

# Economic Policy for a Social Europe

A Critique of Neo-liberalism and Proposais for Alternatives

Edited by

Jörg Huffschmid

# Contents

Li	stofT	ables	х
Li	st ofF	ligures	xii
Li	st of A	Abbreviations	xiii
N	otes o	n the Contributors	xvi
1	Intr	oduction: the European Social Model: a Contested Concept	1
Pa	art I	Critique of Economic Policies in Europe	9
2	Euro 2.1 2.2		11 11
	2.2	the conflicts of the past To an outward-looking union confronted	11
	2.4 2.5	1 0 1	14 21 25
3	3.1		27 27
	3.2 3.3 3.4	1	27 33 35
-	3.5		37 39
4		Drive for Financial Integration: Stability and	
	4.1		41 41 42
		Financial market integration policy in the EU	42 47
	4.4 4.5	Assessing the EU financial market integration policy Conclusion	51 57
5	5.1	Attack on the Public Sector Introduction: no mandate for privatization Economic integration without a clear concept	59 59
	3.4	of the public sector	60

## vi Contents

	<ul><li>5.3 Network Services: from liberalization to privatization</li><li>5.4 Services of general interest as niches in a world</li></ul>	61	11
	of competition - the position of the EU in the new debate	65	
	5.5 Conclusion	68	
6	The 'Modernization' of Social Policy: a Critique		
	of Pension Reforms	70	
	6.1 Introduction	70	12
	6.2 Social policy in the frame of globalization	-	
	and neo-liberal policy	70	
	6.3 Social policy in the EU	71	
	6.4 The pension issue: the modernization of the pension Systems	70	
	6.5 The real reasons for the reform	72	
	6.6 Conclusion	78	
	0.0 Conclusion	80	13
7	Employment through Labour Market FTexibility? A		
	Critical Appraisal of the European Employment Strategy	82	
	7.1 Introduction	82	
	7.2 Flexibility versus innovation	82	
	7.3 Labour market policies in the EU	89	
	7.4 Conclusion	93	
8	Europe's Environment in Bad Shape	95	
0	8.1 Introduction	95	
	8.2 Survival, inefficiency and lifestyle pressures	20	
	on the environment	96	Part II
	8.3 The precautionary principle and other guidelines		1.4
	of European environmental policy	96	14
	8.4 The environmental implications of EU enlargement	99	
	8.5 Conflicts on energy security, collapsing climate,		
	fading biodiversity	100	
	8.6 Conclusion	110	
9	Structural Deligios: Weak and Market Dissed	110	
9	Structural Policies: Weak and Market Biased 9.1 Introduction: from the Treaty of Rome to the	113	15
	Single Market	113	
	9.2 The insufficiency of innovation and industrial policies	115	
	9.3 The limited efficiency of the regional policies	110	
	and their planned reduction	121	
	9.4 Conclusion	125	
		123	16
10	Agricultural Policy: the Need for Reform	128	Ĩ
	10.1 (ntroduction	128	
	10.2 The foundations of agricultural policies	128	
	10.3 Reform proposals	132	
	10.4 Conclusion	135	

### Contents vii

11	<ul> <li>European Trade Policy: Weak and Too Liberal</li> <li>11.1 Introduction: from the Treaty of Rome to the WTO</li> <li>11.2 Strategie trade policy and North-North relations</li> <li>11.3 Trade policy towards Southern countries</li> <li>11.4 Sectoral problems</li> <li>11.5 Conclusion</li> </ul>	137 137 140 141 143 145
12	<ul> <li>Enlargement: Not Enough Support for the New Members</li> <li>12.1 Introduction</li> <li>12.2 Main economic indicators of CEEC development</li> <li>12.3 Imposing neo-liberal structures</li> <li>12.4 Self-blockade by programmes and structures</li> <li>12.5 The club approach to enlargement</li> <li>12.6 Conclusion</li> </ul>	147 147 147 153 157 158 160
13	<ul><li>Policy Coordination: Legitimate and Effective?</li><li>13.1 Introduction</li><li>13.2 What do we mean by policy coordination?</li></ul>	164 164
	The theoretical background 13.3 The complex System of EU policy	164
	<ul><li>coordination: the historical background</li><li>13.4 Critical issues in coordination practices</li><li>13.5 Coordination in urgent need of democratic reform</li><li>13.6 Conclusion</li></ul>	166 170 173 175
Par	t II Proposals for Alternatives	179
14	<ul><li>The European Social Model: Basis for a Strategy</li><li>14.1 Introduction</li><li>14.2 The European Social Model: re-embedding</li></ul>	181 181
	<ul><li>the economy into a context of democratization</li><li>14.3 The cornerstones</li><li>14.4 Conclusion</li></ul>	181 183 187
15	<ul> <li>More Active Monetary and Exchange Rate Policies</li> <li>15.1 Introduction</li> <li>15.2 Monetary policy and the European Central Bank</li> <li>15.3 European Monetary System Mark II</li> <li>15.4 Exchange rate policy for the euro</li> <li>15.5 Conclusions</li> </ul>	189 189 189 193 195 197
16	<ul> <li>Fiscal Policies: Stronger Coordination and Higher</li> <li>EU Budget</li> <li>16.1 Introduction</li> <li>16.2 Coordination of national fiscal policies</li> <li>16.3 The budget of the EU</li> </ul>	198 198 198 205

	16.4	Which institutional structure for European			21.4	Т
		fiscal and economic policy?	210		21.5	
	16.5	Conclusion	212			is
17	Labou	r Market Policies: Higher Standards	214	22	Struc	ctur
	17.1	Introduction	214		22.1	Ir
	17.2	The European Employment Strategy	216		22.2	А
	17.3	For a genuine dialogue	219			ir
	17.4	European employment legislation	219		22.3	А
	17.5	Conclusion	222			0
18	Tami	ng European Finance: Stability, Efficiency and Inclusion	223		22.4	С
		Introduction	223			Ei
		Financial stability	223	23	Com	mo
		Economic efficiency	227		23.1	Ir
		Inclusion	229		23.2	Ā
	18.5	Conclusion	233		23.3	
					23.4	C
19		ong and Democratic Public Sector	235			-
	19.1	Introduction: dimensions of a new debate		24	Trade	
	10.2	about public goods	235		24.1	Ir
	19.2	1			24.2	Ν
	10.2	public consideration	236		24.3	R
	19.3	European network Services: proposals for improvement			24.4	С
	19.4	Towards a broader European framework	237	25	How	to
	19.4	for public Services			25.1	Ir
	19.5	The financing of public Services	239			ec
	19.5	Conclusion	242		25.2	Ei
	17.0	Conclusion	243		25.3	IV
20		cure Future for Pensions	244		25.4	S(
		Introduction	244		25.5	Ċ
	20.2		244			
	20.3	Improving conditions of the present public Systems	245	- 1		
	20.4	European convergence	250	Inde	X	
	20.5	Towards citizenship-based Systems?	251			
	20.6	Financing of public pensions	252			
	20.7	Improvements of private Systems	253			
	20.8	Conclusion	257			
21	Pathways to a Sustainable Europe 259					
	21.1	Introduction	259			
	21.2	Lessons to be learned from a neglect of				
		the precautionary principle	261			
	21.3	Modes of political regulation of the societal				
		relation of humankind to nature	264			

### Contents ix

21.4	The transition to a renewable energy regime	267
21.3	is open now	270
Struct	tural Policies: Wider and More Ambitious	272
22.1	Introduction	272
22.2	A more comprehensive innovation and	
	industrial policy	272
22.3	A continued regional policy in the context	
	of eastern enlargement	277
22.4	Conclusion: a coherent programme for	
	European structural policies	281
Com	non Agricultural Policy: a New Governance Regime	282
23.1	Introduction	282
23.2	A guaranteed prices System with individual quotas	282
23.3	Improve the rural development policy	284
23.4	Conclusion	286
Trade	Policy: towards a New Concept of Fairness	288
24.1	Introduction	288
24.2	New orientations for the WTO	288
24.3	Renegotiating the GATS	292
24.4	Conclusion	292
How to Get from Here to There?		294
25.1	Introduction: political hegemony amidst	
	economic weakness?	294
25.2	Emerging realism in the face of Stagnation	295
25.3	Multi-speed initiatives	297
25.4	Social and political movements	299
25.5	Conclusion	301
	21.5 Struct 22.1 22.2 22.3 22.4 Comm 23.1 23.2 23.3 23.4 Trade 24.1 24.2 24.3 24.4 How 25.1 25.2 25.3 25.4	<ul> <li>21.5 Conclusion: the window of opportunities is open now</li> <li>Structural Policies: Wider and More Ambitious</li> <li>22.1 Introduction</li> <li>22.2 A more comprehensive innovation and industrial policy</li> <li>22.3 A continued regional policy in the context of eastern enlargement</li> <li>22.4 Conclusion: a coherent programme for European structural policies</li> <li>Common Agricultural Policy: a New Governance Regime</li> <li>23.1 Introduction</li> <li>23.2 A guaranteed prices System with individual quotas</li> <li>23.3 Improve the rural development policy</li> <li>23.4 Conclusion</li> <li>Trade Policy: towards a New Concept of Fairness</li> <li>24.1 Introduction</li> <li>24.2 New orientations for the WTO</li> <li>24.3 Renegotiating the GATS</li> <li>24.4 Conclusion</li> <li>How to Get from Here to There?</li> <li>25.1 Introduction: political hegemony amidst economic weakness?</li> <li>25.2 Emerging realism in the face of Stagnation</li> <li>25.3 Multi-speed initiatives</li> <li>25.4 Social and political movements</li> </ul>

Index

302