that importantly contradicts the idea of a “gradual europeanisation” of domestic political debates is the centrality of the nationalisation of EU affairs. In-

deed, it can be said that the debates over European integration have remained significantly nationalised in Western Europe, a pattern that has not really changed over the last twenty years. Another investigation has in fact concluded that two thirds of all actors mentioned in EU-related claims in British newspapers were national, and that only 15 percent were European (Statham and Geddes 2006: 248-269). It shows the continuous importance of nationalised debates, and of the transposition at the EU level of context-specific and nationally-based visions of the EU (Diez Medrano 2003). The EU continues to be introduced into national political debates as an addressee of proposals and critiques, rather than EU actors themselves playing an “active” role by making demands. Domestic elites are also more commonly inclined to frame “Europe” depending on their national views and projects on the EU, or to use the EU level as a “blame-shifting” reference point, rather than to present and explain EU-related developments to their domestic publics (Schmidt 2007b: 270).

Indeed, studying the media reporting on Eastern enlargement in five European countries during the 1990s, Van de Steeg illustrates that references to a national “we” as the predominant focus for investigations have been used more frequently than references to a European “we” (Van de Steeg 2005: 125-129). On the basis of the analysis of editorials in German, Spanish and British newspapers between 1946 and 1997, Diez Medrano illustrated that the German and Spanish treatment of the EU was more positive than in Great-Britain, while these patterns have been rather stable over time, and have not been affected by the evolutions of the relationships that the respective countries have had with the EU (Diez Medrano 2003: 116-153). Oberhuber and his coauthors have only found convergent frames on constitutional issues, leading them to conclude that “within each country a different EU seems to be represented and different issues are debated” (Oberhuber et al. 2005: 263). That is why, contrary to Risse who argued that shared “liberal” and “nationalist” frames of reference over Europe can be distinguished across countries, this study argues that national differences still predominantly matter in the ways parties apprehend EU integration.

Indeed, even though this study agrees that broad similar “master frames” can sometimes be delineated across countries, as Isabelle Guinaudeau and Simon Persico have demonstrated for party programmes, it nonetheless argues that these frames are not always salient in the same ways, while, in addition, they do not follow the

same hierarchies across countries, which consequently leads them to work in quite different ways (Guinaudeau and Persico 2011: 82-105). Thus, from the viewpoint of the themes and general judgments associated with EU integration, differences across countries arguably still prevail over similarities. Even though this article agrees that distinct “liberal” and “nationalist” visions of the EU can be delineated in each EU member states, what they imply strongly differs depending on the context considered, so that it seems misleading to argue on that basis that we would witness a greater convergence of europeanised frames. The idea of a “liberal” Europe is, for example, associated with completely different notions in Great-Britain and France: in the former, it implies a “modernisation” of the EU over an unnecessary political union, and it is positively related with a common market favoured by sovereign states; by contrast, in the latter it is negatively perceived as “putting to death” the EU, as a triumph of deregulation and economics over integration and politics. Even though the theme is similar, it is framed in completely different ways on each side of the Channel, so that the convergence around thematic issues should not so easily taken for granted. On that point, it has been recently demonstrated that the question of Turkish membership to the EU has been framed by domestic party actors in French, Belgian, and British newspapers between 2004 and 2006 on the basis of three dominant “master frames”: enlargement, cultural identity and the Islamic religion. Yet, what is interesting here for our argument on the continuous nationalisation of EU affairs, is that while these three themes always dominate the treatment of Turkish membership in the three different countries, they are nevertheless associated with completely distinct types of arguments (Petithomme 2010: 60-70). Indeed, the enlargement of the EU is positively perceived by the British press so that the admission of Turkey, a “periphery at the image of Great-Britain”, is globally conceived as a factor of modernisation of the image of the EU, while it would help to contradict the representation of a “Christian Europe” and the picture of a “clash of civilisations” with the rest of the world (Petithomme 2010: 78). In France, the enlargement to include Turkey is strongly criticised as a symbol of the “dilution of the political character of the EU”, so that political actors are generally opposed to this “in principle”. In Belgium, the dominant frames are more moderately opposed to Turkish membership, to the extent that they remain conditional on the deepening of the political character of the EU: an enlargement to Turkey could potentially be accepted, but only if the

EU would first and foremost progress more decisively towards a federal political union (Petithomme 2010: 71-77).

The same could be said about the themes of cultural identity and Islamic religion that dominate the framing of Turkish membership, but operates in different directions in the three countries: such themes are associated with a type of “defiance” against Turkey in France, with “suspicion” and conditional arguments in Belgium, and with “hope” for better inter-cultural relationships in the British press. The way Turkish membership to the EU is framed is also dependent upon internal controversies in France, on the broader debates on the “political” project of the EU in Belgium, and on the general relationships that the country has with the EU in Great-Britain (Petithomme 2010: 105-106). Clarifying these elements helps to illustrate the idea that even though similar “master frames” over Europe can sometimes be found across distinct EU member-states, they only emerge sporadically during controversial EU-related debates, whereas overall, the ways party actors apprehend the EU remain very dependent on the national variable. That is why, on the basis of a broad longitudinal outlook, the idea that “national differences in the use of frames recede into the background” can be questioned: thus, rather than a gradual “europeanisation” and “transnationalisation” of domestic public spheres, what seems to prevail is the continuous importance of “nationally-based European views” (Risse 2010: 119).

Conflict and polarisation over European matters: The prevalence of convergence and depoliticisation

Another major argument in the literature could be conceptualised as the “rising euroscepticism” thesis, that is to say, the idea that conflict and polarisation over EU matters would have progressed over the last twenty years. We would witness the end of the “permissive consensus” that led political elites to be “able to pursue their own policy interests because of public disinterest” (Carubba 2001: 141-158). Conflict over EU matters would increasingly follow Kantner’s issue cycles criteria, in the sense that “the same issues are discussed at the same time using the same criteria of relevance” (Kantner 2006: 501-523). “Debating Europe” would increasingly tackle the EU’s democratic deficit, as a first step

to democratising the EU (Trenz and Eder 2004: 5-25). While this study agrees that conflict and polarisation over EU matters have sometimes occurred, it argues that they have remained sporadic and contextual rather than inherently increasing. Radical parties have periodically managed to politicise Europe in certain political arenas, but they have failed to foster spill-over effects to restructure the broader patterns of political exchange. At times "Euroscepticism" has upsurged, but it has been actively contained by mainstream parties through the recurrent reaffirmation of consensual stances towards the EU. Three elements are thus considered: the prevalence of consensual elite discourses over Europe, the ways parties have "compartmentalised" intra-party divisions over Europe, and the twofold behaviour of mainstream and peripheral opposition parties.

2.1. *The prevalence of consensual elite discourses over Europe*

To begin with, it has been said that conflict and polarisation over EU matters have progressed over the last fifteen years, given that the same European themes would have become increasingly controversial and debated at the same time across the distinct domestic public spheres of EU member states. Van de Steeg argued for instance that an almost identical issue cycle occurred across Europe during the Haider debate (Van de Steeg 2006: 609-634). Investigating the treatment of the discussions on the "Future of Europe" in six EU countries, Trenz concluded that the controversies followed similar highs and lows (Trenz 2007: 93-95). In a comparative study of the debates on EU enlargement and on the EU constitutional project in the German and French quality press, Adam nonetheless showed that only the treatment of constitutional issues witnessed similar cycles between 2000 and 2002 (Adam 2008: 101-102). In fact, the same European themes only seem to be debated at the same time when they relate to constitutional issues or to the "great debates" of EU politics, so that over the long term, it is the fluctuating visibility of European politics - mirrored by the "highs" and "lows" of the European political agenda that has arguably prevailed (Hubé 2003: 69-87).

Indeed, evidences exist showing that conflicts over EU matters have sometimes occurred: for example, the referendums on the Maastricht Treaty and on the ratification of the ECT have been particularly conflicting in France, as well as the referendums on the first Nice Tre-

ty and the Lisbon Treaty in Ireland. On the basis of the case of Great-Britain - where few debates take place on European integration as Euroscepticism is shared across the party system - it could be said that the more or less important saliency of EU matters in domestic elections might be related more to the degree of polarisation between mainstream parties on the EU dimension, than to the dominance of negative frames towards the EU. In fact, it can be argued that the mobilisation of the "European dimension" by radical parties will have no effect on a broader restructuration of political cleavages as long as it does not divide mainstream parties (within or between them). One crucial condition is that mainstream parties need to be sufficiently divided and polarised on European integration, otherwise it would remain a "valence" and consensual issue that would not affect political competition (Budge et al. 2001: 1945-1998).

However, it has also been demonstrated in the literature that state actors and especially executive actors belonging to the incumbent party, have generally been better represented in national debates over EU issues, while MPs, extra-parliamentary actors and other civil society actors have remained rather secondary and poorly represented in domestic debates over Europe. Under routine periods, mainstream party families have also been generally more successful in assuring visibility for their claims over Europe, while peripheral parties, whether from the extreme-right or the extreme-left, have faced more significant difficulties in obtaining a greater visibility for their claims over Europe. Given that mainstream parties (with the exception of the British Conservatives) generally frame Europe in consensual and pro-European ways, pro-EU and office-seeking parties are consequently much more represented in EU-related debates than peripheral parties under routine periods. These elements reinforce the idea that EU integration remains an elite-dominated field, while asymmetries of powers, both between state and civil society actors on the one hand, and mainstream and peripheral parties on the other hand, still remain determinant. "European" debates at the national level are typically dominated by the arguments of one or two individuals from domestic executives and mainstream opposition leaders. In fact, it could even be said that they rarely take the form of "debates" understood as organised controversies, and inversely, that they frequently remain limited to consensual, "technical" and disincarnated statements.

That is why, contrary to the thesis of a "rising euroscepticism", it can be argued that, if one takes a longitudinal viewpoint, conflicts over EU matters rarely arise in prac-

tice: indeed, the general structure of political exchanges over EU matters under routine periods has generally been dominated by consensually positive claims over Europe in Western European party systems. Beyond routine periods, the same kind of pattern can arguably be delineated during national elections. The national variable has importantly contributed and continues to play a central role in differentiating the general tones of the debates on EU matters across countries. Domestic campaigns have not witnessed a shift towards more critiques on Europe over the last fifteen years, but have rather been characterised by an interesting stability in the types of tones associated with the EU depending on the country considered.

Therefore, in the light of these elements this article argues that EU integration constitutes a field where the consensus between mainstream party elites has remained particularly important, fostering a process that has effectively “encapsulated” the potential contestation of EU matters. Arnaud Mercier defined a public sphere as a “symbolic space where the discourses are exchanged, most of them contradictory, of the distinct social, religious, cultural, and political actors that compose a society” (Mercier 2003: 10). What is interesting here is that the application of the notion of a public sphere itself to the EU remains relatively questionable, to the extent that under routine periods, “Europe” is still almost exclusively framed by a very limited set of political actors, especially by the incumbent elites of the executive, which themselves generally share consensual and rather positive views over the EU. Thus, the politicisation of European matters has remained sporadic and temporarily limited to specific conjunctures more than inherently rising over time, while it has also been actively confined to certain electoral channels, especially through the use of EU referendums.

Internal conflicts within parties: encapsulating the politicisation of EU matters

The thesis of a “rising euroscepticism” may also be challenged from the viewpoint of the economy of intra-party relationships. Indeed, in the specific contexts of EU referendums and their aftermaths, the “European dimension” has sometimes contributed to question the lines over EU integration of certain types of parties through their greater likelihood of facing factionalism and dissent. Under certain circumstances, EU referen-

dums have contributed to bring about broader debates on EU integration within domestic parties. Here, two main elements need to be addressed. On the one hand, several studies have suggested that EU-related issues generally constitute an engine of dislocation of the militant link, in the sense that party leaderships tend to search the “blind conformity” of their rank-and-file members with the official line of their party on the EU. The elitist impositions of the lines of the parties on the EU arguably reinforce the already existing principle of delegation and the primacy of the injunctions towards consensus on EU matters that indirectly foster the “self-exclusion” of the party members that hold alternative ideas on the EU. On the other hand, while this factor of intra-party frustration can pave the way for an internal politicisation of EU matters, party leaderships have nevertheless developed active strategies to compartmentalise the emergence of such cleavages over Europe within their organisations.

Intra-party relationships and the continuation of the “permissive consensus”

From the viewpoint of the economy of intra-party relationships, it can be argued that rather than leading to an increasing politicisation, under routine periods, European integration has, conversely, frequently led to the maintenance of a type of “permissive consensus” between party elites on the one hand, that have actively controlled the definition of the stances of their organisations over Europe, and the rest of party members on the other hand (Lindberg and Scheingold 1963). More than the rise of an increasing contestation of the EU within domestic party organisations, this study argues that, overall, it is the “confinement” of EU-related debates to party elites that has prevailed. Debates over European matters have only rarely emerged, and when they have, only to a fairly limited extent, yet even in these cases, the legitimacy of party militants and of secondary party figures to defend their alternative views on the EU has been frequently questioned by the elites, illustrating clear distinctions between the preferences of the party leaderships and rank-and-file members. Indeed, it could be said that the “permissive consensus” is far from obsolete from the perspective of intra-party dynamics: for instance, the leaderships of several main-

stream opposition parties which have been significantly divided over European matters, have actively reinforced their autonomies by defining the lines of their parties over Europe in the aftermath of EU referendums. The convocation of internal debates or referendums on European matters, as well as the broad usages of “deliberative democracy”, while fostering internal deliberations, have nonetheless often been conceived by the elites as procedures of ratification of their own views through a careful planning of the contest agenda (Le Goff and Girard 2011). These procedures have often remained very instrumental for reinforcing the legitimacy of the party direction, or to solve a situation of internal crisis, rather than being used exclusively to decide (democratically) the party’s line on the EU. This kind of persistent “permissive consensus” and self-exclusion of party militants from potential discussions on EU matters can be explained by three factors related to the relative indifference of militants, as well as to the autonomy and pragmatism of party elites.

The first element – illustrating that under routine periods the indifference of militants has arguably prevailed over a manifest euroscepticism – is constituted, in analogy with ordinary citizens, by a twofold sense of “distance and complexity” that has dominated their relatively “impossible appropriation” of the EU (Duchesne and Van Ingelgom 2008: 143-164; Roger 2007: 37-53). Indeed, the perception of the technical nature of European issues and the weak publicity around EU regulations has arguably reinforced a process of self-exclusion of party militants from the potential discussions on EU issues, as a result of a perceived lack of competence. In a certain way, the objective and subjective distance from the European centres of power, perpetuates the reproduction of a certain indifference and “militant passivity” under routine periods, that tend to contradict the idea that EU issues have increasingly become matters of contention within party organisations: most of the time, party elites have (in practice) obtained a legitimacy, by default, in the choice of the European line of their parties through a persistent “permissive consensus”. Consequently, the autonomy that is granted to party elites in the definition of the European lines of their parties frequently constitutes a privileged way for party militants to “reduce the complexity” associated with the European integration process by trusting their directions with these issues, which then obtain an “autonomy by default” (Caprara 2007: 151-164).

The second element is the general interest of party elites in maintaining within the leaderships the discus-

sion and the definition of the lines over Europe of their respective organisations, in order to preserve their autonomies, to maintain the centrality of the principle of delegation and their important margins of manoeuvre in European decision-making processes. This has also been interestingly considered by Guillaume Duseigneur who illustrated, in a study of the internal deliberations over Europe of Swedish parties, that EU issues are not generally evoked during party congresses because party elites consider that those conjunctures have to constitute “moments of internal communion” and of ratification of the overall orientations of the party, rather than to provide conjunctures that would foster internal debates on issues that are judged to be “too technical” (Duseigneur 2011: 10). In practice, EU integration continues to be treated as an “external” issue and a matter of international relations, so that only a limited group of a “happy few” maintains its monopoly on how Europe should be perceived and framed (Duseigneur 2011: 10). This example clearly highlights how the leadership has sequenced its discourse to preserve its autonomy and to reaffirm its pro-EU line. It can finally be said that this type of “stratarchy” applies both to the relationships that party leaderships entertain with their rank-and-file members, and to the links between the actors involved in decision-making processes at the EU level, and the other domestic parties and party actors whose activities remain confined at the domestic level. Robert Ladrech has emphasised this process of reinforcement of the autonomy of domestic elites, especially for the parties that are implicated in government (Ladrech 2007: 216-218). This autonomy of the executive elites involved in EU decision-making processes is also indirectly reinforced by the relative “illegibility” of MEPs within their national political spaces, and by the weakness of domestic parliamentary controls over European matters (Costa 2009: 129-155; Grossman and Sauger 2007: 1117-1134).

Thirdly, contradicting the idea of a growing contestation of EU matters within parties, the willingness of party elites to compartmentalise the potential debates over Europe has appeared quite clearly through the importance of pragmatism in their behaviour. While this principle is broadly applicable to conventional political life, it can be said that it has particularly applied to the definition of the European lines of mainstream parties, in the sense that their stances have frequently remained intentionally and strategically vague to let party leaderships preserve important margins of autonomy. That is why most of the time, internal cohesion and consensus

are taken for granted by party leaderships and presented as symbols of “coherence” against other formations, even though in practice, it is generally the absence of debates that prevails. The argument of partisan consensus over EU matters is even further propagated, to the extent that it enables parties to present the politicisation of European issues as “irresponsible”. The fact that pro-Europeanism is often taken for granted by party leaderships illustrates well the persistence of a type of “permissive consensus” within parties. Therefore, it could be said that pragmatism and even a “mercenary approach towards integration”, as Holmes suggested, still constitute principles that guide the ways party elites apprehend EU issues (Holmes 2005: 12).

Party leaderships and the “compartmentalisation” of EU issues

On the other hand, contradicting the idea of a potential progression of internal conflicts over EU matters, party leaderships have arguably developed active strategies of temporal and spatial “compartmentalisation” of EU issues, to avoid or to try to confine the emergence of internal divisions on European matters. While enabling the parties to maintain their cohesion, such strategies have nonetheless directly contributed to the depoliticisation of EU-related debates within party organisations. Temporal compartmentalisation can be first observed through the choice by the leadership of the “European moments” within parties, understood as specific conjunctures when internal debates over Europe have been favoured to better contain their potential emergence in other more sensitive political conjunctures. It is clear that during conventional and routine political periods, European issues are in fact rarely debated within parties. Moreover, the precautionary choice of the electoral calendar by party leaders aims to keep EU issues “under quarantine” (Duseigneur 2005: 74-91).

The temporal compartmentalisation of EU issues also expresses itself through the sequencing of the discourse of mainstream parties on EU integration, notably through legitimising “euro-critique” voices during certain political conjunctures, while later on reaffirming the pro-EU consensus, which enables them to optimise the pursuit of contradictory political objectives. These strategies of sequencing of their discourses over Europe do not apply to radical parties given that they present a coherent oppositional stance: their attitudes of opposition towards the government generally con-

verge with their critiques of the modalities of EU integration. In practice, the strategies of temporal compartmentalisation privileged by the elites take the form of a recurrent motto: “let’s discuss this later” (Aylott 2002: 441-461). Thus, government parties have importantly sequenced their discourses on European integration over time, alternating between critical postures on the one hand, and the reaffirmation of the pro-European consensus on the other hand, depending on the precise “sequences” of the political debate considered.

Furthermore, the “compartmentalisation” of EU issues is also expressed through the intermediary of spatial logics, the more classical application of which remains the tendency to substitute, as far as possible, political competition on EU issues with national and even local questions. This “nationalisation” of the focus of political competition has been recurrently observed by several scholars (Hayward and Fallon 2011: 159-173). Pro-EU opposition parties have also often downplayed their engagements with EU referendum campaigns, choosing strategies of “silent mobilisation” and leaving the initiative to the government. Moreover, “permanent” campaigns focused on national issues have also constituted a powerful engine for the spatial compartmentalisation of EU issues, because the debates that are potentially associated with “Europe” in the context of EU elections and referendums are constantly pushed towards “other arenas” of political competition and “other moments” of political debates.

Overall, mainstream party leaderships have used relatively similar organisational, intra-personal, ideological, and competitive strategies to limit the potential spill-over effects that the nascent intra-party debates over Europe could have engendered on their organisations. During referendum campaigns, these parties have tried to confine the debates to the direction, while recognising the rights of dissidents to exercise distinct “voices” in parallel with a demand of “loyalty” in order to confine them to a type of “cooperative factionalism” (Boucek 2009: 455-485). Nevertheless, the moral condemnation of dissidents has not generally engendered practical sanctions, given that party leaderships have preferred to present these divergences as symbols of “pluralism”. While the leaders of pro-European opposition parties necessarily have to compromise personally with the defense of the “Yes”, under certain circumstances they have also granted freedom of vote to the members and to the sympathisers of their parties. Finally, tendencies towards procrastination and towards the report of ideological debates on European matters have also been recurrent.

The twofold behaviour of opposition parties over Europe and the temporary displacement of traditional cleavages

In addition to the prevalence of consensual elite discourses over Europe and to the containment of internal conflicts within parties, another element that has clearly appeared in the literature is related with the twofold behaviour of opposition parties over the EU. Such issue is crucial as it enables us to explain why convergence and depoliticisation over EU integration have generally prevailed over conflict and polarisation. The twofold behaviour of opposition parties over the EU enables us to consider why the politicisation of EU matters has remained very contextual; less linked to the role of radical political entrepreneurs than it is usually recognised; and significantly dependent on the political arena considered.

First, the twofold behaviour of opposition parties over the EU has appeared in several studies through their clearly distinct stances whether under routine periods, in the context of national elections or in EU referendums: while mainstream opposition parties have almost always taken pro-EU positions, peripheral opposition parties have remained confined to anti-European positions. This has engendered important effects, in the sense that the “normal” structures of political competition have remained characterised by a pro-EU consensus shared within the mainstream, so that peripheral opposition parties have faced significant difficulties in mobilising the European cleavage and dividing their opponents on this issue. On that point, Hooghe and Marks argue that EU integration is no longer a “low salience issue for the general public” while its influence on party competition would have increased (Hooghe and Marks 2008: 7). They argue that the “closed shops of government leaders, interest groups and Commission officials have been bypassed as European issues have entered party competition” (Hooghe and Marks 2008: 9). It is true that with the ratifications over the Maastricht Treaty in 1992, EU integration has tended to become more contentious.

However, recent studies also suggest that the saliency of EU issues in general election campaigns has remained very low, and importantly influenced by contextual factors (Kriesi 2007: 83-108). Thus, the argument that EU issues have become more contested remains

questionable: one might indeed argue that, ultimately, EU matters still remain marginal. Hooghe and Marks (2008: 8-9) themselves recognise that “the level of public support in 2005 is not much lower than in 1985”. In fact, it could be said that the respective positions of mainstream parties have not generally been sufficiently divided to allow for peripheral opposition parties to mobilise the European cleavage, so that in the end, the politicisation of EU issues has remained very dependent on contextual factors and limited to specific political conjunctures.

Second, the twofold behaviour of opposition parties also implies that paradoxically, the politicisation of EU matters seems to be less linked to the role of peripheral opposition parties than is usually suggested. Indeed, it is often said that peripheral opposition parties play a crucial role in mobilising the tension related to EU integration (Franklin and Van der Eijk 2007: 189-208). It is clear that under certain circumstances, political entrepreneurs have contested EU issues, but it could also be said that this has not always been the case, nor has contestation occurred equally in all political arenas. The role of political entrepreneurs belonging to radical parties in politicising EU integration has arguably been crucial in the context of certain EU referendums. Yet, if the thesis of a rising euroscepticism would hold, then we would expect that these parties would have also contributed to politicise EU integration in European as well as in national elections. However, EU elections have remained the paradise of “lost voters” over the last twenty years, and have been characterised by increasing abstention and popular withdrawal. National elections themselves have not globally witnessed more debates on EU affairs, to the extent that the important degrees of convergence between mainstream parties have prevented potential conflicts from occurring. Under routine periods, the anti-EU claims of peripheral opposition parties have been much less represented in domestic public spheres than is usually recognised. Thus, it could be said that the mobilisation of radical eurosceptic parties seems to be a necessary, but not a sufficient, condition for conflicts to emerge over EU matters.

In fact, as Hanspeter Kriesi and his colleagues have argued, the contestation of EU integration seems to be part and parcel of the broader cleavage transformation associated with globalisation (Kriesi et al. 2006: 921-956). EU integration contributes to reverse a process of national boundary construction consolidated over the centuries, in the sense that it provides exit possibilities for individuals who had previously been

nationally bound (Bartolini 2005: 116). The progresses of the parties that criticise EU integration illustrate the strengthening of an anti-globalisation discourse in defense of a preference towards “nationals” and in favour of economic protectionism in which the EU dimension is melded, rather than expressing “opposition of principle” to the idea of a united Europe (Kircheimer 1957: 128-156). Radical right-wing parties might have progressed in Europe over the last fifteen years, but they have arguably done so as much through the rejection of immigrants, Islam, and economic globalisation, than on the basis of the mobilisation of the single EU issue (Ivaldi 2004). As Peter Mair puts it, few, if any, parties have been exclusively created on the contestation of the EU issue, that has played the role of “another stick” reinforcing “an already existing armoury” based on a broader nationalist and anti-globalisation discourse (Mair 2000: 27-51).

Third, another effect of the twofold behaviour of opposition parties on the EU has also clearly appeared, to the extent that while mainstream opposition parties have generally maintained their pro-EU stances and tried to depoliticise EU matters, peripheral opposition parties have been more likely to politicise the European cleavage in certain political arenas than in others. Indeed, under certain circumstances, EU referendums have been more prone to politicisation, while in contrast, the saliency of EU issues has remained very low in national election campaigns, and mainstream parties have also actively downplayed their commitments to EU election campaigns. Some national elections have witnessed more EU-related debates than others, while the proximity to EU Treaty ratifications has arguably played an important role in influencing the saliency of EU matters. However, independent of the role played by peripheral opposition parties, what seems to be crucial for a greater politicisation to occur is that mainstream parties also need to be sufficiently divided over EU matters – a condition that has rarely occurred. Yet, in the context of EU referendums, the dominant party of the opposition has generally colluded with incumbent parties on the support towards the Treaty at stake. More than ideological, institutional, or organisational factors, it is the specific party system “situation” that increases the probability of intra-party dissent, while this has engendered recurrent difficulties for parties to sway supporters to their side. Manifesting a pattern of cartelisation on EU issues, this explains why under circumstances of intense mobilisation from peripheral opposition parties, EU referendums have sometimes contributed to awaken the “sleeping giant” that otherwise remains dormant in other contexts.

Conclusion

To conclude, what can it be said regarding the ways national parties have adapted their strategies of competition and behaviour to use, handle, and manage the European issue in domestic political competition? Overall, it can be stated that parties have designed different strategies to adapt to European integration. First, domestic parties have incorporated “European” issues within their political discourses, but it has not necessarily led to a greater “europeanisation” of domestic political debates to the extent that dominant parties share relatively similar positions on European matters. Second, the position of a given party within its party system remains a crucial variable to understand whether it is likely to support a greater politicisation of European matters (while in the opposition or for peripheral parties), or to resist to such politicisation (while in government). Third, it can be said that the likelihood of politicisation occurring has been very dependent on the arena and the context considered: few conflicts over the EU have occurred in national and European elections, but more in EU referendums. That is why, it can be said that few changes have occurred over the last fifteen years regarding the consensual and relatively positive treatment of the EU in national newspapers, the very limited saliency of EU-related debates in national electoral campaigns and the tendency of mainstream parties to converge rather than diverge on the ways they frame the EU. EU issues continue to be treated marginally. Thus, it is the structural absence of conflict that prevails over the development of a rising eurosepticism. Conflicts over EU matters are not typical, nor are they inherently on the increase: they remain the exception rather than the rule. Politicisation has sometimes occurred, but only in specific conjunctures, and in general it has faded away fairly quickly, given that the emergent debates on Europe have been actively condemned and contained by mainstream parties through distinct strategies of confinement. Otherwise, it is the confinement of EU matters to certain spatial arenas and limited temporal circumstances, and the predominance of marginalisation and depoliticisation under routine periods, which prevails. Therefore, there is still a “missing link” in domestic political debates, given that EU institutions and actors generally continue not to be represented, even though in practice they might constitute important factors of change in domestic policy-making.

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Democracy in Europe: a tale of two crises

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Abstract

This article addresses the issue of the relationship between 'the market' and democracy in the European Union from a critical political economy perspective. It argues that the way the European Union institutions and national governments are attempting to solve the current economic and financial problems of the Eurozone enhances the trend towards 'new constitutionalist' arrangement that were already present. A detailed analysis of the reforms is proposed, as well as an historical perspective on the relationship between 'the market' and democracy that has characterised Western political economies. The recent reforms of EU economic governance are thus seen as furthering the insulation of socio-economic policy-making from public's electoral accountability.

Introduction

Recent developments in the Eurozone, such as the formation of technocratic governments in Greece and Italy, the creation of new, more binding, European rules regarding public finances and the tough conditions posed in exchange for the granting of bailout packages, have been increasingly perceived by both public opinion and academia as a curtailment of the democratic principles that constitute the foundation of the European Union (EU) (McGiffen 2011; Streeck 2011).

The issue of the democratic deficit was and continues to be at the centre of academic attention (some classic works include Weiler et al 1995 and Coultrap 1999). While some scholars stress the inconsistency of the democratic deficit issue and, on the basis of arguments of efficiency and output legitimacy, reject the view of a democratic deficit problem that is specific to the EU (Moravcsik 2002; Crombez 2003), also on Pareto-efficient grounds (Majone 1994; 2006), others continue to underline that the EU is much less than an ideal polity in democratic terms. While a procedural electoral

approach has focused on the lack of proper electoral institutions at European level (Decker 2002; Hix and Follesdal 2006; Lord and Beetham 2001), a deliberative 'Habermasian' approach stresses the weakness of a European 'public sphere' or 'strong public' (Eriksen and Fossum 2002; Meny 2002) and what can be termed a 'social legitimacy' analysis focuses on the issue of the lack of a European 'demos' (Bartolini 2006; Zielonska 2006).

However, from a critical political economy (Cox 1981, 1983, 1987) perspective, as the one adopted in this study, it is more interesting to study the current state of democracy within the EU by looking at its continually evolving relationship with the sphere of 'the market', itself the outcome of social and political struggles between classes that are constitutive of the capitalist mode of production. A crucial point regarding the debate on the democratic deficit is that it often takes as given fixed definitions of what 'democracy' as such is, while seeking to compare this ideal to the EU. A historicist critical political economy approach however, seeks to relate the historical manifestations of democracy

and the possibilities of democratic participation with the current phase of integration, without needing to fix once and for all what democracy or human freedom are. Scholars working within the critical political economy approach have focused on a variety of issues regarding European integration (Bieler and Morton 2001; Cafruny and Ryner 2003, 2007; van Apeldoorn, Drahokopuil and Horn 2009; van Apeldoorn 2002; Bieler 2006; Overbeek 2003; Van der Pijl 2006b).

However, there has been no attempt so far to analyse the consequences that the recent reforms of European economic governance have had on democratic processes from this perspective. Here my aim is to apply Gill's concept of 'new constitutionalism' as a heuristic tool in order to shed new light on the European economic governance reforms. 'New constitutionalism' describes a neoliberal international governance framework whereby economic policies are increasingly separated from broad political accountability "in order to make governments more responsive to the discipline of market forces, and correspondingly less responsive to popular-democratic forces and processes" (Gill 2001: 47). The argument proposed is that the enacted reforms will in fact exacerbate the trend towards a 'new constitutionalist' framework by locking in a set of harsher constraints on the possibility of democratic processes to influence socio-economic policy making.

The focus here is neither solely on EU institutions nor on member states. Rather, what is stressed is the character of transnationalism of the process of transformation, which must not be juxtaposed to either national and supranational: "transnational processes are those that take place simultaneously in subnational, national, and international arenas" (van Apeldoorn, Overbeek and Ryner 2003: 39). A critical political economy approach thus goes beyond both state-centric and structuralist approaches, examining the social origin of state power in capital as a social force, a discipline over society and nature. As Van der Pijl has argued, "capital remains a force that by preference seeks to occupy the interconnections between separate political jurisdictions" (Van der Pijl 2006b: 15). Thus, the state-system and the logic of capital are interrelated and the current mode of production has been characterised by transnational social relations. For the purposes of this paper, the main actors behind the process of 'new constitutionalism' are identified in the transnational historical bloc of social forces that has been at the origin of the neoliberal 'comprehensive concept of control' (Van der Pijl 1998 ch.4) and the concomitant shift to financialisation as a mode of

accumulation (McNally 2011; Fine 2009). This bloc, itself a political synthesis of interests and identities from different countries, is made up of a transnational managerial class, other elements of transnationalising productive capital in manufacturing – including many small and medium enterprises involved in sub-contracting – and elements of financial capital involved in banking, insurance and finance (Bieler and Morton 2006 p.18; see Van der Pijl 1998; Bieler and Morton 2001). Crucially, the European Monetary Union (EMU) is seen as a strategic project of globally oriented finance and industrial capital (Van Apeldoorn 2001). In brief, this study considers class agency within and across nations to be the central analytical category and thus as bringing about the transformations described.

However, in an attempt to overcome the reductionist and economicist trends in Marxist political economy, a neo-Gramscian approach stresses the fundamental discursive dimension of class agency and power. Thus, ideas and discourses are not simply complementary aspects to be added on in an ad-hoc fashion to the analysis; they are constitutive of our world, they contribute to the very production and reproduction of capitalist social relations and of the wider historical structures. Historical structures (a particular configuration of power in the dimension of ideas, material capabilities and institutions) are not seen as determining the actors' choices but as influencing them (Cox 1981). This frames a dialectical relation between agencies in structures that is well summed-up by Marx' oft-quoted phrase: "men make their own history, but they do not make it as they please; they do not make it under circumstances of their own choosing, but under circumstances existing already, given and transmitted from the past" (Marx 1963 p.15). Every social force aims at making its view of the world the dominant one, thus creating 'limits of the possible' in political terms that condition the way people and classes can understand their social world and the possibilities for change. Ideas, in this conceptualisation, have a material structure (Bieler 2001). Thus, one must conceive the logic of action as constituted by both material interests and ideas as inseparable elements of human agency and historical transformation. It is precisely the role of 'organic intellectuals' to develop ideas that create a framework of thought for the social force they are the expression of.

Critical theory differs from problem-solving theory ontologically, epistemologically and methodologically (see Cox 1981 for the classic argument). Adopting a critical theory approach, the article will not formulate

or test hypotheses here. This work is conceived as an instance of a descriptive interpretive case study. The latter “interprets or explains an event by applying a known theory to the new terrain. (...) Although this method may not test a theory, the case study shows that one or more known theories can be extended to account for a new event” (Odell 2001: 163). My aim is to apply Gill’s theoretical concept of ‘new constitutionalism’ to a new case: post-reform European Union. The empirical material used includes documents of EU institutions accessible through the official websites, as well as legislative proposals and a variety of academic and journalistic commentary.

The article is divided into five parts. It begins by providing a historical reflection on the relationship between capitalism and democracy within neo-liberalism. It then presents Gill’s notion of ‘new constitutionalism’ and briefly engages with alternative theories of European integration, as well as with the critiques of ‘new constitutionalism’ that have been advanced within critical political economy itself. Parts three and four are devoted respectively to a description and an analysis of the reforms enacted. The fifth part reviews the origins and consequences of the economic and financial crisis in the Eurozone.

The de-politicisation of ‘the economy’

In the post-war years, there was a widely held assumption that for capitalism to be compatible with democracy, it needed to be subjected to extensive political control. This was the golden era of the welfare state, what in France was known as the *trente glorieuses* of economic growth, rising standard of living for everyone and the creation of effective mechanisms of social protection. Liberalism incorporated the welfare state concept and thus recognised the power asymmetries that constitute ‘the market’, in turn legitimizing public intervention to guarantee social rights and entitlements following Polanyi’s logic of ‘social protection’ (Polanyi 1957).

Since then, mainstream economics has however slowly but systematically aimed at undermining the idea of public intervention in the ‘economy’, and has become “obsessed with the irresponsibility of opportunistic politicians who cater to an economically uneducated electorate by interfering with otherwise efficient markets, in pursuit of objectives – such as full employment and social justice – that truly free markets would in the

long run deliver anyway but must fail to deliver when distorted by politics” (Streeck 2011:6). In fact, economics as a discipline has arguably been an important vector in the advancement of neoliberalism, as neo-classical theory provides a micro-economic theory set against the state’s intervention in the economy. It has become what Marx called a ‘material force’. In Van der Pijl’s (2006a: 160) words:

As economics, neoliberalism enshrines capital as the sovereign force in organising society. The sole agencies that it explicitly recognises are the property-owning individual, who is ‘free’ to engage in a competitive quest for improvement; and the market, which is the regulator of that quest. Capital, as the mobile wealth that has already accumulated and has entrenched itself politically, is obscured as a social force by resurrecting an imagined universe of individuals, some of whom happen to own Microsoft and other only their labour, or not even that. Neoliberalism thus naturalises capitalist relations by taking the economic definition of man as the starting point for an integral social science while leaving outcomes entirely contingent.

The social and economic crisis of 1970s was interpreted by the authors of the famous essay *The Crisis of Democracy* as stemming precisely from an excess of democracy. From democracy being carried over and invading the sphere of the economy, where it should not adventure itself (Crozier et al. 1975). The solution advanced was that microeconomic rationality should be restored to the individual’s choices. ‘Discretionary’ political interference into the economy should be avoided.

Thus, by resurrecting the idea of ‘the market’ – the term ‘market economy’ gradually substituted the term ‘capitalism’ – as the regulator of each individual’s freedom and capacity, capital is effectively hidden as a social force which acts within the market sphere, and what is instead promoted is the idea of a ‘neutral’ sphere regulating the merits and life-chances of individuals.

The trends described above have arguably been exacerbated by a situation of crisis, which – as the neoliberal economist Friedman himself remarked (Friedman 2002: 300) – is often a productive moment for the introduction of radical reforms. The dominant narration reflects a de-politicised naturalisation of the crisis. Thus, the new regulatory measures are, as Zizek points out, “presented not as decisions grounded in political choices

but as the imperatives of a neutral financial logic – if we want our economies to stabilise, we simply have to swallow the bitter pill” (Zizek 2011: 85).

‘New Constitutionalism’: bracketing ‘the economy’

One of the main elements of neoliberal governance, theorised by Stephen Gill, is what has been termed ‘new constitutionalism’. It consists of a tendency to insulate significant aspects of economic policy from popular-democratic accountability, and subordinating them to technocratic management. In Gill’s words, we are witnessing the “imposition of new constitutional and quasi-constitutional political and legal frameworks – with respect to the state and the operation of strategic, macroeconomic, microeconomic and social policy” (Gill 2000). This process entails the proliferation of constitutionally guaranteed arrangements for macroeconomic policies, such as the creation of independent central banks and of balanced budget laws, leading to a form of ‘sanitised democracy’ (van der Pijl 2006b). In essence, new constitutionalism enshrines, in Gill’s words, “the discipline of capital in social relations”, that is the “politico-legal dimension of the wider discourse of neoliberalism” (Gill 2000:47) and makes alternative models of development more difficult to bring about democratically (Gill 2012).

Within the EU framework since Maastricht, several elements signal the move towards a ‘new constitutionalist’ settlement (the following is partly based on Gill 2001). First, the institutionalisation of strict fiscal discipline in order to make governments more ‘credible’ to investors and de-socialise risk provision through the welfare state. Second, the management of the monetary policy by the European Central Bank (ECB) since the modification of its status would require the agreement of all national parliaments. Moreover, its main task is to fight inflation, with other goals being subordinated to this objective. Third, the creation of the Single European Market based on the constitutionalisation of market freedoms (the four freedoms) within the EU that makes it more difficult for member states to implement demand management or public intervention policies. For instance, competition policy and the rules of the internal market are guarded by the European Commission and the European Court of Justice (ECJ). Fourth, the unelected Commission has the exclusive power of legislative initiative, and within a relatively broad mandate

laid down by member states, exercises day-to-day control over external trade. In addition, the development of a ‘juridical Europe’ (Holman and van der Pijl 2003), spurred by the constitutionalisation of the internal market with its four freedoms, has increased the power of the ECJ on socio-economic governance, thus furthering its insulation from democratic control. Moreover, as Van Apeldoorn (2000) has argued, EU-level labour market and social policies have been framed within a ‘new competitiveness discourse’ sponsored by transnational business organisations such as the European Roundtable of Industrialists.

The general outcome is that, within the framework of EMU, governments become more responsive to the discipline of transnational market forces, expressed in the need to maintain freedom for capitals, low inflation and low corporate taxes, to balance national budgets and keep public spending under control, while deregulating the labour market (Gill 2009). Thus, “public policy has been redefined in such a way that governments seek to prove their credibility” to capital, their policies judged “according to the degree to which they inspire the confidence of investors” (Gill 2000: 47).

Van der Pijl (2006b: 29) usefully sums up the thrust of the ‘new constitutionalist’ framework. He argues that “just as economic competitors are not supposed to challenge the nature of the market economy itself (which is why the state has to be separate from the economy and refrain from taking on any activity which private subjects can handle), the participants in the democratic competition must accept the ‘level playing field’, that is the existing socio-political order”. Thus, the boundaries of the ‘political’ and the ‘economic’ realms are redesigned in order to lessen short-run political pressures on the formulation of economic policy so that many redistributive policies, let alone a radical change in socio-economic policy, are rendered more difficult, or even illegal (it could even be argued that ‘inequality’ cannot become an election issue).

Mainstream integration theories are largely unable to account for such changes as they focus on the form rather than the content of European integration. Neglecting the capitalist nature of the European polity, which is embedded in a world capitalist totality, mainstream theories also lack the conceptual tools to analyse the social content and social purpose of the recent phase of integration. Behind mainstream theories of European integration there is an unspoken assumption that “market forces are expressions of an inner rationality of universal human nature that is held to be the

essence of the realm of freedom in political affairs" (van Apeldoorn, Overbeek and Ryner 2003: 17-18). A critical political economy approach – grounded in a Marxist-Gramscian perspective – on the other hand, by focusing on the social power constitutive of a 'market economy', stresses the embedding of institutions into wider historical structures (Cox 1981), which are produced and reproduced through class struggle and hegemony. In extreme synthesis, within a historicist perspective, what is refused is also the idea that human freedom has found its ultimate realisation in liberal political institutions (Bobbio 1955).

Neofunctionalism (the classic reference here is Haas 1968) and intergovernmentalism (Moravcsik 1991, 1993; Milward 2000), as well as recent attempts to modify the theories to respond to critiques and take into account new developments (Sandholz and Zysman 1989 and Moravcsik 1998) all adopt utilitarian and individualist assumptions that are not able to understand the nature of social power relations, grounded as they are in the asymmetries generated by the mode of production. In these accounts, power as such is seen as the realm of the state or of supranational institutions, while civil society is viewed as the sphere of freedom, of free interactions among human beings. Neo-functional analyses could argue that the pooling of decision-making power on fiscal policy in the recent reforms (see below) is the outcome of a 'spillover effect' in times of crisis. However, they would be unable to grasp the fundamental social purpose that lies behind these reforms, as they lack the instruments to conceptualise social power as such, and thus to contextualise the shifting boundaries between 'the market' and democratic participation.

Multilevel governance theory (see Hix 1999) goes beyond previous approaches by looking at the EU as a sui generis political system that can be analysed with the tools of comparative politics. However, as van Apeldoorn, Overbeek and Ryner point out (2001: 26-29), such approach can be subjected to the critique that the Marxists advanced to pluralist political science in the 1960s. The thrust of the argument was that the competition among interest groups within a state does not take place on equal terms, as the very structure of capitalism makes the state much more responsive to capital's interests. For instance, the state's dependence on state revenue and on the investment decisions of firms makes state policy skewed towards meeting the valorisation goals of capital rather than other objectives.

Within critical political economy, critiques that point to weaknesses in the concept of 'new constitutional-

ism' have been advanced. Bruff (2010) has argued that the concept, together with the whole approach of 'transnational historical materialism', suffers from the assumption of institutional isomorphism: "the implicit argument is that this transformative project, once formulated at the European level, is able to penetrate the member states in a uniform manner because the national units fall into line what the supranational unit dictates" (Ibidem: 618). He points out that by subsuming the 'national' into the 'transnational', any change in the national political economies is seen as caused by the entrenchment of neoliberalism at EU level by transnational capital, and that this stance neglects the 'national' as a focus of analysis: "the impression that once gets – despite what the intentions may have been – is that national capitalisms are little more than functional to the interests of transnational capital as expressed through the EU's institutional architecture" (Ibidem: 619). This critique then warrants – according to the author – the development of a theory that analyses the national while remaining aware of the conditioning of the international. Strange (2006) has also advanced a critique of 'new constitutionalism', arguing that Gill neglects the politically contested nature of the concept of constitutionalism and thus adopts a determinist approach arguing that the single currency project is to be equated unequivocally with monetarism and neoliberalism: "for the new constitutionalists, European integration and the Euro (are) simply attempts by the transnational elite to consolidate economic globalisation politically" (Ibidem: 214); "Despite its explicit analytical emphasis on agency (especially the transnational global elite), new constitutionalism is substantively structuralist in its understanding of the relationship between the (structurally dominant) transnational capital, (facilitating) EU governance and (structurally dominated) broadly progressive/social democratic interests" (Ibidem: 226).

The point, however, is that 'new constitutionalism' is not an all-encompassing concept that describes the framework within which socio-economic policy is carried out and that completely subsumes the national unit. It is – in interpretation adopted by in this article – a tendency that is operative within neoliberalism, and as any form of political and social struggle, it is prone to counter-tendencies and resistance that are operative also at the national level. In both Van Apeldoorn's and Gill's analyses there is attention to forms of agency. The framework that was devised at Maastricht, for instance, is not seen as purely neoliberal, as it is the outcome of a skewed compromise between alternative political pro-

jects for European integration, with the predominance of the neoliberal project (see Van Apeldoorn 2002). Thus, there are elements of social policy at European level, and fiscal transfers in the form of structural and regional funds do play a role. There are also channels for democratic accountability. The Commission is not entirely insulated from democratic control, as commissioners are nominated by the president in accordance with member states. The parliament does have a role to play in an increasing number of areas of policy-making at the European level. However, the general trend has been towards the limitation of popular-democratic accountability, as noted above.

According to Van Apeldoorn, since Maastricht, the EU witnessed the rise of an 'embedded neoliberal' hegemony in which European socio-economic governance subordinates member states to the interests of global transnational capital, at the same time committing itself to limited elements of 'embeddedness' (in the Polanyian sense) that are however almost exclusively rooted in national institutional frameworks (van Apeldoorn 2002). The author has also focused (2009) on the increasingly relevant problems of legitimacy of the European neoliberal project at the national level, thus incorporating an analysis of the different national class compromises within the European 'new constitutionalist' settlement. Accordingly, it is the national state that must guarantee welfare state entitlements in the face of European constraints. Moreover, Gill himself never argues – contra Strange – that a single currency is to be equated with neoliberalism. In fact, he acknowledges the possibility of devising alternative forms of monetary and political union that are based on alternative social forces and political projects (Gill 2001 pp.61-69). There is therefore no neglect of the national dimension and of the contested nature of 'new constitutionalism' and no structural determinism at work.

"A silent revolution"

Recent reforms of the Stability and growth pact (SGP) and economic governance in the EU and in the Eurozone in particular have been defined by President of the European Commission Barroso as a 'silent revolution' (Corporate Europe Observatory 2011: 2).

At the beginning of October 2011, the Council has agreed upon a package of six legislative proposals on economic governance, the so-called "six-pack", explicitly designed in order to strengthen "economic governance in the EU – and more specifically in the Euro area

– as part of the EU's response to the current turmoil on sovereign debt markets" (Council of the EU 2011). These reforms make the SGP stronger in both the prevention and enforcement stages. The public deficit and public debt criteria are placed on equal footing for the first time, and a new voting procedure ('reverse qualified majority' voting) has been adopted.

The reforms have concerned how fiscal and economic policies are conducted in the EU member states. The innovations put in place can be broadly divided in two main areas: the new economic governance procedures and the initiatives taken apparently outside the formal institutional framework of the EU: the so-called Europe 2020 initiative and the Euro plus pact.¹ As will be shown, these two innovations are tightly linked and together constitute the new framework for dealing with socio-economic governance in the EU.

The changes to the 'economic governance' of the EU introduced with the so-called 'Six-pack' are essentially three (see: EU press release 2011a; Council of the EU 2011):

1. Stronger preventive arm. With regards to the SGP, each member state is assigned a medium-term budgetary objective (MTO) setting limits to expenditure growth, which should not exceed the medium-term GDP growth rate. Each member state commits itself to a Stability or Convergence Programme (SCP), including the structural reforms needed to achieve fiscal sustainability. If the member state fails to respect the programme, an enforcement procedure is activated which can lead to a sanction in the form of an interest-bearing deposit amounting to 0.2 percent of GDP (for Eurozone states), which can later be turned into a fine. It is important to note that the final decision can be taken by the Council following the so-called 'reverse majority' voting procedure (meaning that it will be adopted unless a simple majority of member states votes against it). This marks an important innovation, as to date countries could be punished only if a qualified majority of Eurozone countries voted to approve. The latter procedure has been a recent innovation and does not seem to have a secure legal basis in the treaties (Waterfeld 2011).

2. The excessive deficit procedure (EDP). This implements the obligations for member states

¹ See: http://ec.europa.eu/europe2020/index_en.htm. See also: EU press release 2011b.

to keep deficits below 3 percent and government debt below or sufficiently declining towards 60 percent of gross domestic product (GDP). The corrective part of the SGP is strengthened by imposing stricter rules and through better enforcement. Regarding the stricter rules, it will now be possible to open an EDP on the basis of the debt criterion: "member states with government debt ratios in excess of 60 percent of GDP should reduce this ratio in line with a numerical benchmark, which implies a decline of the amount by which their debt exceeds the threshold at a rate in the order of 1/20th per year over three years" (EU press release 2011a). If they do not, the country can be placed in an EDP. Crucially, also in this case the sanction (in the form of a non-interest bearing deposit of 0.2 percent of GDP) can be activated following the 'reverse majority' voting procedure. This deposit can then be turned into a fine in case of non-compliance, and extended – in the case of further non-compliance – to up to 0.5 percent of GDP.

3. The policing of so-called 'major macroeconomic imbalances'. The latter are judged according to a 'scoreboard' of around 10 indicators of macroeconomic imbalance, whose content is left unclear: "the composition of indicators may evolve over time. Thresholds will be identified and announced" (EU press release 2011b). If there is an imbalance – or if there is risk of the emergence of an imbalance – in a state which fails to implement the necessary corrective action plan, there is a semi-automatic decision making procedure (all the decisions in the procedure are taken by the 'reverse majority' voting procedure) which leads to a sanction and the potential fine of 0.1 percent of GDP.

The process is initiated by the adoption on the part of the Council of the Commission's proposal for the Annual Growth Survey of the Union, on the basis of which the member states draft their SCPs. The latter are then assessed by the Commission and approved by the Council in July. It is remarked that "draft budgets will continue to be sent from governments to national parliaments for debate in the second half of the year, since they continue to exercise fully their right to decide on the budget" (Ibidem). Throughout the year, the economic and fiscal policies of the member states will

be surveilled on the basis of the recommendations, "including consideration of possible further/enforcement measures (Excessive Deficit Procedure/Excessive Imbalance Procedure)" (Ibidem).

The second wider area of intervention, which is strictly related to the first and partly uses the same procedures, incorporates the Europe2020 strategy and the Euro Plus Pact. The Europe 2020 strategy is the EU's common economic agenda. It sets out priorities and targets at the EU and national level in order to achieve – in a way akin to the failed Lisbon strategy of 2000 – "smart, sustainable and inclusive growth over the next 10 years" (Ibidem). Apart from the targets proposed, which often simply re-formulate the Lisbon strategy targets ², the strategy also points to three priorities to guarantee macro-economic stability: 1. Putting public finances in order; 2. Taking action where there are large current account deficits or surpluses and 3. Ensuring the stability of the financial sector. Four further priorities are highlighted in order to "enhance structural reform: 1. Helping people get back to work or find new jobs by making work more financially attractive; 2. urgently reforming pension systems; 3. making sure that unemployment benefits provide an incentive to work and 4. better balancing flexibility and security in the labour market" (Ibidem).

Moreover, another group of EU member states has signed the so-called Euro plus pact. The pact commits the signatories to implement reforms in four areas: competitiveness, employment, sustainability of public finances and reinforcing financial stability. The Pact is embedded in the new 'economic governance' framework described above, and the commitments are included in the so-called National Reform Programmes (NRPs) of the member states. The SCPs indicate the measures – to be translated into concrete policy actions – that each state intends to take domestically to contribute to what has been decided at the EU level (with the annual growth survey). The Euro plus pact also strengthens the preventive arm of the SGP, as it commits member states to translating EU fiscal rules as set out in the SGP into national frameworks through a national legal vehicle of their choice. However, "this should have a sufficiently binding and durable nature

² Seventy-five percent of the population between 20-64 is estimated to be employed; three percent of the EU's GDP to be invested in Research and Development; CO2 emissions to be reduced by 20 percent; The share of early school leavers to be less than 10 percent and at least 40 percent of the younger generation should have a degree or diploma; 20 million fewer people at the risk of poverty

(e.g. a constitutional or framework law)" (EU press release 2001b), with the intention of, in the words of EU Commission for Economic and Financial Affairs, to "en-shrine a balanced budget in the constitution" (EU press release 2001c). This latter goal is particularly important and has been repeated in, for instance, the recent letter that the European Commission has sent to the former Italian Prime Minister Berlusconi (La Repubblica 2011a).

Making sense of 'economic governance'

Thus, the innovations are basically three. Let us first analyse the procedure to correct 'macroeconomic imbalances'. The ambiguity of the 'scoreboard' for judging the 'macroeconomic imbalances' allows the Commission to touch upon fiscal policy, including taxation and spending, labour policy, the composition of debt and influences even domestic decisions such as the allocation of resources between sectors, and levels of consumption. Even decisions on wages and budgets can serve as benchmarks and be touched upon at EU level (Corporate Europe Observatory 2011: 6; Phillips 2011a). As clearly remarked, recommendations for member states can include both revenue and expenditure sides of fiscal policy and labour and goods markets. As one commentator put it, "it provides a leeway for demands for lower wages and for cuts in welfare" (Corporate Europe Observatory 2011: 7). Others have argued that it is practically an "open door to influencing all areas of national economic policy" (Vassalos et al. 2011).

Regarding the Europe 2020 strategy, the reforms are arguably more influenced by neoliberal economic thinking than even the 2000 Lisbon goals. In fact, the emphasis on 'getting people back to work' instead of creating useful and stable jobs says a lot about the extent to which socio-economic policy-making and thinking has abandoned the traditional 'de-commodifying' goals of European welfare states (Esping-Andersen 1990). What is also enhanced – although not new (Gray 2004; Bradanini 2009) – is the switch from a 'right to work' to a 'duty to work' discourse and practice, with the corresponding framing of the market as the regulator of each individual's competitive quest, and thus as a natural condition, as the 'realm of freedom' in human affairs, in contrast to a social-democratic or welfare-state conceptualisation of the market as a sphere of conflict, which must be regulated (through market-correcting measures, and not the current market-enabling social

policies) (Jessop 2003). The way competitiveness is framed within the Europe 2020 strategy is clearly in the direction of more flexible labour markets, cutting public pensions and liberalising or privatising public services. For instance, the fact that competitiveness will be evaluated by the national unit labour costs (ULC) implies a pro-capital stance. In addition, it has been highlighted that labour costs are to be reduced by reforming the "degree of centralisation in the bargaining process, the indexation mechanism" (Council of the EU conclusions 2011) and reduce wages in the public sector. Productivity is to be achieved mostly by "deregulating industry" (Council of the EU conclusions 2011).

Among the policy suggestions, worth mentioning is also the classic neoliberal policy advice to increase productivity by "further opening of sheltered sectors to remove restrictions on professional services, to foster competition and efficiency, ... improve business environment, ... increasing pension age, limiting early retirement schemes" (Council of the EU conclusions 2011). Although these are not compulsory policies, as the commitments involve the goals to be achieved, the documents produced stress that these issues mentioned above will be given particular attention both in the recommendations and in the NRPs and SCPs mentioned above (Council of the EU conclusions 2011).

The innovations regarding the SGP have a significant influence on national economic policy. We have seen that if a country has not committed a budget to the scrutiny of the Commission before its parliament has seen it or is too slow in reducing debt or deficit, then the Commission can demand a financial guarantee it won't give back unless the government changes policy, or impose a fine. So, although formally the national parliament continues to have the last word on the budget, it is easy to see that the new economic governance framework strongly constrains the room of manoeuvre set to it, lest it face sanctions and fines for years (if it wants to adopt different economic and fiscal policies). One of the main jobs of the government is precisely to produce a budget, and the power of the parliament in budgetary matters has traditionally been at the root of European democracy. Now, the democratically elected representatives of the people can have a look at the budget and vote on it only after the EU institutions have judged them (or have imposed a fine). Susan George calls this a coup d'état, coupled with the moral dimension that has been dominating the debate in public opinion, which is centred on the idea that 'you cannot live beyond your means' (Vassalos et al 2011; George 2011).

We can thus see that there is an underlying economic logic unifying what EU commissioner for Economic and Financial Affairs Olli Rehn calls a “quantum leap of economic surveillance in Europe” (Phillips 2011a). Wage restraint, the reduction of social expenditure, competitiveness and fiscal sustainability are the wider goals to be achieved. What can be called a “permanent structural adjustment programme” is being implemented in the EU. As can be clearly seen, the issues that are dealt with in this new economic governance framework are and have been the object of political, social and class struggle for decades. Here they are viewed simply as subjects of debates among EU decision-makers, most of whom unaccountable to voters. This is highly problematic in terms of democratic legitimacy (Schmidt 2010) and is bound to generate resentment and disaffection (not least for the idea of democracy) among the electorate.

Whose Europe? Whose Crisis?

The current economic recession has been interpreted as a crisis of capital overaccumulation and profitability that has its origins in the 1970s (Callinicos 2010; Foster and Magdoff 2009). During the two-three decades before the financial crash, capitalism has been reproducing itself accumulating an enormous amount of debt. To avoid the collapse of the system, the states have taken over that debt, effectively privatizing public spending, thus transferring them from the private to the public sector. Now, the bill is presented to the majority of the citizens, who are forced to accept cuts in salaries, social spending and an increasing privatisation and liberalisation of the economies.

Moving from this abstract level of analysis to the actual concrete unfolding of the crisis, one can see that the economic crisis has exposed the long-standing problems of the Eurozone to strain and is now putting at risk the very existence of the common currency. While the monetary union had achieved the goals of eliminating currency fluctuations and interest rate differentials, it has done so only by shifting the problem elsewhere, namely in the difference in wage-setting mechanisms and wage levels. Exchange rates can no longer be used to counter economic differences within the Eurozone. Hence,

if a deterioration in relative (unit) costs cannot be reversed by productivity improvements, unions in affected areas will be pressed to accept nominal wage reductions or low increases as well

as cuts in nonwage costs, eroding bargained statutory social benefits. This may happen even without asymmetric shocks, insofar as employers (and governments) seek price advantages, no longer attainable by currency depreciation, through wage and benefit cuts instead (Martin and Ross 1999: 70)

What this stance implies is that the policy prescriptions produced by EU institutions for adaptation tended to include supply-side and market-enhancing policies such as liberalisation and deregulation. These were and are highly politically salient measures. The current reforms of economic governance - on which few if any national parliaments had a say (Vassalos et al 2011) - make these pressures for reform more stringent, as they are now linked with the possibility of sanctions and fines. Altvater summarises in this way the constraints imposed on member states of the EU:

Within the Eurozone the expense side of government deficits is tightly regulated by the Maastricht criteria, even if the budgetary impact of the financial crisis has been to disrupt significantly the guidelines. The revenue side, on the other hand, is subject to regulatory arbitrage in favour of investors. Limiting wealth taxes frees up money wealth that is in turn used for speculation in financial markets (Altvater 2011).

In short, only wage restraint or government spending can vary in order to adjust the ‘real’ economies in the single currency area. What this means is a permanent pressure on workers and their organisation to adjust to the need for competitiveness. However, this effect materialised in a differentiated way across the Eurozone, fuelling the increase of private debt. What happened was that the imposition of a one-size-fits-all monetary policy in the Eurozone produced asymmetric dynamics in EMU economies. For low-growth countries, the ECB rates were too high, and viceversa for high-growth economies. In Germany, wage levels were effectively curtailed, thus inflation levels were maintained at very low levels. This economic slowdown in Germany in turn was effectively overcome through supply-side measures (the Schroeder reforms, for instance) that further constrained domestic demand and increased export competitiveness. This is another way of saying that German capital had found a way to permanently contain the wage demands of labour and thus acquire compet-

itiveness (in Marxian terms, increase relative surplus value). Here, the real interest rates were much higher than in the rest of the Eurozone. In the periphery, and in particular in the so-called PIGS (Portugal, Ireland, Greece, and Spain) economies, high growth fuelled wage levels increases, in turn increasing inflation and thus lowering real interest rates. This caused a credit-financed economic growth that tended to generate speculative bubbles (as in Spain and Ireland). In this way, Germany increased exports and reduced imports, and export earnings were then profitably invested in peripheral economies, not for production but for speculation in real estate. The latter economies thus had an availability of cheap capital, also attracted by low interest rates. In short, the current account surplus of Germany was financing the current account deficits and growth of the peripheral countries (De Grauwe 2010a). Apart from the current account deficits, debts accumulated domestically in the periphery also as the banks took advantage of the homogeneous European money market to expand their credit operations (Lapavitsas 2011: 289). In fact, the public debt/GDP ratio of countries like Spain and Ireland was significantly lower than Germany, and in the 2000s they even maintained surpluses of the budget.

Relative wages in peripheral countries increased more than in Germany and this witnessed the largest slump in wages in Europe (Corporate Europe Observatory 2011: 12) – although there has been a general downward pressure on wages. In fact, even the fastest growing wages in the Eurozone, the Greek salaries, failed to keep pace with productivity growth (Flassback 2011). Hence, there is no folly, or greed by ‘irresponsible’ workers here. In fact, “it is not wage increases on the periphery per se which cost jobs in Greece and other poorer Eurozone countries...but the success of the German bourgeoisie in keeping down wages at home” (McGiffen 2011: 31; Scharpf 2011: 6-7). For instance, unit labour costs in Greece were 130 in 2010 if 2000 is 100, while the corresponding figure for Germany was 105 (Flassback 2011). According to the economist De Grauwe, the root cause of the sovereign debt crisis is precisely the accumulation of debt in the private sectors of the economy (De Grauwe 2010a). The public debts reached high levels only after the economic crisis (in fact EU government debts fell from an average of 72 percent in 1999 to 66 percent in 2007).

In fact, De Grauwe explicitly blames the European monetary authorities for these imbalances, because “bank credit is a more proximate cause of the bubbles

and booms” and monetary authorities have the power to control bank credit by, for instance, setting up differentiated deposit requirements and the growth of bank credit. (De Grauwe 2010a: 8). However, in no official document there is any acknowledgment of the fact that the monetary policy of the ECB played a role in the crisis. What is implied is that member states have to deal with the imbalances produced by a common monetary policy by using their policy instruments, which however have been strongly limited by the Commission’s interventions, for instance with the EDP. This phenomenon can be seen as a further instance of the mechanism of ‘embedded neoliberalism’, with its EU-level disembedding processes that constrain the member states’ ability to continue providing elements of social protection (van Apeldoorn 2002).

The European response to the sovereign debt crisis was to approve a series of rescue packages conditional on the implementation of austerity measures. However, as many point out, such measures may in fact exacerbate the vicious circle of low growth – austerity – debt (Vassalos et al 2011; Lapavitsas 2011; Callinicos 2011). The recessionary impact of the austerity measures imposed by the EU makes it unlikely that the public deficits can be reduced (Altvater 2011: 273-274).

On the other hand, what these measures have done and are doing is constituting a wide market-enhancing ‘structural reform’ that is weakening unions, privatising and liberalising public services and professions and opening up education and health care to private providers. The structural power of capital is due to increase significantly, turning many European political economies from ‘Social Market Economies’ to ‘Liberal Market Economies’ (Scharpf 2009) perhaps confirming that we are going through a crisis in neoliberalism, instead of a crisis of neoliberalism (Saad-Filho 2010). Whatever the ultimate outcome of the Eurozone crisis surplus countries’ capital is due to benefit from the ability to acquire peripheral countries’ productive assets at reduced costs, thus enhancing the centralisation of capital (Brancaccio and Passarella 2012) and the power of German capital (Van der Pijl et al. 2011; Cesaratto 2011).

In addition, another serious problem is the fact that the ECB is the only central bank in the world that does not lend to governments but to banks. These banks, which borrow money from the ECB at low interest rates, then buy government debt neatly pocketing the profits. In fact, as long as a country is not defaulting the high-risk premiums are a formidable source of profits for banks. The rescue plans pour credit that is then handed down

to the banks. And government austerity plans ensure that in the end it is the citizens who transfer an increasing part of their income to private banks.

Moreover, as Husson notes, since the crisis,

the European governments and the European Commission have had one overriding goal: business as usual. This goal is however out of reach because everything that had helped manage the contradictions of the flawed form of European integration such as peripheral Europe's indebtedness and internal Europe's trade imbalances, has been rendered unusable by the crisis (Husson 2011: 300).

The era of cheap credit is over. Peripheral countries will not have access to cheap borrowing from abroad to ease the pressures of monetary union because of the credit crunch. Perhaps we will effectively enter a period in which, as Zizek notes, a kind of economic emergency is becoming permanent, turning into a constant, a way of life (Zizek 2011).

The situation being developed is increasingly one of "politics without policies at national level, policies without politics at European level" (Bailey 2008). In turn, this creates a situation where economic power is perceived to have become political power, generating a condition of subalternity of workers and citizens, who are largely unable to project onto the political economy interests and demands that are incompatible with those of capital owners, that are increasingly constitutionalised at the European level. As Phillips rhetorically asks himself, "if a government doesn't control monetary policy anymore, and doesn't control fiscal policy anymore, what's left for a government to do? That's about all they do, other than foreign and judicial policy" (Phillips 2011b). Perhaps one should go back to the famous argument advanced by philosopher Carl Schmitt: the sovereign is he who rules in the state of exception. And ask himself: who is it that 'rules' at the moment in Greece, Ireland and Portugal?

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Conclusion

This article have proposed a reading of the recent European economic governance reforms by using the concept of 'new constitutionalism'. After having provided a short interpretation of the historical roots of neoliberalism, it has described the reforms and argued that they have exacerbated the trend towards the insulation of socio-economic policies from popular-democratic control by opening new doors for technocratic governance insulated from electoral accountability. Although these arrangements are now firmly in place, the forming of technocratic governments insulated from the electorate in some European countries, the increasing alienation of large sectors of the population from democratic politics³ and the rise of radical left-wing or right-wing parties across Europe may signal that the consensus is eroding and that an 'organic crisis' (in its Gramscian meaning) is mounting. However, there seems to be a lack of credible alternatives both at the national and European levels, so that it is difficult to imagine a sequel of the European project under new auspices.

We have been witnessing forms of mass protest and popular insurrection where people take to the streets to protest against austerity measures. In countries such as Greece, Portugal and Ireland, having 'new constitutionalism' eroded the possibilities of popular influence on socio-economic governance, is this the only form of political agency that people at the lower ends of the market hierarchy can have to project their interest in the political economy? And, should we hope, as in Streeck's provocative rhetorical question that "in the name of democracy we will soon have the opportunity to observe a few more examples?" (Streeck 2011: 28)

³ In Greece and Italy, respectively 20% and 30% of the population wants the country to be led by 'experts' (La Repubblica 2011b).

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European Union Monitoring Mission in Georgia (EUMM) - a redundant mission?

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EUMM and the war

The Russo-Georgian War in August 2008 lasted only a week, but the aftermath is yet to be overcome. The war ended with an armistice supervised by the European Union (EU) under France's management. The armistice may have led to the suspension of hostilities, yet diplomatic rapprochement and political peace are still remote. The EU has been in the region since the war ended and has observed the implementation of the peace agreement in the borderland between the Russian Federation and the Republic of Georgia. Its instrument is the European Union Monitoring Mission (EUMM), which has been introduced in Georgia in October 2008, two months after the war. Interpreted in terms of usefulness, the EUMM contributes nothing to the fragile situation in Georgia and in the alleged autonomies South Ossetia and Abkhazia. It is therefore safe to say that the EUMM is redundant.

Sense or nonsense

Georgia is probably the country east of the EU border most sheltered by the EU. The European Neighborhood Policy (ENP), the Black Sea Synergy and the Eastern Partnership are just some examples of European attention. Now, in addition, the EUMM project became part of Georgian political life. The sheer number of European projects shows the overbearing nature of the EU and may lead to the idea that yet another EU project seems pointless.

Officially, the EUMM's obligation is to provide a sense of security and to observe the sensitive situation in post-war Georgia, in particular in the provinces most affected by the military conflict—South Ossetia and Abkhazia. It is an unarmed, civil mission and the monitors are allowed solely to objectively report incidents. Currently, about 200 monitors ensure that the armistice agreement between Russia and Georgia is respected and that there are no outbreaks of violence. All this, however, might sound very peaceful and comforting, which is to be expected from the EU. However, peace and trust cannot be achieved through monitoring in such a conflict-ridden region like the South Caucasus. Considering Russia's high military presence on the borders with Georgia and Russian military bases in Armenia and its unwillingness to compromise in this matter should ring Europe's alarm bells. A purely observant mission does little in finding a solution to this conflict.

The inefficiency of observing missions has already been proven in Kosovo during the Bosnian War in the 1990s. During and after the war, the NATO-led 'Kosovo Force' (KFOR) was accused of failure to render assistance in case of violent clashes and, thus, their inability to prevent them. Certainly, the situations are hardly comparable. Yet, there is a common ground. Both missions have had the aim of supervising the situation and preventing the outbreak of violence in a post-war area. In the case of Kosovo, KFOR was unable to do that and subsequently met the aforementioned serious accusations. Will the mission in Georgia meet the same fate? The EU should not risk experiencing another similar shame.

Soldiers participating in the mission could and should have the possibility to do more. The EU has the obligation and the capabilities to turn passivity into military interventionist action. Its military capacity is considerably high and should be used for the sake of security and defense of national sovereignty, territorial integrity and civil lives.

Meanwhile, the EUMM claims responsibility for the progress made in the past four years. The question, however, is, whether the settlement of the conflict could have been reached by now if the EU had introduced a more powerful mission. Also, it is questionable whether it is really and solely due to EUMM that the situation has stabilized. Moreover, it seems like there has been no progress, but instead the situation has become more precarious. Russia intends stationing approximately 3 800 soldiers in South Ossetia and Abkhazia. This amounts to a number higher than before and during the outbreak of the war. In other words, Russia has increased its military presence in the region and the EUMM was not able to prevent it.

Undefined operational area

The EUMM could easily gain importance, if the EU finally decided on a common version of the so-called 6-Point Agreement that assigns the EUMM mandate. With regard to the defined operational area, there is still disagreement, because the EU has failed to consent on a single formulation of Article 2 of the EUMM mandate. Currently, there are three different versions—it is either 'on a country-wide base', 'in Georgia' or 'throughout Georgia'. The former High Representative for the Common Foreign and Security Policy Javier Solana commented on this maladministration that the EU observers should be prepared to be stationed anywhere. His statement resembles the ambiguity of the Article 2. Moreover, the French Foreign Ministers at that time Bernard Kouchner had to admit in 2008 that the original or French version was wrongly translated into Russian. The Russian version included a different definition of the placement of EUMM observers. Whereas in the French version it said that security must be assured in South Ossetia and Abkhazia, the Russian translation only declared security for the regions.¹ Thus, Russia assumes that the EU is not necessarily granted access to the relevant provinces. It is needless to point out that a lot depends on the accurate choice of words, especially

in a conflict that is perceptive. The verbalization of the mandate decides on Russia's consent and on the success of the mission. Moreover, since Russia recognized the sovereignty of South Ossetia and Abkhazia and the member states of the EU have not, the conception of the term 'in Georgia' can be interpreted differently.

Solana also declared that the operation in South Ossetia and Abkhazia is not agreed upon with Russia. To ignore the interest of Russia in this situation is not particularly perspicacious. To find EUMM observers in the two alleged 'states' is not in Russia's interest, as that would involve complete withdrawal of Russian troops from the provinces, which, in turn, Russia is not ready for. It cannot be in the interests of the EU and the EUMM to affront Russia, because it could lead to a de-stabilization in Georgia.

Denied access

Related to the problem of vague definition of the operational area is the issue of access to the two provinces. EU observers are not granted access to the de facto states South Ossetia and Abkhazia. Consequently, EU observers complain of the inability to fulfill their mandate since they are not granted access to relevant. If the EUMM continued to accept the inaccessibility of the two provinces, they would indirectly respect the borders that are not recognized internationally.

Russia is playing an influential role in this scenario. Russia has recognized both provinces in 2008 and, thus, helped pushing forward the separation of Abkhazia and South Ossetia from the Georgian Motherland. Vladimir Putin in this context once said that both provinces are sovereign states now and can decide by themselves if they want external aid or not. Both governments of the de facto Abkhazia and South Ossetia, therefore, have to agree on the sending of EU monitors, but both provinces/states rejected the EU monitoring mission on their territory. Russia is backing the governments of both provinces (states) with their decision of non-cooperation with the EUMM, because intensifying its influence over the South Caucasus is in Russia's interests. Furthermore, the EU wants the complete removal of Russian military personnel also from South Ossetia and Abkhazia, which Russia wants to prevent. During Medvedev's visit in Georgia in 2010 Georgia already complained about Russia's lack of willingness to cooperate with neither the EU nor the Georgian government. This issue is until today unsolved. The persistent presence of military of the Russian Federation violates the above-

¹ Found in: <http://www.washingtontimes.com/news/2008/sep/07/cease-fire-has-translation-problem/>

mentioned agreement and Russian military attendance is the reason for the foundation of the EUMM in the first place. This not only underlines the weakness of the EUMM, but also suggests its redundancy.

Although the Georgian Government announces that it appreciates the presence of the EUMM and believes in the importance of the mission ensuring security and stability in the regions bordering Abkhazia and South Ossetia, the security and stability in South Ossetia and Abkhazia is what actually matters. If the EU does not find a way to reach the approval for operation of the governments of Abkhazia and South Ossetia, the goal of the EUMM mission cannot be achieved and makes its foundation seem useless.

Ideology and neutrality

The ideological concern also adds to these problems. The EU has its own interests to defend in the region. It is not neutral. In order to arbitrate between conflicting parties, however, one needs to be impartial. The lack of neutrality can be shown by the statement of Germany's former Minister for Foreign Affairs Frank-Walter Steinmeier in 2008. He said that the region has enormous energy resources and due to the huge potential for co-operation, they find themselves in the focus of European Foreign Policy. Javier Solana, the High Representative (HR) for the EU's Common Foreign and Security Policy expressed a similar notion in 2006: "The development of a coherent and focused external EU energy policy, drawing on the full range of EU internal and external policies, would enhance the collective external energy security of the Union. It would also help the EU face more effectively possible strategies by major external energy suppliers to adversely influence market fundamentals." Solana stresses the influence of economic interests on EU foreign policy and this may lead to the conclusion that the motives behind the mission are not peace and political stability but rather the protection of economic matters.

The countries in the South Caucasus serve as transport corridors and as bridge between Europe, Central Asia and the Middle East. The South Caucasus along with Russia and Central Asia is one of the most important oil and gas suppliers for the European market. According to the EUMM mandate, the monitors are not least instructed to observe the safety of transport links, en-

ergy infrastructure and institutions. The Nabucco pipeline project, for instance, is supported by the EU and represents the EU's effort to make itself less dependent on Russian gas and oil, because nowadays, Russia supplies the European countries with up to 40% of its gas. Russia's involvement in Georgian conflicts has made Europe's effort intricate to branch out its energy supplies away from the growing dominance of Russia that controls the Caucasian corridor and caused a further delay in the construction of Nabucco. Considering these facts, it indeed seems like the EUMM is an integral part of EU geopolitics, which has nothing in common with a neutral monitoring mission.

Reform or termination

The ideal standing behind the EUMM, a neutral monitoring mission that prevents violent incidents between two former opponents of war, is certainly useful. Yet, the EUMM how it currently is does not fit the ideal. The EUMM should be replaced by a truly, or at least more, neutral observer mission, organized and led by an organization that can be considered less blinded by economic interests. Certainly, a completely neutral mission is illusionary, but a combination of the EU and NGOs could be a good solution. That way, political legitimization, funds and impartiality are ensured.

Yet, if the EU stays on Georgia's side, it will have to face serious disputes with the Russia. Since the above mentioned arguments cannot be deleted by the EUMM's reformation and as the EU is not known for its un-bureaucratic and fast nature only the EUMM's termination can be recommended.

Moreover, the presence of the EU poses a provocation to Russia. In the past, Russia and EU member states had numerous diplomatic fights over the military presence of NATO, the US and the EU in Russia's proximity. The planned missile defense system in Poland and the Czech Republic, as well as the prospect of NATO membership for the South Caucasus countries threatened Russia's sense of security. A good step forward certainly is the fact that the EUMM is keeping contact with the security forces of Russia. If the EU and the EUMM continue dialogues with Russia, they will be able to achieve their ideological as well as their economic goals – peace, political stability and the protection of energy sources. Then, the EUMM will be neither reluctant nor redundant.

Joint programme Council of Europe / European Union “Promoting freedom, professionalism and pluralism of the media in the South Caucasus and Moldova”

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Abstract

While free and independent media, sometimes qualified as the “fourth estate”, is a pillar of civil society, the European Union (EU) is rather absent from media development in democratizing countries. In its Strategy Paper 2011-2013, the European Instrument for Democracy and Human Rights does not mention the media as an explicit objective. Despite the poor situation of media in the South Caucasus, the EU is quite discreet in this sector of democracy promotion within the Armenia, Azeri and Georgian civil societies. It co-funds with the Council of Europe the joint programme “Promoting freedom, professionalism and pluralism of the media in South Caucasus and Moldova”, which started on January 1, 2011 and will run until December 31, 2012. The implementation of the programme is entirely under the responsibility of the Council of Europe, an organisation which lacks the EU institutional incentives to influence the governments in the South Caucasus. Can the Council of Europe / European Union Joint programme SC-MLD-Media II have any impact on the media situation in South Caucasus, or do the realities on the field prevent any efficient implementation?

The Joint Programme SC-MLD-Media II:

The overall goal of the programme is to “support the development of legal and institutional guarantees for freedom of expression, higher quality journalism and a pluralistic media landscape in Armenia, Azerbaijan, Georgia and Moldova in line with the Council of Europe standards and as regards both ‘traditional’ and ‘new’ media”. This programme has a budget of €1 100 000. The activities of the Council of Europe follow three main themes:

the legal framework and its implementation (expected results: the regulatory framework for freedom of expression and for the media is brought closer in line with European standards; the implementation of the media-related regulatory framework and self-regulation are improved in line with Council of Europe standards);

an independent and effective broadcasting (expected results: the broadcasting regulatory bodies are better equipped to function in an independent and effective manner; the public service broadcasters gain in professionalism and are better trusted by the political leaders, the civil society, media professionals and the public at large);

and journalism curricula integrating journalist rights and ethic rules to promote journalism and media professionalism (expected results: journalists have better understanding of their rights, respect ethical rules and are trained to exercise their work in a professional and responsible manner as recommended under the applicable Council of Europe standards; applicable Council of Europe standards; The quality of journalism education is improved, notably through introducing new courses, or enhancing existing ones, on the rights and responsibilities of journalists).

The main interlocutor targeted by the Council of Eu-

rope in this programme is civil society. The participants of the activities organized through those two years are journalists, unions, NGOs, media lawyers, judges, broadcast institutions and citizens themselves. Meanwhile official authorities are scarcely involved in the process. Dialogue with them is of course not totally excluded. The Georgian National Communication committee, a state authority independent from the State budget, participated in a workshop on the implementation of the Code for Broadcasters. In Armenia help from experts of the Council of Europe was offered for the elaboration of the draft amendments to the Law on Radio and Television organised by the ombudsman. Most of the legal assistance is actually provided to the Moldavian authorities and not the South Caucasus ones despite Azerbaijan's lack of media-supportive legislative framework.

In the South Caucasus the activities of the programme emphasize the familiarization of journalists, judges and media lawyers with the Article 10 of the European Convention of Human Rights: *"Everyone has the right to freedom of expression. This right shall include freedom to hold and to receive and impart information and ideas without interference by public authority and regardless of frontiers."* Seven specific seminars or special trainings are dedicated to the issue. In the spirit of the programme it is the civil society, which should carry the project of reforming the legal framework and the political practices to the public authorities, which then would implement them. The effectiveness of the programme leans on the dangerous assumption that the governments are willing to improve the media situation in their countries.

Unlike the previous joint programme on media promotion (running over the period 2008-2009) the objectives of the programme of 2011-2012 are not differentiated according to the targeted country: the same results are expected from Armenia, Azerbaijan, Georgia and Moldova. The Council of Europe thus assumes that media-structure in the four countries is similar, and that the media is confronted by the same restrictions. A closer look at the media situation in each of the South Caucasus countries will show that this is actually short-sighted.

Media freedom in the South Caucasus:

In the three South Caucasian Republics, media outlets are struggling for their independence, their freedom of expression and the right to information. Both the

Armenian media and the Azeri media are qualified as 'not free' by Freedom House, respectively with a score of 6 and 6,75 respectively. Only in Georgia is the media partly free with a score of 4,25.

Georgia. Freedom of speech and freedom of expression are both basically secured by the Georgian legal framework. Libel is no longer a criminal offence. Laws on freedom of expressions and access to information are broadly meeting international standards, but they are not enforced because of a lack of political will. The government tries to control opposition media, and creates impediments to the access to information. The main problem pointed out by international watchdog organisations is the lack of transparency in media ownership and property rights, especially for television. The Law on Broadcasting was amended in April 2011 by the Parliament to ban broadcast media ownership by offshore registered firms; positive effects to comment upon are yet to come. Moreover the media is struggling to achieve economic independence. The main nationwide television stations are owned by big businesses close to the state. Internet is not subject to government regulations, but the journalists' limited knowledge concerning Internet technologies and web-tools prevent them from taking advantage of this space of liberty. Besides Internet penetration is quite low, especially outside of the main cities.

Armenia. Armenian media is working in an oppressive environment; opposition media is subject to pressure and harassment. In 2003 law on freedom of information was adopted but not implemented. In June 2010 the Law on Television and Radio consolidated the control of the government over broadcast media – the media with the broader audience. Self-censorship is common. Advertising resources are quite narrow, and thus cannot guarantee economic independence. In May 2010 the penal code was amended and defamation is no longer punishable by imprisonment. This positive trend is overshadowed by the multiplication of trials for defamation, followed by exorbitant fines which put some journalists and some media outlets in serious financial difficulties. As in Georgia, the Internet is relatively free but with low penetration.

Azerbaijan. Imprisonment, violence and harassment are commonly used against journalists and bloggers expressing dissident opinions in Azerbaijan. There is no media pluralism. Print outlets are owned by government officials or the ruling party; broadcast media is almost entirely controlled by the government. The legal background does not secure any rights for the

journalists. The criminal offence of libel is regularly used to silence opposition journalists. Despite the ban of official censorship in 1998, the practice is still well-spread. Azerbaijan is the only South Caucasus regime controlling on-line media.

What efficiency of the promotion of freedom of media by the Council of Europe in the South Caucasus?

Despite undifferentiated objectives in its narrative, the Council of Europe has attempted to take into accounts the local specificities of each country when drawing up the programme activities, in order to meet handle the concrete realities of the field with accuracy. Enrolling local experts in the programme allows the European consultants to better understand the local needs. In Armenia a TV programme was broadcast in September 2011 to raise the judges' awareness on the application of libel and defamation legislation as well as on its consequences for the journalists.

Unlike what the Council of Europe assumed in the programme narrative, public authorities are not ready to ease their pressure on the media, and their cooperation is scarce. Instead the Council of Europe favours cooperation with civil society and local actors in an attempt to trigger grass-roots movements defending media rights and which would in turn pressure the governments. Individuals are key targets in this strategy, because they can be actively involved in media promotion by reporting as often as possible violations to the freedom of expression and violations to their right to information. To avoid inefficient state institutions, the Council of Europe works with independent bodies which are less sensitive to state influence. It is the case in Armenia, where the use of the Media Ethics Observatory is favoured over the one of the classical judiciary system. Working exclusively with civil society and avoiding contact with the official authorities could be to some extent efficient in Armenia and Georgia since a basic legal framework is already settled there. But it cannot have any impact in Azerbaijan given the degree of governmental oppression over there. Overall in the three countries cooperation with or pressure on the official authorities to influence the legislation making and its implementation is still needed. Failing to secure it is a crucial shortcoming in the programme of the Council of Europe. The

Council of Europe's institutional weakness could be overcome if the joint programme were completed by EU actions at the governmental level through the European Neighbourhood Policy and the Eastern Partnership. However, EU strategies of democracy promotion have focused on state institutions and have left out civil society and media. Moreover, EU democracy promotion in the region has been slowed down by strategic interests such as energy transport and production.

The second drawback in the programme is the absence of attention dedicated to the economic viability of media outlets. Indeed the media is not only threatened by political practices but also by impediments to achieving economic and financial independence. Broadcast and print media rely heavily on the advertisement market, and can easily be overtaken by big government-friendly businesses. Despite the decriminalisation of libel, Armenian media has been facing the additional difficulty of defamation fines, which can push it towards close-downs. Available resources are not the only side of the economic issue. Journalists also need to be trained in business management in order to keep their outlet viable by themselves. But the curricula praised by the Council of Europe focused exclusively on ethics and rights of journalists and leaves out the economic aspect of the journalistic training.

Finally, the programme focuses too much on the traditional media. Since in Armenia and in Georgia the Internet is not yet under control, web-training should be given more importance in the journalistic curricula. Then the media would have the tools necessary to create on the Internet the space of liberty and of information-exchange that is absent within traditional media outlets. Besides, economic viability is easier to achieve for web-sites than for printed newspapers. The Internet penetration is still quite low today, but it has been gradually growing. Journalists should makes the best of the freedom they have now to prevent inevitably looming government control.

The focus of the Council of Europe is too much on theoretical issues: its programme is about raising awareness on freedom of expression and on the right to information as well as on the importance of free and independent media in a democratic civil society. However, it does not give the journalists the tools to create this independent, pluralistic and professional media sector because it lets aside the technical issues of economic and web training. Moreover, the "joint" aspect of the programme should not be limited to the sharing of funds with the EU, so that the reputation of the EU contributes to the effectiveness of the programme.

The EU-Russia partnership: a new context

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Abstract

The EU–Russia summit that took place on June 4 in St Petersburg met expectations for two reasons. Firstly, expectations prior to the summit were low: nobody was under any illusion that the summit would result in a radical breakthrough. Secondly, the biannual EU–Russia summits tend to produce symbolic rather than practical outcomes.

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The June EU-Russia summit: no surprises

The first EU–Russia summit since Vladimir Putin's return to the Russian presidency was supposed to display harmony between the two sides, rather than exposing their differences. The official message from the summit states that the relationship between Moscow and Brussels is strong, with the potential for even greater improvement in the future. The EU acted wisely by initiating a dialogue with the newly-elected Russian president. Brussels clearly recognises Russia's importance as a strategic partner, and wants to build on the 'significant progress on a number of issues' that the EU–Russia relationship has made in recent years. The same can be said of Putin himself, who confirmed the strategic nature of Russia–EU relations, stating that the EU's importance to Russia was second only to the Eurasian Union. Putin and his guests from Brussels gave controversial issues a wide berth: the situation in Syria was only mentioned briefly, with both sides verbally rejecting the use of force. There was no talk of the controversial Ballistic Missile Defence system planned for Europe or of Rus-

sia's ban on EU meat. The ballot fraud at Russia's recent presidential and parliamentary elections was also off the agenda. However, the summit did touch on issues which have been hampering efforts to forge a new broad-based cooperation agreement after four years of talks, including energy supplies, trade and market access, a visa-free travel regime and human rights. None of these differences was solved at the summit. Its main achievement was to demonstrate the readiness of both sides to continue the EU-Russia dialogue – however difficult it may be.

With Putin's return to presidency, political analysts both in Russia and abroad are trying to predict whether there will be fundamental changes or continuity in Russia's foreign policy. Generally speaking, radical foreign policy changes in a given country occur only as a result of radical external or internal changes (such as the collapse of the USSR). With a routine leadership change, it is usually new overtones and emphases that define a new foreign policy course. Although many experts say that the 'new' Putin won't be any different from the 'old' one, complete continuity is impossible since he has come to power in a markedly different domestic and foreign policy situation.

The new context of EU-Russia relations

Both Russia and Europe are experiencing important political, economic and social transformations with strong implications for their relationship. In the wake of the 2008 financial crisis, it dawned on the Russian population that having a modern economy meant being part of the modern world which in Russia's case largely comprises the EU (as its main trading partner), the US, Japan and South Korea. The realignment of Russia's relations with the US, the EU, Norway and Ukraine was a reflection of this new understanding. President Dmitry Medvedev launched the strategy under the title 'Partnership for Modernisation', which was then endorsed by a joint Russia–EU declaration. The imperative to modernise was creating a new model for Russian relations with the European Union and the West at large, although from the outset there was no consensus among the Russian political elite on what exactly modernization entailed.

As Putin returns to presidency he faces a very different Europe. The ongoing eurozone crisis has already resulted in damage to the EU's reputation as a model of both competent economic policy management and successful regional integration and multilateral cooperation. As a result of the crisis and intense competition from emerging powers, the EU's values-based foreign policy is being replaced by economisation, re-nationalisation and bilateralisation. EU member states are competing for economic deals with Russia and China. In short, the crisis has dealt a heavy blow to the attractiveness of the EU soft power model for third countries – including Russia.

It is not just Europe that has changed, however: Putin is also confronted with a new Russia. In 2000 he was required to reinstate stability after years of chaos and humiliation. Now the situation is different. Although nobody doubted in Putin's electoral victory, there was strong opposition to his return. Protests have been triggered by the September decision of the duumvirate of Putin and Medvedev to swap seats and the electoral fraud in December. Nonetheless, they should be viewed in the broader context of Russia's post-Communist evolution, which has entered a new phase. The collapse of the USSR resulted in market economy reforms (with admittedly mixed results), but no steps were taken to create a solid foundation for Russia's political democratisation. In 2012, a proportion of the Russian population does not want just stability, but also seeks democratic political reforms. The existing politico-economic sys-

tem can no longer adequately address growing social demands. The system must change if Russia is to develop further. Without political reform this will not be possible and popular protests will persist.

When he came to power in 2000, Putin hoped to improve Russia's global prestige not on the basis of unilateral concessions as Yeltsin had, but on an equal footing with other key powers. His expectations were disappointed by the West after 9/11. Russia has yet to find its proper place in post-bipolar Europe, partly due to its own mistakes but largely because of the short-sighted policies of its Western partners. Now Putin has no illusions about the integration of Russia with the West. He wants Russia to remain a sovereign centre of power, with its area of primary influence based on the Eurasian Union (virtual though it is for the time being). At the St Petersburg summit, Putin stated that the Eurasian Union would play an increasingly important role on the global stage, adding that the EU would have to deal with the Eurasian Union's commission along with Moscow. The Eurasian Union is undoubtedly an important new dimension of Russia's foreign policy.

The focus on Russia's Eurasian vocation comes at a time of uncertainty concerning the country's prospects for modernisation. In all likelihood, Putin feels that Russia should no longer solicit modernisation guidance from the weakened EU. From his point of view, Europeans are in no position to lecture other countries on good governance and democracy. According to Putin, now is the time to devise an efficient mechanism for upgrading the national economy by launching a New Industrialisation plan based on sophisticated technologies. It is not yet apparent how this will be synchronised with the Partnership for Modernisation nor where Russia could obtain the advertised 'sophisticated technologies' for its re-industrialisation. Is 'New Industrialisation' simply a catchy term for modernisation without the democratisation issues? As former Russian Prime Minister Yevgeny Primakov explained, a modernisation strategy doesn't imply mere adoption of western countries' achievements. Russia is not yet ready to become a post-industrial society, renouncing industrial production in favour of science and services. Instead of leaping straight into a post-industrial state, Russia must follow the 're-industrialisation' strategy that Putin is offering. Primakov stressed that Russia should adopt not only western technological and scientific achievements, but also the breakthroughs and positive trends of Soviet science that have been unjustly forgotten.

Russia's domestic discourse on the Euro crisis

Russia's domestic debate over the EU crisis is key to understanding the future of EU–Russia relations. There is an ideological divide within Russia's academic and political community between 'Modernisers' and 'Eurasianists'. The latter say that the current EU crisis is the best evidence of the movement of the centre of economic activity to Asia, and that the Western model of sustainable economic development has already exhausted its resources. Therefore Russia should follow its own path, based around the Eurasian Union. The idea is not new. Russia has been debating its national identity for the past 200 years; embroiled in endless arguments over whether Russians are Europeans or Eurasians. The doctrine of 'Eurasianism' places geographical location above the basic principles of a country's socio-economic and political development. The Eurasian camp consists of three political forces: Communists, Nationalists and Conservatives (including neo-cons and mere opportunists). Communists support a Russian union with China and the so-called Chinese model for Russia's transformation. Nationalists are opposed to this union as they believe that China would be the dominant partner. They want Russia to be a sovereign Eurasian centre of power and reap all the benefits of this position. Conservatives fear the demise of the EU and the collapse of the eurozone, as they have many business interests in EU countries and 40 per cent of Russia's foreign reserves are in euro. However, they are firmly against Russia's European vocation, which presents a threat to the existing system. They want to keep European powers divided and extract benefits from bilateral relations.

Modernisers are against Russia's Eurasian vocation, maintaining that it would not work anyway. Integration between authoritarian states is not possible, as such regimes would not concede their sovereignty. For them, the Chinese model is not an option for Russia, because it revolves around the transition from an agricultural society to an industrial state. The USSR missed this opportunity in the late 1920s.

The Modernisers' camp is also split into pro-US and pro-EU factions. The former – most vividly represented by /free market economists close to Jeffrey Sachs – attributes the euro crisis to the social and economic model of EU countries, which would be too 'socialist' for the globalised economy. Such a view prioritises economic models and neglects the political aspects of European integration. The pro-EU community is not blind to the depth of the euro crisis, and recognises that it is systemic. The most compelling indications of the ongoing crisis include the growing mistrust between Brussels and ordinary EU citizens, an increasing divide between northern

and southern EU countries, and the rising tide of nationalism, the challenges to the multicultural project in Germany, France and the UK, and xenophobia and populism in EU member states. In this context, the fundamental issue is not simply whether the Eurozone survives, but whether the core concepts of the European integration will remain viable. However, they believe that the EU will come out of this crisis stronger and reinstate its position.

Economists from both camps recognise that the euro crisis could affect Russia in many ways. A decline in prices for oil and metal exports will hit the Russian economy hard. If the crisis continues, investors will start to sell not only European financial assets, but risk-prone assets from all over the world – including Russia. A further escalation of the euro crisis may trigger external shocks, which will affect the activity of Russian credit organisations.

Conclusion

EU–Russia relations are losing their sense of purpose. Both sides are confronted with serious problems; the question is whether their cooperation can advance in this context. Despite their considerable domestic challenges, the medium-term goals of both Russian and EU foreign policies are the same: predominance of pragmatic economic interests over political or ideological differences, emphasis on bilateral relations and status-(re)building. The guiding principles of Russia's foreign policy under Putin's will be *quid pro quo*, linking Russian political and military concessions to Western economic concessions. If President Putin clearly understands what Russia can gain from a particular deal, he will be a reliable

partner. Piecemeal cooperation will not put EU–Russia relations on a new footing. A future paradigm shift would be contingent on the EU surviving the crisis, proving the viability of its model and defining a clear strategy *vis-à-vis* Russia, based on a careful balance between its values and realistic objectives.

However, the EU has a trump card up its sleeve – the visa-free regime. Achieving that would be a diplomatic coup for Putin, raising his popularity among the Russian middle class. The critical importance of this issue is generally misunderstood in the West. For centuries, contacts with the West were limited to Russian aristocracy and then to Soviet *nomenklatura*. After the collapse of the USSR in 1991, the physical barrier from the East was removed but replaced by the visa 'barrier' from the West. If a visa-free regime is granted, it will not be a concession to Putin, but rather an important factor to strengthen people-to-people contacts, to provide a basis for a new partnership and to enhance Russian self-identification as a European nation.