

The European social model in decline: structural reasons

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Abstract: *The presented text draws attention to the structural causes, which make it extremely difficult to create a meaningful social dimension of the European Union. These include, for example, the ideological shift of social democratic parties to the right, the contractual adjustment of the European integration favouring the free market, and social nationalism of EU member states. Therefore, the factual validity Jürgen Habermas's thesis that only a united Europe could face the neoliberal pressures of globalisation is also being questioned. Although this argument is normatively valid, the EU is in fact a neoliberal and elitist project. So the EU still has the potential to develop its social model, but this potential is not fulfilled — which can be demonstrated by the use of its soft power (or lack thereof) to regulate global trends.*

Keywords: *Basic income. Economic democracy. Economy. European Union. Globalisation. Labour exploitation. Race to the bottom. Right. Social standards. Social rights. Neoliberalism.*

Introduction

In the presented text, I draw attention to the structural causes, which make it extremely difficult to create a meaningful social dimension of the European Union. These include, for example, the ideological shift of social democratic parties to the

right, the contractual adjustment of the European integration favouring the free market, and social nationalism of EU member states. Therefore, the factual validity Jürgen Habermas's thesis that only a united Europe could face the neoliberal pressures of globalisation is also being questioned. Although this argument is normatively valid, the EU is in fact a neoliberal and elitist project. So the EU still has the potential to develop its social model, but this potential is not fulfilled — which can be demonstrated by the use of its soft power (or lack thereof) to regulate global trends.

Keywords: *Social dimension of the European Union, Jürgen Habermas*

Habermas's thesis

The fundamental question is, what's the point of European integration? The European Communities (since 1993, the European Union) apparently, have not been created arbitrarily and unreasonably. Nobody is wantonly relieved of their sovereignty. If we take any of the classic textbooks on European studies or European integration, we find, that in principle only two fundamental answers can be traced back to the questions raised — safety and social welfare. (Cini, Borragán 2010: 2–3)

The first reason for the European integration is safety, and therefore, the efforts to avoid further devastating wars that have ravaged the European continent in the past. Just look at the past 500 years. Europe only had 10 years of peace for the entire 16th and 17th century. In the 17th century, around 600 thousand people have died in the so-called 'Thirty Years' War. In the War of the Spanish Succession, in the 18th century, more than 100 thousand people were killed. In the 19th century, during the Napoleonic wars, three million people have died. From 1823 to 1939, until the outbreak of the Second World War, more than 40 wars took place between members of the global system. Out of these, 20 wars, including the First World War, took place in the European territory. Regarding human loss, only in the territory of today's European Union Member States, about 15 million people have lost their lives at that time. They virtually fought almost every two, three years. Shortly, there has constantly been a war somewhere and Europe has been constantly borne human victims, material damage and environmental catastrophes. (Krejčí 2010)

The climax of the wartime killings occurred in the first half of the last century, which is relatively recent. In the 20th century, during the two world wars, together more than 90 million people were killed, most of them, in Europe. Not to mention that in the past centuries, the Europeans have been conquering territories around the world in a bloody way, whether in the name of "crusades", colonialism or imperialism. To sum it up, Europe has been fighting almost continuously in the past, whether because of religion, territory, market or ideology. Since the fifties of the last century,

Europe began to integrate, and finally there is peace in the EU Member States territory. The first reason why the EU was created, was security. This goal was met at the thickest contours, which was also symbolically acknowledged in 2012, when the EU has received the Nobel Peace Prize.

The second main reason for the European integration is the so-called “welfare,” but this term calls for clarification: it is in fact the welfare for all, and therefore this term also includes social security and redistributive mechanisms in favour of the weakest. The term “welfare” has a clearly social undertone and as highlighted by Michelle Cini and Nieves Pérez-Solórzano Borragán, literally refers to the welfare state. (Cini, Borragán 2010: 3) It is this social aspect that should be emphasized when we say that European integration should bring people prosperity and welfare: “welfare” in this context refers primarily to social justice. Michael Walzer even concludes that the protection of social rights enshrined in the Social Charter of the EU, is the most striking specificity, which makes the European integration more than just a targeted intergovernmental cooperation. (Walzer 2002: 172–175) The question is, whether this second fundamental goal of the European integration — social welfare — is being fulfilled. This is where we raise the question, whether the EU is able to protect what is usually called the European Social Model.

Objective trends confirm that the economic globalization gradually weakens the social standards of the individual states (i.e. *the race to the bottom*), and if these states want to defend themselves, they need to unite into larger and stronger units. We will go deeper into this matter later. Exactly this thesis is also emphasized by Habermas, who says that without multinational European coordination, Europe will not be able to resist the pressure that globalization is developing on the systems of the welfare state and the shared values of social justice. (Barša, Císař 2008: 497) Habermas, however, also points out that such a united Europe must stand on solid democratic foundations, which not only assume human rights protection but also an important public participation and European public debate. The current economic crisis has strengthened Habermas’s thesis even more, since according to him “*the financial markets got out of hand even in the strongest national states. In the current crisis, it seems that these markets, already do not leave the state guarantees of public assets any attractive options. In this situation, therefore, the attempt of the European countries that seek to establish a transnational community to regain the ability of political self-regulation, is something more than just a clear self-validation.*” (Habermas 2012: 91)

Habermas thus considers the EU as a barrier against the degradation of the welfare state and legitimizes the greater unity of the European Union by a greater degree of its democratization. The current problem with Habermas thesis is, that in the current state in which the EU is, not even one of his key arguments is applicable: the EU today, it seems, does not help to protect the European social model, rather it is stealthily decomposing it; the EU has an elitist character, and its fundamental

problem is a deep democratic deficit. This does not mean that Habermas' normative vision is invalid, on the contrary, it provides a rational basis for further integration. It is not the normativity that is questionable, but the facticity, and therefore the current situation is, where the EU is moving away from its citizens, and puts it at the risk that, instead of the next European *spillover* process, we will get a *spillback*. The whole situation, however, does not only have subjective but also objective reasons. The fact that I am pointing out has its structural causes, which I will try to summarize in the following study, and at the same time, I will try to offer a few realistic alternative projects, which could potentially lean the European Union, even in its current setting, to protect the European social model instead of destroying it.

The Neoliberal Consensus of the Right Wing and the Social Democracy

The European Union had, at least, in the early days of the European integration, the ambition not only to develop the idea of a single market, but clearly strengthen the social dimension, which also covers the continental corporatist traditions. However, as in various European countries, also the EU went through a turning point during the eighties of the last century, when the so-called neoliberal revolution took place. The ideology of the free market, deregulation, privatization and liberalization came into the spotlight. Briefly and clearly explained by Gosta Esping-Andersen: “*A common feature in the neo-liberal route is rising inequality and poverty.*” (Esping-Andersen 1997: 16) This development in Europe is mainly visible in the UK during the neoconservative government of Margaret Thatcher. Her influence was also felt in the European politics. She considered the European Community too socialist and egalitarian. Her counterbalance was the French left-wing politician, Jacques Delors, who was the President of the European Commission in the years 1985–1995. Although, both these politicians later claimed that the duel ended by their own defeat, it seems, that Delors' statement of defeat is closer to the truth, since he has failed to vindicate the social dimension of the EU, although the plan was to strengthen it. (Anderson 2011: 93–94)

The year 1985 is commonly referred to as the major turning point, when the Single European Act was adopted. Delors had already at that time the ambition to create structures built on two pillars: on the one hand, the construction was supported by a single free market within the European Union; on the other hand, the first pillar would be complemented by a strong social dimension of the EU. The problem is, that despite some effort, Delors only managed to build the first pillar (the single market), while the social pillar remained only in the form of phrases and statements.

The fact, that one of Delors' building legs was limping — the social one —, made the entire European house unstable, as current developments have shown.

The shift to neoliberalism was already announced in the EU by the White Paper on the internal market (1985), presented by the British Commissioner of Delors' Commission, Arthur Cockfield. In this document, Cockfield, de facto, suggested a break with the traditional Keynesian European tradition, in the name of free market and neoliberal goals. To built a single market in the EU, nearly 300 listed barriers to the free market had to be removed. In 1985, the Single European Act came to life and it stated that there will be a single market in the EU by 1992 and this area will be fully communitised. The culmination of the neoliberal turn in the EU came with the Maastricht Treaty (1993), which formally originated the European Union along with its economically liberal birth certificate.

Interestingly, this whole historical turning point, that began in the eighties, did not only have a political background. Representatives of large companies have contributed very significantly to it. As Bastian van Apeldoorn reminds us, already in 1983, the so-called European Round Table of Industrialists (initiators were the corporations Philips and Volvo) was held, who came up with a plan "Europe 1990" calling for liberalization and deregulation. No wonder, that until today there still are many representatives of European studies, particularly in the environments of Gramsci's left wing, who are convinced that the single market is a neoliberal project that serves the interests of transnational capital and it is exactly in the 1980s, when Europe started to diverge from the traditional protectionist social model towards a neoliberal free market. (Van Apeldoorn, Overbeek, Ryner 2003: 38, Barša, Císař 2008: 379–380) This conclusion is not only reached by critics of the neoliberalism, but also by its advocates. For example, Andrew Moravcsik is convinced, that the EU was established in accordance with national interests of the large European countries, and that these interests fully correspond with the economic interests of the major national economic players, and thus the key actors in the process of creating a single market, were the large corporations. (Cini 2010: 97–102)

The social dimension of the European Union, however, remained only in diapers, and despite the adoption of social charts, white papers, social clauses and action programs, the European Union has never received real powers in the field of social security and its impact on social policy is only indirect and marginal. It got the furthest through informal so-called soft power procedures, which are referred to as the open method of coordination. This does not change the fact that the EU is a purely regulatory body. Giandomenico Majone differs States that regulate the free market, and those which provide social functions. According to him, the EU is a purely regulatory body and has virtually no social functions, which indeed, he as neoliberal, appreciates (Anderson 2011: 105–116), but we nevertheless wonder, whether a purely regulatory EU is sustainable.

When we think of the reasons why the social dimension of the EU has failed to develop, in the first place we can mention the already indicated problem of neo-liberal hegemony that came to Europe in the eighties. The free market ideology and the opposition to the welfare state, has not only strongly leaned the until then relatively moderate and socially right — wing parties to the right, but also caused a sharp shift to the right in the left-wing camp. The social democracy in Europe has adopted a neoliberal vocabulary and the difference between the center — right and center-left political parties in the EU has narrowed to the notorious difference between Coke and Pepsi, ironically commented by Slavoj Žižek (2007: 236–238).

Ralf Dahrendorf once wrote that the century of social democracy is over. In the twentieth century, it was the western socialists who contributed with the greatest extent to the golden age of the welfare state, full employment, social security and improving living standards. The model of the social market economy was pushed through almost in the whole of Western Europe after the Second World War. Paradoxically, the social democracy has exhausted its program and has become a victim of its own success. (Dahrendorf 1991: 52–53) While for decades of social democracy in Europe accounted for a progressive political force that promoted various important social reforms, since around the eighties, it has become a conservative entity, which has only defended the achievements of the past, but could not offer anything new and reformed. That is why the Western socialists have turned to new subjects, covering more post-materialist values, including the protection of minorities and the environment. The last progressive projects in the socio-economic area were created in the structures of Western social democracy sometime in the 1970s, when lively debating on economic democracy, workers' funds, codetermination, higher rates of redistribution and strengthening public sector and other ambitious projects. All these issues were projected from national level into discussions at European level, which resulted in the already mentioned initiatives in favour of strengthening employee participation in corporate governance.

Since the eighties, however, the European social democracy is totally disoriented in the socio-economic issues, which has — naturally — its objective reasons, which we will discuss in the context of economic globalization. This is very clearly visible when looking at the greatest figures of the French Left-wing in those years, President Francois Mitterand and the already mentioned Delors, the President of the European Commission. It is no secret that Mitterand, despite his brave rhetoric about nationalization and taxation of the rich succumbed to the pressures of global competition, the neoliberal dogma and globalization mainly the “capital strike” and at the end of his term, virtually resigned to the progressive leftist projects, accepting the basic assumptions of the New Right. (Anderson 2011: 165, 169, 173) As we have seen, certain disorientation was also felt by Delors' Commission activities. On the one hand, Delors has launched several social programs, started the European

social dialogue and engaged in favor of the Social Charter of the EU, on the other hand, as confirmed by Michelle Egan, it was him, who finally ended the European era of the Keynesian policies, he helped to push through the neoliberal Single European act and re-started the free single market project, which ate the European social model, pulled several regions of Europe to the bottom and decimated countless social groups. (Egan 2010: 258–274)

The Maastricht Treaty (1993) confirmed that the European Union was not there, to help people to fulfil their social rights, but primarily to liberalize the market and help the capital to a higher profit. The wave of Euroscepticism that has flooded Europe in the recent years needs to be seen in this context. Integration is in fact not only refused by groups of crazed nationalists and populists. Distrust of the EU has social reasons. For example, according to surveys, the rejection of the European constitution in France and the Netherlands in 2005 was due to the fact, that people were afraid of neoliberal direction of Europe. They did not reject Europe, but the neoliberalism. This, to a large extent, also applies to the current wave of protests against the EU. People are not angry with the European Union, but with its current form, in which politicians and institutions are increasingly playing by the whistles of the capital and not according the wishes of the citizens. Europe is increasingly moving away from the social Scandinavian (or Rhine) model and endorses the ‘banana’ Pinochet kind of model. Many people have first noticed this diversion of the EU from the welfare state during the crisis, but this trend did not start yesterday. As we pointed out, it has already started thirty years ago, and what is the saddest, at the start of it, it was not only the New Right, led by Thatcher; but it was seconded by the Western socialists and the disoriented Delors, continuing with Tony Blair and ending with Gerhard Schröder.

What came after the European neoliberal movement of the eighties? Roughly, two decades of silence. Global capitalism has taken root, multinational corporations “wringing out” the third world, the economy grew at a special, so-called “jobless” growth (i.e. profits of corporations dizzyingly grow, employment stubbornly declines), and although the scissors of the economic inequality was absurdly and magnificently increasing, the world of politics and ideology has been safely dominated by the New right. The Social Democracy, at that time, was inventing various “third ways”, that were actually only a softer version of the same right-wing neoliberalism. In order to differentiate themselves from the right — wing, the socialists “pounced” on cultural issues, this was particularly reflected in the late nineties and the early 21st century. In the short-term view, the “(post) modernization” project by the Left, was fruitful. To power came the generation of left-liberal politicians who, on the one hand have achieved good success within the cultural liberalism (e.g. the Spanish Prime Minister José Luis Zapatero and the Portuguese Prime Minister, José Sócrates, have managed to legalize same-sex partnerships or marriages), but in the economy

and the social sphere, the Socialists were often more “neoliberal” than their right-wing colleagues (according to the British liberal magazine the Economist, even today, the big German entrepreneurs recall in good the “business comrade” Schröder, who pushed through drastic reforms, for example Hartz IV.). (The Economist 2011)

After several devastating defeats suffered by the socialists in Europe, as well as in the context of deepening the economic and social crisis since 2008, several center-left politicians gradually diverted back to the left. It was not so long ago, that Ed Miliband, the moderate leader of the British Labour Party, talking at the congress of the party in 2011 on harmful predatory business and the fact, that it needs to be pacified. He refurbished the project of economic democracy and the participation of employees in the business. He also defended the continental social model and talked about the overall change of the capitalist system. His successor, Jeremy Corbyn, offers even more radical socialist proposals. In 2012, the French socialist presidential candidate Francois Hollande stepped up, and calls the global capital as shapeless empire (perhaps inspired by Antonio Negri), which controls the economy and society; He planned to create a state bank that would cover strategic projects. He proposed to increase taxes for the richest to 75 % (by the way, in 2011, after tax increases for the wealthiest, even the multi-billionaire and owners of big companies called for solidarity, for example, the American investor Warren Buffet or Ferrari boss, Luca de Montezemolo); stop the “Americanisation” of the labour market and strengthen the public sector. Among the French socialists, alongside with the modest Hollande, the left-wing, headed by Arnaud Montebourg, openly called for “de-globalization”, talked about banning credit rating agencies and bank speculations. The British and French socialists are not the only ones experiencing the leftist reinvention. The then Austrian social democrat Prime Minister, Werner Faymann, was the first to refurbish the Tobin tax, which under the heading of FTT (*financial transaction tax*) started to gain strong support, not only by the European social democracy, but also by the right-wing Barroso’s Commission and by more socially oriented Junckers’ Commission.

After all, no one is surprised over the social democrats: they are getting pressed to left solutions from the left and right. In the left-wing, there were influential social movements (American Occupy, the Spanish Indignados, radical-democratic Icelandic civil initiatives etc.), in the right-wing, the conservatives are trying to “steal” classic themes from the socialist (German Chancellor Angela Merkel took the SPD’s introduction of minimum wage or the closure of nuclear power plants; Nicolas Sarkozy, the rival of Hollande, in the French presidential election supported a tax increase for the rich and tax harmonization in Europe; the British conservative Prime Minister, David Cameron, spoke about solidarity, big society and distanced himself openly from Thatcherism, etc.). Time will tell, whether the neoliberal consensus of centre and centre-left parties, which lasted from the eighties of the 20th century and

in the second decade of the 21st century, finally falls apart. It is certain, that one of the victims of the neoliberal consensus was the development in the EU, which could not develop its social dimension and has lost the trust of so many European citizens.

Social nationalism, democracy emptying and contractual predestination

There are obviously more reasons that predispose the European Union to the absence of real social policy and undermine the European social model. The second reason is a phenomenon, that could be called — social nationalism. The EU Member States protect their competencies in social field and stubbornly refuse to share powers in the field of social security with the European Union and, de facto, prevent harmonization in the areas of taxation, social standards and social rights. The consequence is that social policy as such, does not fall within the exclusive competence of the EU; we could include it in the shared competences, which means that the majority of social policy remains in the Member States and in the EU when deciding in this area, the unanimity (veto) applies. The social policy is at best expelled into the area of soft power (OMC), and if by chance the EU attempts to “sneak” any regulation or directive regarding social policy, it rather camouflages this intention as competitiveness and the fulfilment of the single market, in order to avoid conflicts of jurisdiction.

The current status therefore implies, that Europe is in a so-called race to the bottom, because through social dumping (artificial lowering of social measures to attract investors) are the more social and protectionist EU Member States subject to pressure from the liberal and more cost-saving states (mostly from the post-communist region), which made their “business” model based on the radical neoliberalism. The above-mentioned development has its political consequences, as demonstrated for example in the case of the so-called Bolkestein Directive, which had to implement a single market in services in the EU. In 2005, that directive was the cause of social protests and fierce political clashes. Finally, it could also have been one of the reasons why the French citizens rejected the referendum on the European Constitutional Treaty, blaming the EU of being too neoliberal and threatening their jobs (this problem was shown very vividly in the campaign against the EU Constitution in France, which used the idea of a Polish plumber, who, as a cheap labour force could take French workers’ job).

The controversial moment in the Bolkestein Directive has been the so-called country of origin principle, establishing the principle that the service provider in case of the cross-border service should follow the laws of its state, meaning the state of origin where the service is provided from. It encountered opposition mainly from the old Member States wanting to preserve, as much as possible, of their labour

market against social dumping (providing of services by workers who are under lower standards of labour law of the country of origin and are, therefore, unwelcome competition and distortion of the labour market). After a long political battle, a compromise was reached eventually. In the latest version of the proposal of the EU Council Common Position, most of the European Parliament's proposals were taken into account, this should ensure that the Directive would in no way affect labour issues. The country of origin was finally dismissed in the EP and the Commission has therefore decided to replace this principle by a new proposal, called the freedom to provide services, i.e. the host state does not create unnecessary administrative burdens, may, however, impose certain restrictions if they are justified for reasons of public policy, public security, environmental protection or public health. The new proposal has also reinforced the scrutiny options of the Member States of origin to supervise service providers from other Member States.

In 2017, the European Commission decided to solve the race-to-the-bottom problem by proposing the so-called Posted Workers Directive, which establishes the "same pay for the same job at the same place" rule. The proposal met a resistance from poorer post-communist countries, where workers earn three times lower wages. An extra income from working in the West is often the only way to improve the living standards of these workers and their families. Protectionist instincts started to manifest in Western European countries, which local politicians displayed in the lofty talk of social rights of workers from Eastern Europe. Eastern European states were presented as neoliberal machines, which attack the social Europe. However, the opposition to the proposed directive cannot be just dismissed without scrutiny. The problem has structural causes; it is not about the wickedness of the acteurs. Without social and economic convergence in Europe, this problem is unsolvable.

Moreover, the problem is that the Commission intends to guarantee "equal pay for equal work" principle only in the case of posted workers. The posted workers from the East in the West will have to be compensated in accordance with the collective agreements for local Western workers. The principle does not apply to the factories of Western European companies in Eastern Europe, which often pay three or four times lower wages to these employees than they would in the West. This hypocrisy is often forgotten.

This half-heartedness of the Commission's proposal therefore leads to the fact that Eastern Europeans feel aggrieved, and the Commission's proposal is perceived as just a protectionist barrier against competition from poorer countries, which would once again ultimately damage only the poorest. That is why there is a critical polemic about the proposed directive. The Commission's proposal could in fact endanger the jobs of hundreds of thousands of people in Central and Eastern Europe. The Commission is, however, between two fires. If the above-mentioned problem of "social

dumping” was not addressed, it could, in turn, increase dissatisfaction among employees in Western Europe, whose jobs are being taken by East Europeans and these cheaper “dumping” wages. That also threatens the project of European integration; Euro-scepticism is on the rise in the West, just as in the East of Europe.

The fundamental solution of the raised problem is the economic and social harmonization, and thus to create a uniform social policy, tax policy and heading towards a common system of social protection across the European Union. But this would mean that the supranational European institutions in Brussels acquire the key competences, what the leaders of nation-states are hindering. In the area of social affairs so to speak, the nationalists are uncompromising. Therefore, we can speak of social nationalism. The repulsion of national leaders to this transfer of competences in the social field to the Union, is not only of an ideological nature (nationalism that wants to preserve as much of the national sovereignty; neoliberalism, which wants to promote competition in the social systems to push social standards, as much as possible, to the favour of entrepreneurs), but also has quite a logical political flavour: social policy is a very useful tool in the electoral battle, which is over-used by local politicians to mobilize their voters.

National politicians, in principle, apply the legendary label once introduced by Otto von Bismarck as “carrot and stick”. While the stick represents the repression by the power of the State, the carrot is the social policy and concessions to the weakest that have to maintain social stability and ensure the desired election result. If the “carrot” in terms of social policy is taken away from the national leaders and given to the European Union, they would be left only with the “stick” to maintain the stability and this could pose a serious weakening of their political positions. Purely national vested interests of individual politicians thus, objectively, hinder the movement of social policy to the multinational level. However, as already indicated, this paradoxically produces ideal conditions for the European tax and social race to the bottom that leads to the same result at national level (the breakdown of social facilities). The result is the same, but the short-term interests of political power prevents that the social policy is raised to multinational level, which could solve the problem of social dumping. Similarly, Habermas points out the problem in a more general way, when he argues that national politicians — to strengthen European solidarity — *“Paradoxically, in the interest of the common European welfare would have to want something that is turning against their self-interest to maintain power. Because in a long-term view, the national room for manoeuvres would narrow and the outputs of the national potentates in public, would lose meaning.”* (Habermas 2012: 89)

However, this solution has its problems as well. That is to say, there is no guarantee that the supranational approach will adequately address the social needs of individual member states. From the technocratic and far-away Brussels it is often hard to see

the specific social problems of the periphery — especially if we consider that the interests of big and rich states are ultimately more represented than the interests of the periphery in every supranational project.

This entire process is closely linked to another reason, already the third in the row, preventing the EU to develop a stronger social dimension. And this is the deeply rooted elitism in the whole process of European integration. Monnet's vision of European unification reckoned with the so-called Neofunctional approach, and thus the gradual pouring of integration from one area to another (snowball effect, *spillover*) without, having discussed the end of this process — the United States of Europe — with the public. (Booker, North 2006) Neofunctionalism, as highlighted by one of its main representatives, Ernst Haas, was counting on the fact that the above process will take place at the level of European elites, and thus above the heads of the citizens. (Jensen, 2010: 72–84) This is related to the loss of voters' interest for the European topics with which, in fact, the entire project from the beginning implicitly counted on. As Habermas (2012: 86) writes critically, "*since the European Union was so far supported and monopolized especially by the political elite, a dangerous asymmetry was created — an asymmetry between the democratic participation of the nations on what their parliament will "combat" for themselves far away in the Brussels arena, and the indifference, or even non-alignment of the citizens of the Union, in terms of the decisions of their parliament in Strasbourg.*" (Highlighted – J. H.)

The democratic deficit is not only associated with the intergovernmental nature of the European Council or the ministerial councils. Naturally, the fact that a number of the key issues is taking place behind closed doors of the interstate diplomacy, which by principle has a non-public and secretive character (Steven P. McGiffen speaks eloquently about the "Kremlin discretion") (McGiffen 2005: 14), democratic control is by principle excluded out of the intergovernmental process, not to mention that not even the mentioned classical diplomacy works adequately in the EU, since the national leaders are pushed into a fabricated consensus on the European councils. As pointed out by Anderson, not only *democracy* is forced out of the decision-making process in the EU, but the policy itself, which is under normal circumstances based on natural conflict of interest. (Anderson 2011: 61–62)

Elitism is linked throughout the whole project of integration, not only in intergovernmental bodies (EC, Council of the EU, Coreper), but also in multinational (community) bodies (EC, EP, ECJ). The premise of integration from the beginning was, that integration is in the interests of economy and business, and thus ultimately also in the interests of the population, which no longer needed to be democratically confirmed. As Eric Hobsbawm notes, the strength of the EU in the process of European integration was based precisely on the fact that it was "virtually immune to the pressures of democratic politics," making it an effective multinational body. (Hobsbawm, 1996: 431) This approach is pushed to the extreme by Moravcsik, who

considers the outlined democratic deficit as beneficial, and due to the incompetence of citizens, in the economic field, considers their exclusion from the decision-making process in the EU, as the basic premise for a successful integration. Finally, he ends with his famous phrase: The more boring is the European policy, and the more it discourages people from participating, the better for the EU. (Anderson 2011: 82–89)

In the recent years, especially with the emergence of the Eurozone, the trend of emptying democracy has even deepened: the most important matters in economics today are decided by the institutions, which did not undergo direct selection in democratic elections and even worse, many are practically irrevocable and their mandate is actually immutable. For example, the European Central Bank, which is a typical non-elected body, affects the lives of millions of Europeans, without being accountable or responsible to them. Its sole objective is to fight inflation, and unlike the central banks in the US, its objectives do not feature other socially important economic variables, for example combating unemployment, economic growth and so on. The narrow mandate of the ECB is practically committed to neoliberal policies, and this process is beyond any democratic control. This does not only apply for the ECB but for central banks in general. No wonder that Saskia Sassen considers the independent central banks as the main drivers of the neoliberal project, that go beyond any democratic accountability and civilian control. (Sassen 2006: 233–234)

The European Commission has a slightly stronger democratic mandate than the ECB, although in this case, even it is an institution which is not directly elected by the people in elections and does not fundamentally depend on the outcome of the European elections (even though the EP has recently acquired some limited powers not to approve the Commission, the Lisbon Treaty has only a vague anchor on the fact that the post of President of the European Commission should reflect the results of the EP elections). The European Commission is fighting the problem of its own limited legitimacy with efforts to strengthen the of European political parties and by a closer cooperation with the EP, but there are still legitimate concerns that its attempts to reform fall under the category, introduced by Habermas (2012: 48) in a different context, called — “technocratic self-empowerment”. As Walden Bello (2004: 12) has put it: “*The non-transparent process that technocratic elites allied to corporate elites have, in the name of European integration, technocratic rationality and market rationality, eroded the principle of subsidiarity by funnelling effective political and economic decision-making power upwards to techno-corporate structures at the apex of which stands the European Commission, that are largely unaccountable to electorates on the ground.*”

The fact remains, that the European Commission, as the only institution, which has legislative initiative in the EU and at the same time represents the executive power (by the way, in this context, there are opinions voiced, that this is a flagrant violation of the separation of powers) and does not have direct democratic legiti-

macy, although it is deciding about the fate of millions of European citizens and its decisions often matter more than the decisions of the heads of the Member States.

Other non-democratic institutions that have major impact on public life in the EU include rating agencies, although having absolutely no democratic mandate, but are able to economically dispose entire states. It got very visible at the time of the debt crisis in the EU. As Joachim Becker and Ivan Lesay write: *“credit rating agencies did not cause the crisis, but are certainly making it worse. They gained their power through specific developments of financial markets and regulations. In a financial system based on banks that provide loans with long-term perspective and are familiar with customers, rating agencies are irrelevant. This was the situation in continental Europe and in Japan in the post-war decades. The time has come to take away the powers the CRAs have gained.”* (Becker, Lesay 2012: 71) Habermas (2012: 46–47) assesses the situation similarly: *“All the participating European governments lack the courage so far, they are jumping helplessly between the imperatives of major banks and rating agencies on the one hand, and their own concerns about the fact that they are threatened by the loss of legitimation in the rows of their own frustrated citizens, on the other hand.”*

At the time of the euro crisis, the spurious notion of “markets” came forefront of the public debate, which was the argument in favour of austerity measures and the impoverishment of the social functions of the state. Yet again nobody has voted for these “markets”; these “markets” also have no democratic legitimacy. The essential question formulated in this period of crisis also by Angela Merkel, the German Christian-Democratic chancellor, says: should democracy control markets, or should the markets control the democracy. If the citizens cease to be determining for the policy decisions, but instead it is the economic power of the crucial players in the market, then we are no longer talking about democracy, but purely by definition about oligarchy, plutocracy or other form of non-democratic regime. This trend is reinforced by the globalization pressures that force states, in the name of competitiveness, in bypassing its citizens by neoliberal reforms: as supported, for example, by Philip G. Cerny the so-called competitive (neoliberal) state quite naturally undermines democracy and leads to its erosion. No wonder, that the EU is facing the same fatal problem: the decision-making process in the economy, which significantly affects the lives of Europeans and in particular their social situation, got taken over by strong institutions, which have no or only limited democratic character, and the voters lost all impact on them, because they just simply — do not comply. The European Union then led the elitist framework to perfection, in which it was built. Given that this framework does not reflect the requirements of socially vulnerable people, the EU is structurally destined to accept neoliberal solutions and weaken the European social model.

I will try to point out the next two structural causes that, still today, objectively preclude the EU to get armed with stronger social powers. Up till now, we have been

looking for the reasons in ideology (neoliberal hegemony), in the patterns of political cycles of the national state (social nationalism) and in the deficit of democracy (elitism and distance from people). The fourth structural reasons, which eventually lead to the degradation of the European social model through the EU's character of the existing treaties (EU primary law) which predetermines the EU institutions and bodies to monitor only policies that do not go beyond the scope of the treaties. Since the foundation of the European integration is the idea of a single free market and the social sector only acts as a discreet pendant to this goal, it is not surprising, that the EU concentrates on this area, in accordance with its powers. The European treaties (the Treaty of Paris, through the Treaty of Rome, but in particular the Single European Act and the Maastricht Treaty, and finally from Amsterdam and Nice to the currently valid Lisbon Treaty) have set the EU's powers so, that its exclusive competence is the fulfilment of the single market project. Everything else is secondary.

From this clear mandate — to liberalize — also ensue many essential decisions of the European institutions. Interesting to mention are especially the notorious decisions of the European Court of Justice (ECJ) in the Laval and Viking cases in 2007. These cases were followed by other controversial decisions of a similar nature relating to the European directive on the posting of workers and the unequal employment protection across the EU (the cases Ruffert and Luxembourg). All these decisions by the ECJ have one thing in common: the right of establishment (free market) is by judgment positioned upstream of the right to collective action by workers (social rights).

The judgments of the ECJ — particularly in the Viking and Laval case — raised an intense debate about the extent to which the trade unions are capable of protecting workers' rights in cross-border situations, involving the posting of workers or moving of companies. Although, the Court recognized that the right to take collective action, including the right to strike is a fundamental right which forms an integral part of the general principles of EU law, nevertheless explicitly stated that “the fact remains that the exercise of this right may be subject to certain restrictions.” This would limit the ability of trade unions to take action to protect workers' rights. As interpreted by some stakeholders, these judgments mean that economic freedoms are considered more important than social rights, especially the right to strike. The European Court of Justice confirmed in its judgments, that the EU is legitimately described as the “*market police force*.” (Ferrera 2012: 20)

Such conclusions of the European institutions are timed detonators for the collective negotiations and social peace on the European continent, on which the whole European social model stands and falls. The ECJ, in accordance with the way the European Treaties set the functioning of the EU, decided to limit the social rights at the expense of cross-border business activities. It has sanctified, thereby, a further deepening of the social dumping and the race to the bottom, which may lead to

a reduction in social standards in the EU and to the weakening of the social rights of workers. What is more important, the decision of the ECJ and the European Commission in these cases resulted from contracts that predispose the EU favouring the interest of free enterprise in the single market. Even if the legal cases decided by the ECJ were done by a bunch of Trotskyists, if they had to follow the law, they could not have had decided otherwise. This is where the fundamental structural problem of the EU is concealed: the social policy is in the current contract setting in the secondary role, and if the European institutions, step by step, dispose the European social model, they are only doing their job for which they have the mandate for. Until the contracts change, all, that will reinforce the social dimension of the EU, will only be more of a bending rather than fulfilling of the European treaties. The process of neo-liberalizing Europe is automated in these circumstances: this is no global conspiracy, nor about the vicious ideological “surplus labour” of specific politicians. The reasons are objective and are of structural character. To reverse this process will be extremely difficult and will require profound changes of the whole paradigm of integration.

Can the soft power of the EU stop the global race to the bottom?

The last structural reasons why Europe is increasingly neoliberal is, paradoxically, also the reason that — is in accordance with the thesis of Habermas, as we have mentioned in the introduction of this chapter — one of the basic arguments in favor of European integration as a potential saviour of the European social model. Why this paradox?

First of all, we will explain in detail what are the real social and economic consequences of globalization in its neoliberal shifting, which can be seen approximately from the 1970s. As claimed by several prominent authors (e.g. Arundhati Roy, Eric Helleiner, Walden F. Bello, Robert W. Cox, Joseph Stiglitz, Richard Falk, Aihwa Ong, David Harvey, Dani Rodrik, Neil Brenner etc.), the gradual introduction of the free-market ideas and liberalization of the economy is the result of economic globalization and a virtually unlimited mobility of capital. That is constantly re-locating, chasing low social standards in order to maximise its profits, which often forces states with higher social standards to lower them to lure capital.

William Robinson points out that the neoliberal globalization is accompanied by two key processes: extensive and intensive expansion. The one is the penetration of capitalist relations in all regions of the world, the second hints on the internal colonization of the public sector, which is gradually being privatized and thus creates additional space for accumulation for private capital. This process leads to the privatization of the welfare state or to its erosion. Robinson talks about the epochal

break in this context, which diametrically opposes to the Keynesian welfare capitalism, going roughly from the fifties to the seventies of the 20th century (the peak of the European welfare states) to the global capitalism, which since the eighties of the 20th century, very strongly progresses forward thanks to the aggressive neoliberal policies of the World Bank (WB) and the International Monetary Fund (IMF) in relation to the developing countries (i.e. structural adjustment programs), but also thanks to the World Trade organization (WTO) and the influence of multinational corporations, involving practically the whole world. The first scapegoat of the neoliberal globalization process were the developing countries of Latin America, but now, the consequences of the economic globalization fall heavily also on the developed countries of the North, including the EU, at least through the global race to the bottom and the pressures of the financial markets. (Robinson 2008: 1–50)

The European Union offers the possibility on how to resist the pressures of globalization and thus save the European social model. It is exactly this potential of the EU which is the fundamental argument in favour of its existence, as also highlighted by Habermas. One such possibility, which represents the EU in the struggle against the negative consequences of globalization, is the shift to a certain collective protectionism, which would mean, that the EU as a strong and solvent market would get closed for cheap imports from third countries, provided that, they do not comply with social and environmental standards comparable to the standard used by the EU. If, let's say, the transnational corporations continue to produce their goods in the modern "labour camps" without compliance of any social rights of workers (in Latin America, these sweatshops are called *maquiladoras*), then, the entry of their products on the solvent EU market would get more complicated by additional duties, which would be much higher than those of social and environmental conformant companies.

A similar proposal was also formulated by the German sociologist Horst Afheldt, who advocates the introduction of a single custom duties on imports into the European Union, at a relatively high value of 20–30 %. Then he also proposes to double the amount of taxes for companies and the highest income classes and also to halve the taxation of employees (naturally, in accordance with the requirements of the majority of the leftist theorists, the prerequisite is a coordinated or a common tax policy across the whole European Union). If the companies should leave the European area because of the high taxes, they would have to overcome high import tax on the European markets, which could influence their decision to move production out of the EU. Afheldt also takes into account the situation in the developing world, where they would also ultimately benefit from his proposal. (Keller 2005: 144–146)

Protection of the EU against social and environmental dumping does not support the "Fortress Europe" against which justified criticisms is growing, directed at many EU protectionist policies, such as those in the agriculture sector. Subsidies for the

European manufacturers are damaging producers from non-European countries. On this issue, William Nicoll and Trevor Salmon warn, when they talk about paradoxes of the free market: one such paradox is that the free market, without regulation by the state, would never remain a free market and free competition, as it would inevitably lead to mergers, monopolies, dominance and unfair competition; another, even more interesting paradox in the relation to the EU is, that the inside free market is supported, but when it comes to the outside free market, the EU is taking steps to weaken competition and therefore takes many Third World countries to the bottom. It is exactly in this context, the EU is exposed to criticism that it has entrenched protectionist barricades (Hobsbawm (1996: 427) speaks eloquently about the “collective selfishness of the rich”). Such criticism is justified, as protectionism in this case is purpose-built, purely selfish, and in addition, aggressive to the poor developing world.

This is different with proposals, which count with a higher level of actions against violations of social and environmental rights in the Third World, because these are not an expression of selfish protectionism, but rather a global humanistic mission. The EU would with these proposals, such as the one mentioned by Afheldt, on the one hand, protect its producers and would limit global race to the bottom, keeping its social model, but it would also help spread social and environmental rights in free trade zones in the Third World, which are used and abused by the multinational global corporations. They are in vital need of the European market to sell their products, and the social and environmental conditions for the entry into this market could increase their interest in bettering the protection of the dignity of its employees.

The situation in areas of the Third World, where multinational corporations operate is really brutal and deserves the search for solutions. As evidenced by Klein, it does not matter where these free trade areas of the largest suppliers of the multinational corporations operate in the world, *the workers' stories have a certain mesmerizing sameness: the workday is long — fourteen hours in Sri Lanka, twelve hours in Indonesia, sixteen in Southern China, twelve in the Philippines. The vast majority of the workers are women, always young, always working for contractors or subcontractors from Korea, Taiwan or Hong Kong. The contractors are usually filling orders for companies based in the U.S., Britain, Japan, Germany or Canada. The management is military-style, the supervisors often abusive, the wages below subsistence and the work low-skill and tedious.*

How do we continue? According to Klein, work in these areas is characterised by *brutal combination of tremendous intensity and nonexistent job security. Everyone works six or seven days a week, and when a big order is due to be shipped out, employees work until it is done. Refusing to stay, however, is not an option. For instance, according to the official rule book of the Philips factory (a contractor that has filled orders for both Nike and Reebok), “Refusal to render overtime work when so required” is an offence*

“punishable with dismissal.” Overtime horror stories pour out of the export processing zones, regardless of location: in China, there are documented cases of three-day shifts, when workers are forced to sleep under their machines. In Honduras, when filling out a particularly large order on a tight deadline, factory managers have been reported injecting workers with amphetamines to keep them going on forty-eight-hour marathons.

The paradox is, that multinational corporations are washing their hands have over this whole process of exploitation. The direct responsibility lies within the hands of their subcontractors. How the delivery process works is aptly described by Klein again: *The only way to understand how rich and supposedly law-abiding multinational corporations could regress to nineteenth-century levels of exploitation (and get caught repeatedly) is through the mechanics of subcontracting itself: at every layer of contracting, subcontracting and homework, the manufacturers bid against each other to drive down the price, and at every level the contractor and subcontractor exact their small profit. At the end of this bid-down, contract-out chain is the worker-often three or four times removed from the company that placed the original order-with a pay check that has been trimmed at every turn. “When the multinationals squeeze the subcontractors, the subcontractors squeeze the workers,” explains a 1997 report on Nike’s and Reebok’s Chinese shoe factories. (Klein 2005: 207, 214, 217)*

These are the working conditions in the Third World, not to mention, that for many workers, these drastic conditions in the free trade zones, are the only chance not die of hunger. We can conclude, a certain degree of progressive collective protectionism by the EU could be one of the answers to the global race to the bottom, leading on one side to the extreme labour exploitation in the Third World, and on the other hand, weakening the European social model, because it is subject to unfair competition resulting from the reduction in production costs at the expense of human rights of workers and environmental protection. In the long term, the global race to the bottom is unsustainable, because sooner or later, it will lead to serious political and social instability, weakening of the economic demand, and in particular, to an environmental disaster.

Another answer to the unfair competition, resulting from the trading strategies of global corporations, is the gradual spread of the European social standards in other regions of the world, through the so-called soft power, a process that is characteristic for EU’s foreign policy. To understand this process, we will briefly turn our attention to the issue of foreign and security policy, which is closely related to this issue. Let us recall, when talking about the so-called Common Foreign and Security Policy, the classic statement, that the EU is an economic giant, a political dwarf and a military worm, is not being left out. After this statement usually a smirk from the security “hawks” follows, a shrug by the Euro sceptics and a disdainful silence of the international political realists, who all unison refuse to regard the EU as a global player in the security field. In connection with the issue of social standards, however, I will

try to offer an alternative view, which tries to interpret the seemingly deficit position of the EU as something that makes the EU look back for alternative methods of impact, which have a far more important role in the modern world than hard power and repression: fully consciously, I will move away from this international political realism and neorealism, and will try to make a much greater use of the alternative basic starting point of international theories, especially liberalism, constructivism and Marxism. This way, I will try to develop the concept of *soft power*, which can play a key role in promoting the European social model to other world regions, and thereby potentially increase the chances of stopping the race to the bottom, that accompany the economic globalization.

As Zaki Laidi writes eloquently, Europe is indeed in power without a real coercive power, but also has such an economic and commercial power, that cannot be disregarded. In other words, the EU cannot influence the geopolitical developments with grenades, but it can influence it by its commercial policy, humanitarian policy and, most importantly, through its legislative power — in this spirit, the EU cannot be seen as a typical military power, but as a normative power (soft power). (Laidi 2008: 5–18) Ian Manners (2008: 36) defines the legislative power in the most general level as “*the ability to define what passes for ‘normal’ in a globalised world*”. In this context, Manners mentions the two strongest tools of the normative power: first, the “contagion diffusion”; second, the “living by example”. (Manners 2008: 36)

Sophie Meunier and Kalypso Nicolaïdis suggest that partly by design, partly by necessity, “*the EU entertains a very different relationship to power [seeing] itself as (...) a normative power, apt at using non-military tools to achieve its goals in the rest of the world (...). Increasingly, it uses market access as a bargaining power to obtain changes in the domestic arena of its trading partners, from labour standards to development policies.*” (Meunier, Nicolaidis 2005: 248, 266)

This approach seems to be developing an intuition that more than disposing a large European army, today in the globalized world, depends on the army of the purchasing customer power, by which the EU can argue its trade policy, to be able to promote certain values. Here, however, we encounter a problem: What values does the EU promote in the world? The answers differ. That is to say, if soft power is but a tool for achieving imperial and neoliberal goals, then it can be just as dangerous as the militarism of superpowers or military imperial aggression. The key question is: In the name of what goals do we use soft power?

Manners understands the European normative principles clearly: the EU is more than any other global player inclined to values of solidarity, socially oriented economy and social justice. To do this, you can also add an ever stronger growing commitment to green economy and nature conservation. Both of these two basic normative principles — social and environmental — form a modern identity of the EU and Manner with Laidi also mention a number of empirical cases, in which

the EU has been more or less successful in their promotion. I would like to emphasize, in particular, the discussion of the so-called decent work and enforcement of labour protection according to CLS standards (i.e. Core Labour Standards). This is exactly the way of impact, which I have mentioned as possibility for the EU to stop global race to the bottom by “soft” acting in different regions of the world. (Laidi 2008: 5–18, Manners 2008: 23–37)

Despite several empirical evidence confirming Manners thesis of social and environmental EU mission in the world, there is also empirical evidence, which suggests that the EU rather supports initiatives, which are closer to the neoliberal worldview. For example, Andy Storey notes, that in its development policy, the EU paradoxically far more promotes the standards and values of freedom and good governance than social solidarity. (Storey 2006: 343) The EU can use its legislative power progressively and digressively. The interpretation also changes accordingly: either, we can interpret it as the potential and real savior of the European social model, or vice versa, as its effective executioner.

This is related to another dichotomy: can the EU be perceived rather as an idealistic or as a realistic power in its geopolitical operation. On the one hand, it can be argued that EU policy towards third countries is a matter of their own principles and idealism (e.g. the values of human rights, peace, freedom, equality, social solidarity, etc.), but it can also be argued that the idealistic statements are only the cover up for the harsh realistic core (Mearsheimer beautifully exposes this idealistic veil of imperialistic ambitions with the example of the USA) (Barša, Císař 2008: 141–145), which are particulate and selfish interests: from this point of view, the objection of the Third World to the EU raises, the fact that the Union supports the protection of labour and the dignity of work (CLS), as well as, the environmental standards for products, it makes the position of the Third World more difficult, and in fact, selfishly protects their markets.

The implied dichotomy (solidarity — neoliberalism, idealism — realism) show that the normative action of the EU, in relation to third countries, to use its soft power is not automatically progressive. It offers the potential for gradual elimination of the neoliberal model of globalization and the spread of the European social model, but also opens the possibility that the EU will use its legislative power to strengthen the interests of transnational capital and the weakening of the social rights of workers. Although, it is still true that Europe is socially and environmentally the most protective continent, its action in the world should be relatively progressive, neoliberal trends in recent decades do not guarantee that the EU will use its soft power to strengthen social and environmental rights worldwide. What is more important, no other power, military or economic, has such a strong potential as the EU it in this regard, and no other power has the capacity and the value orientation suitable to lean the globalization to a more social version.

There is not enough space in this paper to analyse all the European proposals leading to more coherent and more functional social model. However, I will point out some alternative projects, which are in today's European Union (1) among the discussed topics (not a philosophical utopia), while (2) having the potential to nip the neoliberal trends that have started in the EU during the eighties.

One such project is the thought of unconditional basic income. The idea of a pan-European unconditional basic income that would be paid without the intermediation of nation states is, in terms of the current EU primary law, difficult to pursue. James Tobin, the Nobel laureate economist, has been one of the first defenders of the guaranteed basic income for all. At the present time, this concept is further expanded by the Belgian analyst Philippe Van Parijs, among its advocates are, for example, the famous French philosopher Andre Gorz or the alter-globalist classics Antonio Negri and Michael Hardt.

As we have repeatedly mentioned, the EU has no competence in the field of social security. That is why the EC has rejected the first citizens' initiative directed to this issue on September 6, 2012, on the grounds, that according to the Commission, the proposed citizens' initiative was apparently outside the competence of the Commission to present a legislative act of the Union for the purpose of implementing the Treaties (insufficient powers to propose a legal act). The initiators have tried to formulate a second citizens' initiative more freely and asked the Commission only to tentatively support the cooperation between EU Member States in the implementation of an unconditional basic income. This wording of the citizens' initiative was accepted by the European Commission and the collecting of signatures began in 2013, and culminated in January 2014. Discussions about unconditional basic income have thus started at European level, which created room for wider civil participation in the public debate on strengthening the social dimension of the EU.

As mentioned earlier, the current text of the EU Treaty does not allow interventions into social security systems of individual Member States, but nevertheless the idea of the basic income could work: because the Maastricht Treaty has introduced the so-called European citizenship in the EU. It is necessary to add that any meaningful definition of citizenship, at least since the time of T. H. Marshall, also provides for the so-called social citizenship, i.e. the fulfilment of social rights. It does not come as a surprise that the social rights of the European citizens are also found in the Charter of Fundamental Rights. Under these circumstances, the EU should have the ambition to guarantee basic social rights for Euro citizens so they can fully enjoy their citizenship. The unconditional basic income that would be paid to every EU citizen monthly directly from the EU, could perhaps be legitimized through European citizenship, although the optimal solution would be to change the treaties and the increase of competencies for community organs of the EU's social policy.

Additional social project that could return the EU on the trajectory of the European social model, without the neoliberal deviations, is the idea of an economic democracy, respectively the social economy. The Eurospeak, in this regard, uses the term “social entrepreneurship” and this term is also included in the strategic documents, such as the first and the second Single Market Act (Single Market Act I and II., also known under the abbreviation *SMA I and SMA II.*) from the years 2011 and 2012.

Social economy (especially the cooperatives) could bring back into the EU, the disappearing values of solidarity and fair sharing of the profits and ownership, democratic participation in the functioning of the economy, as well as a greater degree of stability and effectiveness, based on the ownership motivation of employees and an easier access to loans. The social business could bring a long-term benefit to unemployed and socially marginalized groups. In general, the project of economic democracy could become a crack in the system, which could in the future have the character of a systemic change, as suggested by its advocates, e.g. David Schweickart and Robert Dahl, in their models.¹

Other alternatives that are based on the current discussions taking place in the European Union, we will only mention briefly and selectively: Certainly worth mentioning are numerous proposals by Phillip Schmitter, who in addition, to the introduction of the so-called euro grant (analogous to the unconditional basic income, although Schmitter specifies the payment of the benefit in the EU, only for those whose income is less than one third of the European average income), or strengthening the economic democracy (as participatory budgeting, which are partially implemented in several European cities for example in Seville, or partly, also in Bratislava), he talks, for example, about a greater use of referendums via the internet or on a larger number of votes in the elections for families with more children (by number of children). In his proposals, where he wants to strengthen the democratic citizenship, representativeness of elections and at the same time, the democratization of decision-making processes, one of the themes also is the strengthening of European politicians in relation to national political parties, by increasing their competence to decide about the candidate list and the autonomy of their financing in the framework of the European political parties. As Schmitter concludes, to make the EU able to involve citizens in decision-making process, it must make sure, that the European policy is more fun and less boring, which is in direct contrast to that proposals by the neoliberal theorists, such as Moravcsik. (Anderson 2011: 127–129)

Another inspirational author, dedicated to the EU social policy, Maurizio Ferrera, is basing his proposals on the so-called horizontal social clause (Article 9 TFEU), which was included in the primary EU law through the Lisbon Treaty. According to this social clause the EU should, in its policies and actions, take into account the requirements leading to a high rate of employment, education and health, the

guarantee of adequate social protection and the fight against social exclusion. Ferrera considers Article 9, together with Articles 8 and 10, which develop the fight against inequality and discrimination, for creating a legal space for the so-called *social mainstreaming*, which would mean a much more ambitious promotion of the social aspects in all EU policies. According to him, the Protocol 26 on services of general interest, which also came with the Treaty of Lisbon, could be used in a similar way. He sees a great potential in the strategic EU document for the years 2011 to 2020, called Europe 2020, which includes, inter alia, the fight against poverty, the area of education and combating unemployment. The contractual basis and the strategic EU documents today, according to Ferrera, provide more space for the realization of the social dimension in the European area, especially compared with the era from 1985 to 2009. Ferrera also advocates the development of post-national solidarity, which would lead to a direct EU social policy: he recalls Schmitter's proposal to introduce euro grant, he continues with the topic of child benefits and childbirth allowances, universally financed by the EU, he also considers the proposals by A.B. Atkinson, according to which, a European minimum income for children and so on should be established. Ferrera adds, based on the progressive introduction of new alternative social policies and initiatives, the EU can ultimately create a specific social model of the European Union, which will be different from the European social model. (Ferrera, 2012: 27–37).

Conclusion

In the presented text, I have brought attention to several key structural reasons, because of which the European social model is in a crisis. By this, I do not question the potential that the EU holds in relation to the search for more social alternatives on the European continent, or in the global context. The question is, whether the EU neoliberalisation did not go too far, to make it possible for the social reformism to bring Europe back on the path of the traditional European social model. Paul Pierson once came up with the famous thesis about the “*Path Dependence*”, which seeks to convey the idea, that the more states are integrated, the more future options are getting closed in front of them: every level of integration means fewer options on how to proceed in the future. Pierson thus criticizes the current state of the European integration, whose direction can only be changed only one way: by a dramatic twist. Pierson's idea of the *path dependence* can also be used in a similar way, in relation to the emptying of the social functions of the state in Europe, which the EU authorities seriously assist to, through their predetermined settings to a policy of free market and liberalization. Maybe the reliance on the neoliberal path is already so deep-rooted and structurally anchored in the EU (we have showed some causes that have

helped the anchoring), that the only way to put an end to the chronic disposal of the European social model, is a reversal that must ultimately resemble Pierson's dramatic twist. Maybe what is needed, is a new radical break from the formal point of view, similar to that one, which came in the 1980s, but completely different in terms of content, a more social and progressive one. This would not be a turn in the European integration, but a turn in its content and direction.

Whether it is possible to reverse the neoliberal trends in the EU through them, is a huge unknown. The truth, however, is that, if the European Union fails to stop the crisis of the welfare state, it will certainly not get stopped by any of its Member States, which in the point of view of the global capitalism process are too small and weak to defend themselves against the market fundamentalism and protect the social functions of the state. The global race to the bottom is a too strong opponent that the isolated states could resist it. As proved by Pestieau (2006: 60), the only way the race to the bottom can be diverted, "*is to rely on cooperation among national governments. In other words, the solution is to make supranational authorities responsible for redistributive policies.*"

The greatest paradox therefore remains that while the EU can rightly be regarded as the accelerator of neoliberalism in Europe over the past three decades, not to mention the unhealthy elitist aspects and other legitimate criticism, anyways, the truth is, that a united Europe offers the only real hope on how to save the European social model. So today, the question is not whether we are for or against the European Union, but what kind of the united Europe we want to promote, in order to preserve the social rights of the European citizens. When we ask, whether the EU can save the welfare state, there is no clear answer: it depends on whether there is the possibility for another European Union than its contemporary neoliberal and elitist image, and therefore, whether it is possible to create a union, that will be radically social, democratic and progressive.

Note

¹ Compare SCHWEICKART, David: *Po kapitalizme – ekonomická demokracie*.

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