



Title	Conclusion
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Conclusion

This book offers a novel theoretical and methodological approach to understanding the EU's new economic governance (NEG) regime in employment relations and public services (Chapters 2–5) and presents significant empirical findings (Chapters 6–13) that are crucial for understanding the prospects of the EU integration process, social justice, and democracy in Europe. The book makes three major analytical contributions.

First, we argue that to understand EU policies in employment relations and public services, we need to consider the actions not solely of EU institutional actors but also of trade unions and social movements (Chapter 3). In looking at EU executives' NEG interventions in employment and social policy areas from the perspective of labour politics, the book upscales insights on the historical role that trade unions and social movements have played in the development of democracy and social welfare states at national level, in order to shed light on corresponding processes at the supranational level of the EU polity. Our approach thus goes beyond the institutionalist studies of EU policymaking that focus their attention on institutional actors operating in national capitals and Brussels' EU quarter. Equally, our focus on collective action in the field of labour politics complements the EU politicisation studies that focus on media debates, opinion polls, and elections and referendums. This is vital, as social justice and the democratisation of the EU polity requires transnational collective action by social actors, including trade unions and social movements (Erne, 2008).

Second, we show that the introduction of the EU's NEG regime represents a crucial shift in the dominant mode of EU integration (Chapter 2), namely, from a market-driven mode of horizontal integration to a much more political mode of vertical integration (Chapter 3). This shift echoes the resurgence of a much more political form of capital accumulation across the globe, in which capitalists' rate of return increasingly hinges on political power (Harvey, 2004;

Crouch, 2016; Durand, 2020; Riley and Brenner, 2022). In Europe, this shift became very visible after the financial crisis of 2008 when European business and political leaders realised that the single market and monetary union did not lead to the desired market-driven convergence of national economic, employment relations, and social policies but to threatening macroeconomic imbalances. To insure the 'proper functioning' of the EU's economic and monetary union (Art. 2, Regulation No 1176/2011), its leaders consequently started a 'silent revolution' from above (Barroso cited in ANSA, 2010) that involved a significant upscaling of employment and social policymaking powers from national to EU level and the deployment of commodifying policy prescriptions, thereby further increasing social inequality and the EU's democratic deficit.

EU executives combined the shift to a supranational NEG regime of policy formation with a country-specific deployment of NEG prescriptions. Their NEG interventions thus offer contradictory possibilities for initiating counter-vailing trade union and social-movement action. The supranational location of the interventions' origin provides labour across countries with common targets. However, the country-specific deployment of the interventions, which mimics the governance modes of transnational corporations in relation to their subsidiaries, risks fragmenting collective action along national divides. Moreover, the shift from a horizontal to a vertical mode of EU integration has sapped the assumed autonomy of national labour and social policymaking institutions, rendering the methodological nationalism of the varieties of capitalism literature anachronistic (Chapter 3). We have therefore developed a novel comparative research design that can capture both the supranational formulation of NEG policies and the uneven deployment of NEG prescriptions across countries, years, areas, and sectors, as well as their uneven coercive power (Chapter 5).

Third, we argue that the key dimension of the policy orientation of NEG prescriptions in employment and social policy areas is commodification (Chapter 4). Given the historical role played by trade unions and social movements in the extension of social rights through the decommodification of employment relations and public services, commodification captures the fundamental stakes of labour movements in EU executives' NEG interventions in these policy areas (Chapter 3). Our focus on commodification also mirrors the fact that public services provision itself has become a key site of capital accumulation. Moreover, we distinguish between the qualitative and the quantitative dimensions of commodification to map the deployment and intertwining of curtailment (austerity) and marketisation (structural

adjustment) in NEG prescriptions on employment relations and public services. This conceptual framework allowed us to overcome the methodological difficulties encountered by studies that selected other policy orientation dimensions (Chapter 4). This is important, as earlier studies' implicit focus on the quantitative aspects of NEG, whether in terms of social investment or austerity measures, made it difficult for them to capture the relevance of the structural changes stipulated by EU executives' NEG prescriptions, which, unlike their quantitative counterpart, are more difficult to reverse.

The book also makes three major empirical contributions. First, our research has revealed that the EU executives' NEG prescriptions are informed by an overarching commodification script, across the two areas (employment relations and public services), three sectors (transport, water, and healthcare), four countries (Germany, Italy, Ireland, and Romania), and eleven years (2009 to 2019) under consideration (Chapters 6–10). We have shown that commodifying NEG prescriptions mirrored an overarching commodification script not simply and solely because the commodifying prescriptions were more numerous than the decommodifying ones but also because the logic of their deployment was one of advancing commodification in the areas, sectors, and countries that, up to 2008, lagged behind others in terms of commodification. This makes NEG a mechanism of *reversed* differentiated integration (Chapters 3 and 11). The NEG regime enabled EU executives to issue a battery of prescriptions with significant coercive power in quantitative (curtailment) and qualitative (marketisation) terms, depending on the receiving countries' location in the uneven NEG enforcement regime. From the mid-2010s onwards however, their coercive power decreased, given the gradual recovery of European economies from the 2008 financial crisis. The number of commodifying quantitative NEG prescriptions also decreased, echoing a shift of EU executives' preferences in favour of a new policy mix blending qualitative marketising structural reforms with greater public investments. Our analysis shows that the latter did not amount to an alternative, decommodifying policy script that would vindicate those that saw a socialisation of the NEG regime. Rather, decommodifying prescriptions on investment were subordinated to the dominant commodification script, as most of them were semantically linked to commodifying policy rationales and had only a weak coercive power (Chapters 6–10, see Chapter 11 for a detailed comparative analysis).

Second, the book shows that NEG's commodifying script unleashed a plethora of countermovements, namely, in the public services that had been exposed to commodifying NEG prescriptions more consistently across countries. Unions and social movements politicised economic governance

interventions not only at national and local level but also transnationally, as evidenced by the findings of our transnational socioeconomic protest database (Chapters 6–11). Unions and social movements framed their protests with reference to transnational political divides along the commodification–decommodification axis, rather than to divides along a national versus EU politics axis; for example, in the successful Right2Water European Citizens’ Initiative (Chapter 9) or the yearly ‘Our health is not for sale’ European action days (Chapter 10). Despite these countermovements, EU executives maintained their course: from the mid-2010s on, they indeed softened the commodifying bent of their quantitative NEG prescriptions – but only to better keep the focus on commodifying structural reforms. Concretely, EU executives shifted the direction of quantitative prescriptions in public services from austerity to greater investments but limited the decommodifying potential of this shift by confining investment prescriptions to what they viewed as ‘productive’ public services (transport and water), by articulating such investment prescriptions with policy rationales compatible with the overarching commodification script that they pursued in NEG, and by ensuring that the sparse prescriptions with a truly decommodifying potential had only weak coercive power. In employment relations, the European Commission and Council agreed to open discussions on new EU instruments to secure stronger social pillars for the EU integration process, but until 2019 they kept their advancement at a snail’s pace. Already at this stage, however, the UK’s Brexit vote raised the spectre of responses to commodifying EU interventions taking a nationalist turn, which would ultimately mean the EU’s implosion.

Finally, we show that, when the Covid-19 pandemic hit Europe, EU executives changed direction. With the suspension of the Stability and Growth Pact (SGP) in 2020 and the establishment of the Recovery and Resilience Facility (RRF) in 2021, they sought to mitigate this new crisis with an injection of public EU money also in areas that had not benefitted from their pre-Covid NEG prescriptions for more public investments, including healthcare. At the same time, EU leaders made the receipt of RRF funding conditional on the implementation of their NEG prescriptions, regardless of their unequal legal basis and the receiving country’s location in NEG’s policy enforcement regime. EU executives thus replaced, at least for the time being, the financial sanctioning mechanisms of the SGP with the threat of withholding RRF funding in the event of non-compliance with their NEG prescriptions (Chapter 12). As the amount of RRF funding at stake is substantial in many member states, the coercive power of post-Covid NEG prescriptions has increased further.

In employment relations, EU executives did not use the increased leverage of their post-Covid NEG prescriptions to demand commodifying reforms (Chapter 13). A telling example is the following. Whereas in 2011 they tasked the Romanian government to abolish intersectoral social dialogue and to decentralise multi-employer collective bargaining, in 2022 they prescribed a decommodifying reform of the 2011 Romanian labour law, which led in December 2022 to the adoption of a new law that restored trade union rights and intersectoral and sectoral collective bargaining. This policy shift mirrors continued union pressures, growing worries among EU executives about popular support for the EU integration project, and a more positive assessment of multi-employer bargaining by factions of organised capital (Chapter 13). EU executives' volte-face in this policy area also led to a resurgence of decommodifying EU laws, starting with the adoption of the EU directive on adequate minimum wages in 2022. By contrast, the post-Covid policy orientation of the NEG regime in public services has not changed so much. Given the institutional setup of the post-Covid NEG regime (Chapter 12), EU executives' continued insistence on public services marketisation through EU laws and NEG prescriptions (Chapter 13), and the legacy of decades-long marketising public sector reforms, it is highly likely that the massive RRF funding will boost private rather than public service providers.

The shift to NEG has posed direct threats to European democracy ever since its introduction in the wake of the 2008 financial crisis. Its technocratic governance design eschewed citizens' and workers' political rights to have a say in policymaking; and the commodifying bent of its prescriptions importantly eroded their social rights to be protected from the vagaries of the market. After the pandemic, the technocratic bent in the EU's economic governance nonetheless endured, as the National Recovery and Resilience Plans, which are the key documents for unlocking RRF funding, were co-designed by national and EU executives, without any meaningful input from trade unions and social movements and without the possibility of national parliaments and the European Parliament making any amendments. The commodifying direction of the post-Covid NEG regime also endured, albeit with some concessions, most notably in employment relations. In the last decades, EU executives embraced commodification; more recently though, they have had to face the prospect that the hollowing out of social rights, that resulted from commodification, is pushing important sections of electorates towards eurosceptic parties.

In the current unstable context, labour politics matters a lot. Trade unions and social movements are essential in framing the social and political struggles

about the policy direction of EU economic governance along a commodification–decommodification axis, rather than a national–EU politics axis. Future research based on our transnational – but also context-specific – analytical approach on the role of labour politics in the next iteration of the EU’s NEG regime is thus not only of academic interest but also of upmost importance for the future of the EU integration process and the prospects of democracy in Europe.

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