

*BOOK REVIEW*

Preece, Daniel V. 2009. *Dismantling Social Europe: The Political Economy of Social Policy in the European Union*. Boulder: First Forum Press. ISBN 9781935049104. Cloth: 55.00 US. Pages: 187.

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How does the European Union work? It is not especially large or institutionally powerful. The EU budget is little more than 1 percent of the union's GDP, and it lacks the tax revenues and fiscal powers to set and enforce policy. The EU also does not have much in the way of legislative mandates to reform social and labour market policy. Instead, nation-states and powerful European leaders regularly direct or block EU directives. On top of this, time and again, citizens have turned down the latest EU initiatives in referendums.

Yet the EU marches on, with Europe ever more economically integrated, and business – apart from banks – ever more prosperous. Many Europeans are indifferent to all this. Others outraged. But apart from the wealthy few, most appear to be paying the price of their indifference with poorer jobs and worsening social conditions. Why? How?

Daniel Preece takes up some of these puzzling conundrums in *Dismantling Social Europe*, and he provides a refreshingly large number of answers in examining recent developments in the EU and what they have meant for labour policy, as well as for what the EU has meant to Germany and Ireland.

Some of his explanations are more convincing than others, and one might wish for an easier, jargon-free read. But what makes the book interesting is the scathing picture it paints of the European Union. Preece highlights how much the EU project has been about improving the bottom lines for capital. What he also underscores is how little the EU's 'social' model has actually meant in the way of social inclusion, and how much it has been an underhanded way to promote economic competitiveness and labour flexibility.

In making this provocative argument, Preece follows a number of other critical scholars such as Robert Cox and Stephen Gill in paying careful attention to how the never-ending series of treaties, chapters, pacts, regulations, and court rulings have all reinforced neoliberalism in Europe.

He also emphasizes how EU institutions have done a good deal over the past two decades to foster cooperation among governments, which allows them to uphold the primacy of multi-national interests in face of demands of citizens for something different.

In this critical view, the European Court of Justice has done much to expand the applicability of EU regulations. Likewise, governments have instituted the European Employment Strategy as the new 'best practice' for labour market policy, helping put in place new measures that undermine unemployment benefits and employment standards in order to boost employment.

Treaties – like those of Maastricht and Lisbon – have opened the door to trade liberalization and financial deregulation as governments have set about incrementally adopting their proposals. Policy networks and debates have framed political problems as 'technical' and 'economic' issues, and subsequently patterned solutions along the same 'business-first' lines.

As Preece then goes on to show, the long-term impacts of such discourses, institutions, and policies on national parliaments have been largely negative. In Ireland, the EU has dumped complex legislation on governments, and politicians looking for ways to keep the IBMs of the world happy (while boosting employment for young professionals and contractors) have readily adopted 'life-long' learning and retraining. But this has come at the cost of developing more adequate social programs, or putting in place a more effective economic strategy other than Ireland continuing to serve as an American export platform into Europe.

In Germany, the Kohl and Schroeder administrations have often used EU policymaking and the European Central Bank to push a more integrated market with lower rates of inflation that would best serve German manufacturing interests. They also used EU reasoning to push for a single market that would better serve German industry and finance. Both administrations also quickly realized the political benefits of blaming the EU as the external, unstoppable force when introducing unpopular welfare and pension cutbacks that were supposed to restore German 'competitiveness.'

In making such arguments, Preece shows an historian's eye for process, and a social scientist's ken for the big-picture. Based on interviews and a good deal of synthesis, he provides a number of telling snapshots of how EU policymaking has been intimately entwined with a business agenda. He also does a good job summarizing how recent economic and social policy reforms in Ireland – a country too often left out of

comparative analyses – have been connected to a wider EU/neoliberal agenda.

For a political economy of the EU and social policy, however, a few things are missing. One is the lack of any discussion of the European Central Bank and the European Economic and Monetary Union and their role in financial liberalization and corporate restructuring. With the passage of new legislation in the 1990s, capital markets across Europe were opened as never before, and corporations took to ‘activist’ shareholder systems as fast as they could sign the legal documents. This – much more than the recent European Employment Strategy – surely opened the door to firms pushing for greater labour market flexibility and the growing divide between workers with good jobs and those facing ever poorer employment prospects.

Also missing is an analysis of the European Stability and Growth Pact which consistently made governments introduce new policies of economic austerity over the course of the 1990s and 2000s in order to meet economic or EU-entry criteria. So too is comment wanting on the conservative monetarist policy of the European Central Bank and how this pressured governments (such as those in France and Italy) toward low inflation and smaller budget deficits in the context of financial openness. In any discussion of how European governments reworked social policy to enhance competitiveness and efficiency, some scrutiny of how EU policies were tied to recent retrenchments and social policy reforms is clearly warranted.

Finally, what is oddly absent is the impact of the EU on political parties and policy making. Preece underscores how multi-national enterprises have been able to take advantage behind the often closed doors of the many EU committees. But it is plain that the only reason business has been left to its own devices is because current Social Democratic and Centre-Right parties no longer put up much resistance to their demands. Rather, as part of ‘Third Way’ policies that promote business and the market (while catering to the wealthy and pushing labour to become more flexible and the unemployed more ‘active’), governments routinely defer to business demands with the feeble expectation that what is good for business is good for everyone else.

Of course, this is far from true. But without a closer analysis of the actual domestic political dynamics of EU policymaking, Preece’s account too often portrays a ghostly capital directing the show from Brussels, which leaves out how governments and capital regularly interact to boost profitability and seek new ways to lower wage and social costs.

Thus in depicting today's EU as a right-wing project for business, Preece has left his book somewhat short. But like the EU itself, so too in its critical analysis, there is always room to grow and a healthy expectation that more is to come. If this book is any indicator, we are certain to see an even more comprehensive work on the deleterious nature of EU policymaking.