The European Union and the 'Social Deficit'

Abstract

The aim of this article is to analyse democracy, legitimacy and interest representation within the European Union. Taking the recent rise of populist parties within the European Parliament and declining levels of public support for the EU as a starting point, the article probes the relationship between levels of support for the EU and the interests the European integration process represents. In doing so it applies a political sociology approach to the EU's governance matrix to two periods: the revival of European integration from the mid 1980s up until the outbreak of the Eurozone crisis; and from 2008 onwards. It argues that the EU has constitutionalised a system of economic governance that prioritises the objectives of liberalisation and deregulation and their actors. This sidelines more socially oriented actors and has resulted in the erosion of employment and social policy across the member states. As a result, European citizens do not believe that the EU best serves their interests In short, the EU suffers from a 'social deficit' with respect to both the interests it represents and the policies it produces. In responding to the Eurozone crisis the EU's policies have amplified the 'social deficit', thereby further narrowing interest representation in the EU.

Introduction

For two decades the academic literature regarding democracy, interest representation and legitimacy in the European Union has provided useful insights into how the EU performs in this field (Crombez 2003; Decker 2002; Horeth 1999; Lord 2004, 2007, 2008; Schmidt 2012). Accordingly, on a majority of indicators the EU scores well and is comparable to the democracies of its members, although there is often disagreement over where improvements can be made. To this we can add that since the 1990s the EU's only directly elected institution, the European Parliament, has strengthened its powers. For example, the Lisbon Treaty reforms of 2009 gave the European Parliament the right to nominate the President of the European Commission. Furthermore, the EU has also initiated a number of reforms to improve the relationship between citizens and Brussels. The 2011 launch of the European Citizen's Initiative enables individuals to petition the European Commission to propose legislation on matters where the EU has a competence to legislate (Monaghan 2012). The petition is required to come from at least 7 member states, with a threshold of 1 million signatures. Despite such reforms, opinion poll data by Eurostat for the period indicates that support for the EU has been in steady decline. This drop in support further plummeted following the fallout from the Eurozone crisis, the economic recession and the subsequent rise in unemployment; but the important point to emphasise is that the 2009/10 drop in support should be understood as part of a long downward trajectory. In response to rising dissatisfaction, populist parties on both the left and right of the political spectrum have steadily increased their representation in the European Parliament.

In this respect there is a schism between the claims of the academic literature on democracy, interest representation and legitimacy, and the opinion poll data. In part this results from the current literature providing a one-dimensional understanding of the problem that is unable to fully capture the broad political dynamics of European integration and the interests it represents. This paper probes the relationship between the politics of interest representation in the EU and levels of public support. In doing so it applies a political sociology approach to the topic. Such an approach examines how institutions, groups and societal forces interface within the political sphere and struggles for power (Neuman 2007). It sees European integration and thereby its governance arrangements as one of multiple sites of concentrated power and an apparatus over which different groups contest for control. Among the main critiques which a political sociology perspective seeks to overcome are the reification of norms and their treatment in relative isolation apart from the actors who use them to guide their actions; a tendency towards a functionalism in the selection and operationalization of governance instruments; and the focus on institutions in and of themselves (institution centric) rather than institutions as a vector of power built through socio-political processes (Copeland and Daly 2014; Jenson and Mérand 2010; Kassim and Le Galès 2010; Favell and Guiraudon 2011). An underlying point, then, is that ideas, discourses, governance instruments and arrangements are inherently political, the subject of ongoing power struggles between actors, and are continually being remade (rather than fixed). The process of European integration confronts actors with structures of opportunity and privileges certain courses of action, interests and actors over others (Kassim and Le Galès 2010: 4); it creates hierarchies and dependencies of priority, and reflects a broader set of socio-political inequalities among actors and interests.

The paper argues that European integration has privileged and prioritised activity surrounding the Single European Market (SEM) and European Monetary Union (EMU) at both the EU and member state levels. This constitutionalisation privileges economic actors and their integration objectives of liberalisation and deregulation, guided by a neoliberal ideology and the promotion of competition both within, and between, the member states. This is at the expense of more socially oriented actors who espouse market-supporting measures along with the construction of a social dimension (understood as including both employment and social policy). The result of this asymmetrical system of governance has been the slow and steady erosion of social and employment standards across the EU. As such the EU suffers from a 'social deficit' both with respect to the interests it represents and the policies it produces – this explains why public support for the EU has fallen over the last two decades.

In the first section, this paper analyses the results of the 2014 European Parliament elections in the context of declining public support for the European project over the last two decades. Section two analyses the interests and objectives of European integration from the reinvigoration of the process in the mid 1980s to the outbreak of the 2007/2008 financial crisis. It highlights the prioritisation of economic interests within the EU, its 'social deficit', and explores the relationship between the dominance of economic interests and falling levels of public support for the EU. Section three analyses the EU's response to the eurozone crisis and demonstrates that not only have recent policy reforms benefited economic actors and their interests, but they have ultimately deepened the ‘social deficit’ and exacerbated the longstanding structural problems surrounding interest representation and policy outcomes. The article concludes with some reflections on the future of democracy, interest representation, legitimacy and public support for the EU.

I: The 2014 European Parliament Elections

The 2014 European Parliamentary elections proved to be something of a watershed. Firstly, they represent the first time in the history of the institution that voter turnout did not fall. Having had a voter turnout of 62 per cent in 1979, this had fallen to 43 per cent by 2009 and remained at 43 per cent in the 2014 elections. Secondly, the elections witnessed the emergence of a number of populist parties from both the far left and right. These include the far left parties of Syriza in Greece and the far right parties of the National Front in France, the Freedom Party in Austria, the Five Star Movement in Italy, the UK independence Party, and countless other smaller parties from across the member states. In total the elections produced some 194 seats out of a total of 751 for both the far left (47 MEPs) and far right candidates (147 MEPS) (House of Commons Library 2014). Put differently, just under a quarter of the EU’s new Parliament aims for a radical overhaul of the European project or for the complete dismantling of the EU. In both France and the UK, parties supporting the explicit withdrawal/dismantling of the EU won the single largest majority, while in Italy the Five Star Movement came second. Therefore the election results cannot be correlated to member states that have received bailouts during the Eurozone crisis. Anti-EU sentiment is something that is happening across the EU in small and large, old and new, and euro and non-eurozone members

Thirdly, the 2014 Parliamentary elections were the first to take place under the Lisbon Treaty reforms with the main political coalitions able to present their candidate for Commission President to the electorate. The EPP received the largest share of the vote with 24.3 per cent (222 seats) and nominated Jean Claude Juncker, the former Prime Minister of Luxembourg, as the next President of the Commission. The European Council accepted this in July 2014, despite very public opposition from the UK and Hungary. Much was made by the EU institutions of the success of the 2014 elections, both with respect to the 'Juncker effect' and, compared to the 2009 results, the maintenance of voter turnout. Voter turnout is a key indicator of the health of a democracy, but this alone is insufficient to understand the political dynamics of an election, and it remains hard to disguise the growing support of anti-EU parties. Such support is likely to be higher than the election results suggest if we consider that the most dissatisfied of individuals often do not vote during elections. In Greece and Cyprus, where voting is compulsory in European elections, voter turnout was 59 per cent and 44 per cent. Furthermore the EU's average voter turnout masks some significant differences between the Member States. The highest voter turnout was in Belgium and Luxembourg with each achieving a turnout of 90 per cent, two Member States that also have compulsory voting and are home to the majority of the EU's institutions. The lowest voter turnout was in Slovakia with 13 per cent, followed by 19.5 per cent in the Czech Republic and 21 per cent in Slovenia.

Opinion poll data regarding public perception of the EU mirrors the trends around the 2014 European Parliamentary results. In 1990 66 per cent of EU citizens considered EU membership to be a good thing, with 8 per cent considering it a bad thing, 21 neither good nor bad and 6 per cent not knowing. By 2011 the respective figures were 47 per cent in favour, 18 per cent against, 31 per cent neither good nor bad, and 4 per cent not knowing (Eurobarometer 2014). While it is easy to think that the decline in support is a result of the 2007/08 financial crisis and the subsequent Eurozone crisis, the number of citizens who regarded EU membership as a positive thing had been hovering around 50 per cent in the run-up to the crisis. In other words falling levels of support are not simply in response to the crisis, they have been in steady decline over the last two decades. Eurobarometer data also reveals what citizens associate with the process of European integration. In 2003 48 per cent of citizens believed that the EU had benefited them via the free movement of people, 31 per cent peace and stability, 23 per cent thought it a waste of money, 18 per cent economic prosperity and 15 per cent unemployment. In 2012 the respective figures were 42 per cent for the free movement of people, 27 per cent as a waste of money, 26 per cent for peace and stability, 18 per cent for unemployment, and 12 per cent for economic prosperity (Eurobarometer 2014). One important observation from this data is what citizens associate with European integration does not correlate to what the EU believes is its most important achievement. In Brussels and the European capitals the Single European Market (SEM) is regarded as the epitome of successful integration. The Commission has calculated that the completion of the SEM has resulted in at least 2.5 million extra jobs and had increased wealth by about 600 euros per person from 1992-2006 (European Commission 2007). However, citizens are more likely to associate the EU with being a waste of money than with economic prosperity; the rhetoric surrounding the SEM clearly does not translate to citizens. In short, with continued low voter turnout in the European Parliament elections, the rise of anti-EU parties, and a mismatch between the public perception of the EU and the perception in the European capitals, the European project has a fundamental problem.

II: The Priorities of European Integration

To fully understand interest representation in the EU and the hierarchy of policy priorities that in turn structure the process of European integration, it is necessary to understand the EU's governance matrix. The starting point of the analysis is the reinvigoration of the European project in the mid 1980s. Against a backdrop of economic turmoil in the 1970s and limited progress within the European project, the signing of the Single European Act (SEA) in 1986 marks the beginning of a renewed momentum within the then European Economic Community (EEC) (Armstrong and Bulmer 1998: 15-17). The SEA was presented as a solution to the economic problems that had blighted most members over the previous decade. Importantly, it would also enable them to close the emerging economic gap between the EEC and the USA/Japan. Centre-right governments had come to power in the majority of member states and combined with growing pressure from transnational business groups, the SEA aimed to establish a truly functioning internal market via liberalisation and deregulation of the physical product market. This approach, known as ‘negative integration’ whereby barriers to the EU’s four freedoms (goods, services, people and capital) are removed, has come to dominate the European project. The alternative ‘positive integration’ model whereby common rules at the regional level harmonise national differences is considered to be a more difficult and time consuming, and has therefore failed to gain sufficient political support (Scharpf 1996).

Member states were given until 31 December 1992 to implement the 282 directives of the SEA. Such was the political momentum during this time that the SEA generated a spillover effect of liberalisation and deregulation to other sectors such as telecommunications, utilities, air transport, financial services, postal services and eventually general services (Armstrong and Bulmer 1998; Schmidt 2002). The revival of the European project was supported by a competition policy that, amongst other things, restricts state aid to companies and removes the flexibility of governments to respond to the short-term needs of certain sectors. This gives the European Commission and the European Court of Justice a direct say in the economic affairs of its members. It does not give the EU’s only directly elected institution, the European Parliament, any real control in the monitoring of the SEM, although the introduction of the co-decision procedure in 1992 (now known as the ordinary legislative procedure) does give it equal say during the negotiation of most EU policy.

A further spillover of the SEA was the decision to create an Economic and Monetary Union (EMU) in 1992 with the signing of the Treaty of Maastricht. Given the success of the Single European Market (SEM) in removing barriers to trade and commerce, the creation of a single currency ‘seemed to form a logical link’ (McNamara 2005: 145). EU leaders, along with national and transnational business groups believed that a single currency would further reduce costs and increase price certainty for cross border transactions. EMU would therefore complete the SEM and maximise the potential boost to growth and jobs. It was modelled on the success and independence of the German Bundesbank whose post-war responsibility had been to keep inflation low, the Deutschmark stable, and prevented political interference in monetary policy. In effect, ideas of ‘sound’ finances and money had become institutionalised at the European level (Dyson and Featherstone 1999: 12). The Maastricht Convergence Criteria required participants to have a budget deficit of no more than 3%, a public debt at or below 60 % of GDP and an inflation rate of no more than 1.5 % above the average of the lowest three countries. The Criteria later became known as the Stability and Growth Pact and was intended to guarantee fiscal prudence by levying fines on any member state that broke the rules.

Against a backdrop of criticism from the trade unions, centre-left NGOs and think tanks that the EU was merely a market-making project that prioritised economic actors and their integration objectives, the European Commission, under the leadership of Jacques Delores, launched the idea of a social dimension for the EU. As European integration had meant that member states were fast losing their ability to fully control macro-economic policies, a social dimension on a par with the SEM would prevent competition based on labour standards and social security contributions; it would also construct a more balanced integration process. In 1989 and with the exception of the UK, governments adopted the Community Charter of Fundamental Social Rights of Workers. This was given legal recognition at Maastricht in 1992, but opposition from the UK to its inclusion into the Treaty meant that such a provision was annexed as a 'Chapter'. The 11 Member States that signed the Chapter were permitted to integrate in employment and social policy without it affecting the UK, but attempts to construct a social dimension never quite matched the vision. While economic actors in the EU have been relatively unified in their aim to de-regulate and liberalise the European economy, in building a social dimension social actors have been divided. Coming from quite different welfare states, social actors at the EU level often disagree on how to harmonise EU employment and social policy. A result is that in terms of policy output, progress has been slow with directives in the policy field proving difficult to negotiate (Copeland 2014: ????).

1997 signifies a shift in thinking over the construction of a social dimension. The election of the New Labour Government in the UK enabled the Social Chapter to be fully incorporated into the Treaty. Treaty changes at Amsterdam also gave the

EU a competence in the employment policies. Given the difficulties of achieving agreements on directives, it was decided that the governance process of the European Employment Strategy (EES) would adopt a different approach (Tidow 2003). EU wide targets were set in the area of employment (such as a 70 per cent overall employment rate with a 60 per cent level for women) and with the exchange of best practice, annual reporting and peer review, member states were encouraged to take the necessary reforms to achieve their own individual targets (Ashiagbor 2004; Trubek and Mosher 2003; Velluti 2010). Unlike EU directives, engagement with the process would be voluntary and the Commission therefore unable to take action should a member state fail to make progress. Such was the optimism of this new governance process, eventually coined as the Open Method of Coordination, that it was used in other policy areas under the EU's Lisbon Strategy, its re-launch in 2005, and its successor in 2010 known as Europe 2020 (James 2012). The aim of these various reform strategies has been to increase the competitiveness of the EU, as well as to coordinate and encourage reform in various welfare policy areas. From the mid 1990s onwards the harmonisation and regulation of the social dimension were out, and voluntary coordination, flexibility and the heterogeneity of interests were in. Targets were set in a broad range of policy areas such as employment, research and development, education, social exclusion/ poverty, and pensions. Although the relative importance of each of the policy fields was far from equal and since the initial launching of the Lisbon Strategy in 2000, the EU has emphasised different policy priorities at different times. This has provided an incoherent and inconsistent strategy in the construction of a social dimension (Copeland 2014: 42-43).

Despite both the EES and the initial ideas behind Lisbon I representing the epitome of a genuine attempt to construct a social dimension, they actually came to represent a failure to balance economic integration. Progress within the OMC has been slow with research revealing that it has failed with respect to both substantive policy outcomes and a convergence of actor interests (Borrás and Greve 2004; Hatzopoulos 2007; Idema and Keleman 2006; Smismans 2011). A further problem is that the flexicurity principle of the EES, that is labour market flexibility in a dynamic economy and security for workers, has never been realised. When the concept has been used at the national level it has been applied in an unbalanced way favouring employment flexibility measures at the disadvantage of the security of workers (Velluti 2012: 104). Rather than advancing a European social dimension, the EES has inadvertently been used to spread the liberalisation and deregulation of employment policy. All of this points to the weak positioning of social actors in the EU and the representation of their interests.

In the period 1986-2008 European integration radically transformed the governance of the European economy. It opened up Member States to internal competition in the capital and product markets and simultaneously attempted to protect them through Monetary Integration and the SEM (Schmidt 2002). Thinking this through in terms of the priorities of the EU's governance matrix, during this period the SEM and EMU were positioned at its apex with the vast majority of the acquis communautaire concerning market integration. When the EU acted in welfare policy, employment policy, and not the broader social problems of citizens, took priority. Employment policy was therefore a secondary order priority within the integration process, albeit it is a certain type employment policy that reinforces the EU's rationale: the promotion of liberalisation, employment flexibility that favours employers over employees, benefit conditionality, and greater personal responsibility. Poverty and social exclusion, healthcare, and pensions formed a third order priority within the EU's governance hierarchy. This has led to claims that the social dimension is an 'after-thought' or 'add-on' to the priority of economic integration (Copeland and Daly 2013)

Despite the EU representing and engaging with a broad range of actors, it empowers and privileges economic actors who favour the liberalisation and deregulation of the European economy. Opposition to the EU and its policies is multifaceted, but the underlying cause behind the majority of grievances is the increased marketization of labour, the uncertainty of everyday life, and the inability of the European project to deliver on its promise of boosting growth and jobs. The locking-in of member states to this form of economic governance has reduced or eliminated national macro-economic policies traditionally used to stimulate growth and jobs (such as exchange rate devaluations or subsidies for specific sectors/industries). This reduced sovereignty and scope, without the creation of a formalised federation (Rosamond 2002), constructs a competitive space in which the member states compete more fiercely with each other for international investment. The result is downward pressures on wages, employment conditions and welfare policy, as it is one of the few macro-economic tools governments have left to stimulate growth and jobs. This indirect erosion of welfare policy is further exacerbated by the weak representation of social actors who are able to defend the welfare state.

The free movement of labour within the EU has heightened the commodification of everyday life. Here it is important to distinguish between the free movement of citizens and the free movement of workers. The former denotes the broad range of citizens who cross the EU's traditional nation state boarders for work and travel; while the latter refers to individuals who temporarily or permanently reside in another member state for the purpose of employment. The free movement of workers complements the EU's economic governance by matching skilled workers with jobs, tackling labour shortages, and encouraging movement away from areas of high unemployment. This has been a highly contentious issue within domestic political debates, often manifesting itself in xenophobia. There is very little evidence to suggest that the free movement of workers contributes to unemployment in member states that are net recipients of migrants, despite public opinion suggesting otherwise. However, there is evidence that the free movement of workers puts a downward pressure on wages and labour standards, albeit this depends on the socio-economic group in question and predominantly affects low wage employment (Dustman et al 2013; Ruhs and Vargas-Silva 2014). The latter has regularly been thrown into the public spotlight by a number of high-profile cases, including the ECJ's ruling on the 2006 Laval case and the negotiations of the 2006 Services Directive (Dølvik and Visser 2009)

EU citizens can look back over a 30-year period in which the Keynesian political economy of full employment and welfare state expansion has been replaced with a deregulatory liberal order in which the everyday life of an average EU citizen is relatively more precarious. The failure to construct a European social dimension as a counterweight to market-led integration has inadvertently resulted in the erosion of employment and social standards and a movement towards increasing personal responsibility in situations that are unlikely to be the fault of the individual. When the European Commission claims that the SEM has been a success, the majority of EU citizens do not feel the benefit. That the SEM has increased wealth by 600 euros per person and created an extra 2.5 million jobs is pitiful if the qualitative experiences of individuals are more precarious and elected national governments have little room to manoeuvre in macro-economic policy. In short, the 'social deficit' results in the majority of people feeling that the EU does not represent their interests.

III: The Eurozone crisis and the re-prioritisation of European Integration

In response to the Eurozone crisis the EU has initiated a series of reforms, but the positioning of social actors in the pre-crisis governance matrix has resulted in them being less able to defend their interests in a post-2010 EU. Rather than correcting the EU's 'social deficit' the reforms have re-prioritised economic objectives and positioned financial actors and their objectives at the apex of the EU's governance matrix, with the SEM coming in second. As will be explained below, the shifting of the social dimension from an historic 'add-on' of economic integration to that of 'dependence-upon' economic objectives has amplified the 'social deficit'.

The origins of the crisis can be traced back to the inadequacies of the governance of EMU. In 2002/2003 several member states breached the Stability and Growth Pact (Portugal, followed by Greece, Italy, France and Germany). While punitive proceedings were begun against some of these states (Portugal 2002, Greece 2005), the larger member states such as Germany managed to escape proceedings by applying pressure to the Commission. It was then decided that to pursue smaller states for breaching the rules would be politically unacceptable (Dyson and Quaglia 2012: PP). When international financial markets failed to react to the decision, all was deemed well in the Eurozone. This decision, along with the structural divergences of the Eurozone, was to have catastrophic consequences later in the decade. EMU has always been a political compromise that brought together economies that were structurally divergent and whose long-term fiscal credibility varied significantly (Chang 2009: 45-57). Despite the 'no bailout clause' of Maastricht no one ever really believed that this would apply. A result of EMU membership was that countries such as Greece, Ireland, Spain, and Portugal were able to borrow money on the international financial markets at historically low levels of interest. The substantial fall in interest rates and the removal of exchange rate pressures resulted in domestic asset price bubbles, the illusion of a rapid growth in wealth, and greater compliancy about economic reforms (Dyson and Quaglia 2012: 206). Ten years after its launch the EMU had not had the expected effect of economic convergence. On the contrary, profound macroeconomic imbalances developed at the very heart of the Eurozone, between its centre and its periphery, in terms of growth, productivity, balance of trade, employment and competitiveness (Degryse 2012: 21).

The tipping point for the Eurozone came in 2007/08 when the US sub-prime market collapsed and it was revealed that several European banks were exposed to the market. The summer of 2008 witnessed a number of European banks requiring bailouts from their respective governments; combined with the EU's economic stimulus package to prevent a recession, a result was significant increases to national debt. As confidence mostly disappeared in the global financial market, the European financial system appeared increasingly fragile; panic broke out in the stock market, market valuations of financial institutions evaporated and interbank lending practically ceased. This resulted in increases to lending rates on the international bond market and speculation that some countries would be unable finance their debt obligations. In November 2009 Greece revealed that its budget deficit was 15.4 per cent of GDP and not the previously official figure of 6 per cent (Degryse 2012: 20). Unless Greece received a bailout package from the EU/IMF it would default on its debt and be forced out of the Eurozone. In May 2010 Greece received the first of several bailout loans that were tied to the implementation of austerity policies, such as cuts to government spending, tax rises and liberal reforms to the labour market and pensions. Several other Eurozone members were to receive similar bailout packages with identical conditions. In a desperate attempt to bring debt under control, the Eurozone experienced a wave of austerity (Ladi and Tsarouhas 2014). The relative weakness of social actors at the EU level meant that they were powerless to resist the adoption of such policies and the restructuring of priorities within the EU's governance matrix.

The response to the Eurozone crisis has introduced a variegated form of shock therapy with some disastrous social consequences, including dramatic cuts to public spending, rising unemployment and increases in the rate of poverty and social exclusion. Although the responsibility for this fallout lies as much in the European capitals as it does in the EU institutions, a problem is that the EU's own version of shock therapy is in part linked to its existence as an institution. Unlike the shock therapy that featured in the post-communist transitions of Eastern Europe, which were perceived as a necessary, albeit painful, process to implement capitalist democracy and to catch-up with the West, for the European electorate the rationale behind austerity and the bailout packages is less clear. For EU citizens the puzzling fact remains that the Eurozone/EU level of government debt remains lower than in the USA whose experience both during, and after the financial crisis, has been less severe. In the south citizens are being asked to personally shoulder the cost to remain in the Eurozone. Despite northern European capitals acting as a guarantor for the funds raised in the bailout packages, a myth has emerged that northern European taxpayers are directly footing the bill for the mistakes of the south (Reuters 2013). The crisis has created a north/south divide pitting Northern European financial 'prudes' against Southern European 'sinners' (Papadimitriou 2012: 1). In short, people are unhappy about the EU's response to the crisis, but it is often for different reasons.

The EU has responded to the crisis with a number of policy initiatives to strengthen its economic governance. The European Commission sought the initiative in the crisis and allied itself with calls for a strengthening of the economic pillar of the EMU (Dyson and Quaglia 2012: 201). In response Europe 2020, the EU's new economic reform strategy launched in 2010, proposed a step change in economic policy co-ordination through reinforced mechanisms of budgetary discipline and fiscal consolidation (see Armstrong 2014). It enshrines a new preventative system of ex ante country surveillance, the centre-piece of this being the 'European Semester'. Within the Semester governments formulate their medium-term budgetary and economic strategies for peer review by the Commission and the Council before being approved by national parliaments. This is achieved through the 'simultaneous' but 'separate' reporting of Europe 2020 with the EU's fiscal framework, the Stability and Growth Pact (SGP). This aims to strengthen the linkages and relationship between the fiscal situation within the member states, the broader macro-economy and selected Europe 2020 thematic issues (such as micro economic and the employment and social areas). The European Semester therefore strengthens a political hierarchy centring on the prioritization of government policy relating to budgetary and fiscal discipline. This represents a clear formalisation of the privileging of activity in the EU's macro-economic pillar over other pillars and thereby further empowers actors in the Directorate General for Economic and Financial Affairs (DG ECFIN) and the Economic and Financial Affairs Council (ECOFIN). In contrast, the Directorate General for Employment, Social Affairs and Inclusion (DG EMPL), and the Employment, Social Policy, Health and Consumer Affairs Council (EPSCO) were largely sidelined or ignored during the drafting and negotiation process (Copeland and James 2014: 10).

Away from Europe 2020 this shift in priorities has been reinforced. To finalise the governance arrangements around the European Semester, in September 2010 the European Commission proposed the strengthening of the Stability and Growth Pact and new economic governance in the form of the 'Six-Pack'. This is a set of six legislative acts – five regulations and one directive – intended to make governance more rigorous within the EU (Degryse 2012: 30). The aim of the Six-

Pack (approved in 2011) is to reduce public deficits and address macro-economic imbalances. Member States whose debt exceeds the 60 per cent GDP threshold must now take measures to reduce this. Should a Member State fail to act on either an excessive deficit or debt level, the Commission can request the state to deposit an interest bearing deposit of 0.2 per cent. A failure to respond to the recommendations can result in the deposit becoming non-interest bearing and eventually converting into a fine (European Parliament and Council 2011). Numerous other reforms have also been introduced such as the Euro Plus Pact and Treaty on Stability, Coordination and Governance. The purpose of all of these reforms is a much stricter implementation of the SGP. In particular, the latter established 'the balanced budget rule' whereby national budgets should either be in balance or surplus and can only be in deficit during exceptional circumstances.

In response to the criticisms of austerity from EU social actors, the European Commission has launched a series of initiatives aimed at addressing the social consequences of the crisis including: the Employment Package; the Youth Guarantee; and the Social Investment Package. Notably all three packages do not provide additional funding and they emphasise flexible employment driven solutions to social problems. A further concerning trend here is that social problems within the EU are being recast as a result of the Eurozone crisis, rather than being a persistent feature of European society that predates 2008. In the Council a new scoreboard has been introduced to include appropriate employment and social indicators. Its purpose is to monitor the social situation in the member states and to feed into talks prior to the launching of a new European Semester cycle. However, unlike the reforms to economic governance, there are no automatic consequences for member states should the social situation deteriorate; it also does not permit more flexibility in macroeconomic policy under these conditions.

The response to the Eurozone crisis represents a fundamental shift within the political and economic governance of the EU. Essentially the reforms surrounding the strengthening of the EU's economic governance establish budgetary discipline as the EU's number one priority within the European Semester. Progress within other policy areas of both Europe 2020 and broader governance matrix of the EU are dependent upon developments within this priority. In a post 2009 EU, monetary integration centring on budgetary and fiscal discipline has emerged as the EU's first order priority. The SEM in second order, employment policy as a third priority, and social policy as a fourth priority. Within this hierarchy the social dimension has shifted from a historic 'add-on' to economic integration, to that of 'dependence-upon' economic objectives. The new economic governance has tightened the EU's ideological straightjacket to ensure that political action in the social dimension is more or less dependent upon the 'soundness' of the financial situation of a Member State. Given this constraint, there are few incentives for governments to embark on innovative social welfare programmes. For example, if economic growth slows, tax receipts will fall and the social assistance bill will increase (in the form of unemployment and other benefits). Under such circumstances total debt and deficit requirements of a Member State are likely to breach existing EU rules if they are combined with any longstanding commitments in normal government spending. Under these political conditions the most logical thing for governments to do is to avoid long term spending commitments in welfare policy. Rather than broadening interest representation in the EU, the response to the eurozone crisis has actually narrowed it.

Conclusion

Applying a political sociology approach to the process of European integration provides an opportunity to reflect more broadly on the process of European integration, the interests it represents, and to probe the relationship between the latter and growing levels of public dissatisfaction with the EU. An underlying point of the approach is that ideas, discourses, governance instruments and arrangements are inherently political, the subject of ongoing power struggles between actors, and are continually being remade (rather than fixed). The process of European integration confronts actors with structures of opportunity and privileges certain courses of action, interests and actors over others (Kassim and Le Galès 2010: 4); it creates hierarchies and dependencies of priority, and reflects a broader set of socio-political inequalities among actors and interests. Analysing European integration through this analytical lens reveals that it prioritises economic integration via the objectives of liberalisation and deregulation of the European economy, as well as EMU. Social actors have been unable to construct a European social dimension as a counterweight to this process and as a result, welfare state policy in its members has been reconfigured and indirectly undermined by economic integration. In short, the EU suffers from a 'social deficit' with respect to the interests it represents and the policies it produces.

For the majority of the EU's political elite the recent drop in public support and 2014 European Parliamentary elections represent a backlash to the Eurozone crisis. The hope is that once sustainable economic growth returns to the Eurozone, along with reductions in unemployment, the negative feeling towards the EU will dissipate. In part this is true, as there is a relationship between economic performance and government support, or in this case, the EU. However, as an economic and political project the process of European integration has failed to deliver on its promises. The European experiment has not resulted in the Continent 'catching-up' with its nearest competitors. In response, EU citizens have witnessed the partial erosion of the welfare state (understood as both social and employment policy) and its reconfiguration emphasising much greater personal responsibility. The free movement of labour across the EU has further placed a downward pressure on wages and employment standards in the low paid sectors, often becoming an easy target through which communities direct their frustration. Meanwhile as the EU's Treaty provides an ideological straitjacket, nationally elected governments have increasingly less room to manoeuvre in macro-economic policy.

For this reason levels of public satisfaction with the EU are unlikely to surpass their pre-crisis level once sustained growth returns, unless the integration process can move beyond its current political economy paradigm and significantly reduce the 'social deficit'. A problem here is that since the Eurozone crisis the EU's economic governance has been strengthened to prioritise EMU over all other integration objectives. This is slowly shifting welfare policy to even greater market driven solutions to problems and their dependence upon developments within macro-economic policy. The process of European integration is heading in the opposite direction of where it should be going to resolve the EU's fundamental problems surrounding interest representation, democracy, legitimacy and public support. The political will required to overhaul the EU's fundamental objectives is huge, not least because it would require major Treaty changes and a paradigm shift amongst actors in the normative understanding of the European project. But until the EU equally represents the diverse range of actors found within its political space, the trends of the 2014 European parliamentary elections and declining levels of public support for the EU are likely to continue.

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