

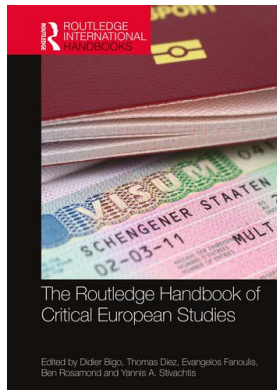
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# Historical materialism and European integration

*Andreas Bieler and Jokubas Salyga*

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## Introduction

Historical materialist perspectives have grown in importance in the analysis of European integration since the early 1990s (e.g. van Apeldoorn, Drahokoupil, and Horn 2009; Bieler and Morton 2001; Cafruny and Ryner 2003; Overbeek and Jessop 2018). Nevertheless, historical materialist contributions have generally been overlooked by mainstream approaches. In this chapter, we will present a historical materialist approach and argue that it is uniquely placed in unravelling the underlying social purpose of integration especially from the mid-1980s and early 1990s onwards against the background of wider restructuring taking place within the global political economy. In the first section, we will introduce a number of key Marxist concepts, including a focus on the internal relations between class agency and the structuring conditions of the capitalist social relations of production, the centrality of class struggle, processes of uneven and combined development as well as hegemony and hegemonic project. In the subsequent section, these concepts will then be applied to the revival of European integration in the mid-1980s around the Internal Market, Economic and Monetary Union (EMU) and the European Union (EU) eastward enlargement. The third section, in turn, is dedicated to an analysis of the most recent Eurozone crisis against the background of longer-term processes of uneven and combined development across the EU and the emergence of a new authoritarian neo-liberal governance structure. In our conclusion, finally, we will argue that capitalist dominance is never assured but always contested, thereby drawing on a disruption-oriented approach.

## Class struggle over European integration

Mainstream European integration approaches start their analysis by taking the state and market, the political and the economic as separate entities. While intergovernmentalists assert the continuing dominance of the political over the economic through a focus on the centrality of the state, neo-functionalists emphasise economic spill-over pressures forcing political change. As a result, they are unable to acknowledge the historical specificity of capitalism and end up with a historical analysis. From a historical materialist perspective, by contrast, the analysis starts with asking why it is that in capitalism the state and the market appear separate in the first place.

The answer is provided by examining the way production is organised around capitalist ownership and control of the means of production and wage labour. Typically, workers who do not own the means of their social reproduction, are not directly, politically compelled to work for a specific employer. However, without owning one's own means of production, people are indirectly forced to look for paid employment. They are forced to sell their labour power in order to reproduce themselves. Thus, to understand the inequalities and exploitative characteristics of capitalism, we need to investigate the 'hidden abode of production' (Marx [1867]1990, 279–80). It is 'the netherworld of production, outside and beneath the market, where economic necessity compels workers owning only their labour power to seek employment' (Barker 2013, 44). This is specific about the capitalist historical period and this is why the state and market appear to be separate, while they are ultimately only two different forms of the same underlying configuration of the social relations of production. In short, it is this indirect enforcement of exploitation that conditions the separate appearance of the economic and the political and it is a focus on the social relations of production that allows us to comprehend the internal relations between the two.

In a first step, starting our analysis through a focus on the social relations of production, allows us to identify social class fractions as the key collective actors. We understand class as a relational concept with workers having to sell their labour power to those who own the means of production, that is capital. However, importantly this does not suggest a homogeneous understanding of identities in their class relevance. Depending on the forms of capital within the overall process of surplus accumulation, we can distinguish between different circuits of financial and industrial capital and labour as well as, due to the level on which production is organised, between national and transnational fractions of capital and labour (van Apeldoorn 2002, 26–34; Bieler 2000, 10–11; Bieler 2006, 32–5; Cox 1981, 147; van der Pijl 1984, 4–20). In relation to European integration, Otto Holman was the first who distinguished in more detail between different class fractions. Based on companies' production sites and trading horizons, he identified four ideal typical fractions of capital: (1) Import-competing producers of tradable goods for the domestic market; (2) import-competing producers of tradable goods for the European market; (3) export-competing producers of tradable goods for the world market; and (4) globally-operating financial institutions (Holman 1992, 16). Thus, different class fractions are regarded as emerging through the way production is organised in capitalism. Equally, starting from the social relations of production, we can identify the structuring conditions of capitalism. As it is not only workers who compete with each other for jobs, but also employers who depend on the market and compete with each other for market share, a dynamic of competitiveness is infused into the production system, leading to constant technological innovation and increasing specialisation of production methods. It is this dynamic that fuels the relentless search for higher profit levels and makes capitalism such a dynamic production system. However, the inner logic of capitalism in this relentless search for higher rates of profits also implies that there is an inner tendency towards crisis. While the constant search for higher profits through the introduction of new machinery and technology into the production process may be a logical thing to do for the individual capitalist, for capitalism as a whole it is disastrous. In other words, if all capitalists attempt to produce more goods at cheaper prices and with fewer workers, then eventually there will be a lack of demand for their products resulting in a crisis of overproduction (Harvey [1982] 2006, 188). How can capitalists overcome such a crisis? One way is the search for new markets and cheaper labour power elsewhere. Rosa Luxemburg argued that in order to ensure a constant increase in the accumulation of surplus value, capital relies on bringing non-capitalist and/or decommmodified space into the capitalist social relations of production in an outward expansionary dynamic (Luxemburg [1913] 2003, 332). Outward expansion is not, however, an

even process, but occurs along uneven and combined development lines as shaped by agency in class struggle.

It is the moment of class struggle, in which the internal relations between class agency and the structuring conditions of capitalism come to the fore (Bieler and Morton 2018, 49). In moments of class struggle over the future direction of capitalist accumulation, different alliances of class fractions attempt to gain hegemonic status for their particular project. Importantly, ‘the struggle over hegemony revolves around shaping intersubjective forms of consciousness in civil society’ (Morton 2007, 93). As Gramsci noted, it is in moments of class struggle, that ‘organic intellectuals’ as representatives of particular class fractions play a crucial role (Gramsci 1971, 5). For Gramsci, organic intellectuals are engaged in active participation in everyday life, acting as agents or constructors, organisers and ‘permanent persuaders’ in forming social class hegemony, or by performing a valuable supporting role to subaltern groups engaged in promoting social change, that is then “mediated” by the whole fabric of society’ (Gramsci 1971, 12, 52–4). Thus, organic intellectuals concretise and articulate strategies in complex and often contradictory ways, which is possible because of their proximity to the structurally most powerful forces in society. In other words, ‘organic intellectuals’ play a leading role in struggles over hegemony, based on a coherent fit of material structure, ideas and institutions (Cox 1981, 139), with the material structure of ideology revealing the underlying social purpose of a particular course of action (Bieler and Morton 2018, 67–75). When analysing the revival of European integration from the mid-1980s onwards, the focus, therefore, has to be on various hegemonic projects, the particular ideas they include and the material structure that underpins them. The focus has to be on organisations that provide organic intellectuals with a platform to develop and disseminate these projects.

## Transnational capital and the revival of European integration

### *Revival of European integration around Internal Market and EMU*

After unsuccessful attempts by European states to cope on their own with worldwide recession during the 1970s, European integration was revived from the mid-1980s onwards around the Internal Market programme. The Single European Act (SEA) of 1987, which institutionalised the Internal Market programme, spelled out the goals of the four freedoms, that is the freedom of goods, services, capital and people. While tariff barriers had been abolished by the end of the 1960s in the EU, there had been many non-tariff barriers that had impeded free trade. This was now to be remedied. The social purpose underlying the Internal Market programme was clearly of a neo-liberal nature (Grahl and Teague 1989). A bigger market was supposed to lead to tougher competition resulting in higher efficiency, greater profits and eventually through a trickle-down effect in more general wealth and more jobs. National markets should be deregulated and liberalised, national companies were to be privatised. An emerging common competition policy was to secure that the market was no longer disturbed through state intervention or ownership in areas such as telecommunications, public procurement and energy.

Neo-liberal restructuring in line with globalisation was continued through EMU, part of the Treaty of Maastricht in 1991. It included a single currency to be administered by a supranational and independent European Central Bank (ECB). In January 1999, 11 member states carried out this step, when they irrevocably fixed their exchange rates. The underlying rationale of EMU is embodied in the statutory role of the ECB and the convergence criteria. As for the former, a common monetary policy is now dealt with by the ECB. The primary target of the ECB and its interest rate policy is the maintenance of price stability and low inflation. Economic growth

and employment are only secondary objectives, subordinated to price stability. In relation to the institutional set-up of the ECB, we experience what Stephen Gill calls a ‘new constitutionalism’, which ‘seeks to separate economic policies from broad political accountability in order to make governments more responsive to the discipline of market forces’ (Gill 2001, 47). The ECB has to report to the European Council and the European Parliament, but neither states nor supranational institutions are in a position to force any kind of policy upon the ECB. As for the convergence criteria, most importantly, the criteria oblige member states to have a government budget deficit of no more than 3 per cent of GDP and government debt of no more than 60 per cent of GDP (Grauwe 1992, 131). In sum, both the Internal Market and EMU represent instances of neo-liberal restructuring.

At the structural level, neo-liberal restructuring was underpinned by increasing transnationalisation of production and finance in the European political economy. While the annual average of inward Foreign Direct Investment (FDI) flows into the EU between 1989 and 1994 was \$76,634 million (UN 2001, 291), inward FDI in 2007 as a pre-crisis peak year was \$842,311 million (UN 2009, 247). The corresponding figures for outward FDI are \$105,194 million as annual average between 1989 and 1994 (UN 2001, 296), and \$1,192,141 million in 2007 (UN 2009, 247), indicating the closer integration of production processes across borders. As most FDIs are mergers and acquisitions, organised by investment banks on the stock markets, they are closely related to financial market dynamics and the processes of financial integration. Moreover, integration was underpinned by manifold processes of financialisation, often triggered by the privatisation of social security (pensions) and public services (rail, telecommunication, post, energy, etc.). Hence, past decades have been characterised by the strengthening of a European financial capitalism (Bieling 2013), based on a single legislative framework (Underhill 1997, 118). This increase in structural power of capital has put European labour on the defensive.

Transnational capital is well organised at the European level with especially the European Round Table of Industrialists (ERT) having played a key role in the revival of European integration around neo-liberal economics. The ERT was formed in 1983 by 17 leading CEOs of transnational European corporations and the two commissioners Davignon and Ortoli. Membership is in personal capacity and on invitation only. Currently, there are about 55 captains of industry from European TNCs as members (as of 23 November 2018, see <https://www.ert.eu/>). The main strategy is the direct lobbying of the Commission and individual governments by individual CEOs. The ERT was the main driving force behind the Internal Market programme. In January 1985, the ERT chair Wisse Dekker (Philips) published the report ‘Europe 1990: An Agenda for Action’. Three days later, the new President of the Commission Jacques Delors gave a speech to the European Parliament with very similar contents. In fact, the Commission White Paper on Completing the Internal Market, published in June 1985, resembles very much Dekker’s report. The only real difference is the postponement of the deadline from 1990 to 1992 (Balanya et al. 2000, 21).

However, as van Apeldoorn’s (2002) detailed analysis of the different projects behind the Internal Market programme reveals, neo-liberalism had initially not been the only possible basis. Two further projects can be identified. First, there was a neo-mercantilist project supported mainly by transnational European firms that predominantly produced for the European market, but were still not fully global players. Considering the success of their US and Japanese counterparts, these companies regarded the fragmentation of the European market as the main cause of their lack of competitiveness. An integrated market and support by EU industrial policies was supposed to allow them gaining competitiveness for the global market. The second alternative was a social democratic project, especially supported by Jacques Delors. For social democrats, the European level offered the possibility of re-regulation of the market at a higher level and thus the

opportunity to regain some control over capital lost at the national level. The eventual outcome of the struggle between these three projects constituted a compromise, aptly labelled ‘embedded neo-liberalism’ by van Apeldoorn (2002, 141–57). Transnational social forces in favour of neo-liberalism and the corresponding model of an “open Europe” won over their neo-mercantilist rivals. Nevertheless some of the latter’s concerns for a European industrial policy had been met in the chapters on ‘Trans-European [infrastructure] networks’ and ‘Research and Technological Development’ of the Maastricht Treaty. The Social Chapter, finally, signified a concession to the social democratic project and incorporated social democratic forces and trade unions into the compromise. Overall, however, the social purpose underlying the Internal Market programme and Maastricht Treaty is clearly neo-liberal with all its implications.

The ERT should, however, not be misunderstood as a lobby group next to other lobby groups such as environmental or human rights groups. Rather, from a historical materialist perspective, the ERT is an institution that provides a platform for organic intellectuals, who formulate a coherent hegemonic project for transnational European capital, which is at the same time able to transcend the particular interests of this capital fraction to attract wider social forces towards the formation of a historical bloc, ‘bringing about not only a unison of economic and political aims, but also intellectual and moral unity ... on a “universal” plane’ (Gramsci 1971, 181–2). Embedded neo-liberalism can be understood as the hegemonic project of transnational European capital. The fact that it is so influential is not because the ERT is the more effective lobbying machine, but because neo-liberalism has been grounded in the material structure of transnational capital and the related power resources of this class fraction, reflected in the increasing transnationalisation of production and finance mentioned above.

### ***Outward projection of European integration***

From the mid-1990s onwards neo-liberal economics was also increasingly projected onto the wider world. First, the 1995 enlargement brought Austria, Finland and Sweden, all three traditionally countries with a strong focus on a Keynesian welfare state and corporate decision-making structures including trade unions in policy-making at the highest level, into the neo-liberal fold (Bieler 2000). Moreover, the EU’s new free trade strategy Global Europe pushed trading partners around the world towards neo-liberal restructuring from 2006 onwards (Bieler 2013). The strongest impact, however, was reserved for the processes around the transition of former communist countries in Central and Eastern Europe (CEE) towards free market economies.

The extension of the European project towards the ‘East’ followed the first rather chaotic phase of transformation in the early 1990s. Whilst throughout the latter, a devastating imprint on the living standards of large segments of the population coalesced with the region’s accelerated integration into an increasingly liberalised global economy, in the course of the former, more systematic attempts to promote neoliberalisation had been forged. It was after the Copenhagen European Council meeting in June 1993 that the EU undertook a particularly interventionist stance. Its move from passive to active engagement has been displayed in three-fold conditionality criteria, including a functioning market economy and related capacity to withstand competitive pressures as well as the ability to adopt the EU *acquis communautaire* – the accepted aims of political, economic and monetary union. Eight CEE countries joined the EU in 2004 including the Czech Republic, Slovakia, Slovenia, Hungary, Poland, Estonia, Lithuania and Latvia, with Bulgaria and Romania acceding in 2007 and Croatia following suit in 2013. Particularly emblematic in this conjuncture had been the influence of transnational capital insofar as it pushed for the liberalisation and deregulation of former Soviet-style economies to attain new markets for expansion. One pertinent outcome of such ‘scramble for markets’ is reflected in

foreign capital's control over strategic sectors such as telecommunications and utilities with not less than 90 per cent of the CEE banking system under non-domestic ownership (Hardy 2010).

Accounts finding an inspiration in Gramsci's oeuvre emphasise that the decision to apply for the EU membership in CEE was taken by cadre elites within state institutions, eager to secure neoliberal restructuring externally in a strategy resembling passive revolutionary conditions (Gramsci 1971, 105–6; see also Morton 2010). Rather than structural change being driven by domestic coalitions of social forces, the incorporation of international ideas and foreign production methods in tandem with an internalisation of the interests of transnational capital in the national CEE forms of state took centre stage. According to Bohle (2006, 75), 'the revolutions in eastern Europe were bourgeois revolutions without a bourgeoisie', for in the absence of powerful domestic economic groups, it was intellectuals and elites within the state apparatuses who authored the region's incorporation into the transnational historical bloc (see also Shields 2006). Up to the middle of the 1990s, restructuring initiatives in the CEE were increasingly secured via the IMF, the World Bank, the European Bank for Reconstruction and Development as well as a plethora of consultancy firms. When domestic hardship got out of hand, EU membership attained the position of an ideal external anchor. Ostensibly, an anticipated forthcoming affluence and a cultural return to "Europe" were deemed more than adequate compensation for the prevailing poverty. What in effect amounted to forging 'neoliberal economies of violence', Dauphinée posited (2003, 200–1), '[were] articulated in the language of democratisation, modernisation and marketisation' (for critical assessments of the signifiers of 'Europe' and 'the EU' from a post-colonial perspective, see Kinnvall's chapter in this volume).

While the Europe Agreements and Single Market White Paper (1995) began exporting the deregulatory programme eastwards by focusing on a competitiveness agenda, sectoral policies and industrial standards, it was the 'Accession Partnerships', concluded from 1997 onwards, that vigorously reshaped macroeconomic, fiscal and monetary policies as well as promoted administrative, regional, industrial and welfare reforms (Bohle 2006, 70). Indeed, the country opinions, prepared by the Commission for the 1997 Luxembourg European Council, were the chief documents informing the decision whether an applicant would gain candidate status or not. They echoed the neoliberal view and severely criticised internally oriented capital accumulation strategies, urging for greater foreign economic involvement. In December 1997, the country opinions gained even grander political significance, when the European Council decided to begin accession negotiations with only five applicants (Estonia, Hungary, the Czech Republic, Poland and Slovenia). Others were either relegated to the subsequent wave of negotiations (Bulgaria, Latvia, Lithuania, Romania and Slovakia) or left to expect only a theoretical invitation (Ukraine, Turkey and Russia). Thus, far from bridging the Europe's East–West division, the Commission's pre-accession strategy attested to selective commitment to 'democratisation' reserved to instilling the discipline on 'the candidate members in terms of free market integration' (Holman 2001, 180–1; Kagarlitsky 2004).

Alongside the Commission, the prospective supply of reservoirs of highly skilled and typically cheap labour not to mention an additional 150 million or so consumers to the Internal Market enticed the support for enlargement on the part of transnational European capital. The ERT, reflecting the material structure of transnational capital, lobbied intensively in order to urge the EU to reform its institutional structure to facilitate enlargement and work closely together with the governments of applicant countries towards meeting conditionality criteria. Portraying the expansion as a 'golden opportunity to raise the competitiveness and prosperity' of the European economy, in the action plan for candidate member states published in 1997, the ERT insisted on sound economic principles, free competition and open markets (ERT 1997). Two years later, it identified obstacles facing European companies (and ERT members) pertaining to ineffective

public administration, inadequate regulatory framework, poor staff skills and attitudes to work, uncompetitive local suppliers, subpar infrastructure and out-dated social attitudes (ERT 1999). The package of recommendations to rectify these barriers entailed the implementation of the Internal Market, liberalisation of taxation regimes, training schemes for enterprise managers and government officials, thereby attesting to explicit commitment of making CEE safe for transnational capital (Holman 2001). In case of delays, the whole process would be derailed supposedly precipitating the rise in Euroscepticism in the candidate states, increased risks for investors, 'waves' of illegal immigration to the EU and decline in trade flows (Grabbe 2001, 128).

Nevertheless, as several commentators asserted, the departure from an analysis circumscribed to the national spatial scale, informing intergovernmentalist approaches in particular, ought not be taken to imply that restructuring had been enacted primarily from outside. In this connection, underlining that a considerable part of the former state-owned companies were sold to foreign capital, Holman contested the claim that in CEE capitalism was 'being introduced' in the absence of capitalists (Eyal et al. 1998). Instead, a new transnationally linked, domestic power nexus emerged around a so-called 'auctioneer elite', 'whose interests [were] entirely subordinated to those of foreign capital, and which function[ed] as a kind of staging-post ... for the implantation and reproduction of foreign capital' (Holman 2004, 223; see also Böröcz 1999). Similarly, drawing on the opus of Poulantzas, Drahekoupil's (2008) in-depth engagement with foreign investment in the Visegrád Four of Hungary, the Czech Republic, Slovakia and Poland, highlighted the agency of a domestically-based comprador services sector (i.e. investment promotion state agencies, local branches of consulting, legal and advisory service firms and companies providing other services to foreign investors) as working in sync with interests of transnational capital. It is the latter perspective in particular that offers a fecund entry point to align transnationalisation of CEE countries' production structures to complex pathways in which neoliberal restructuring has been internalised in the various forms of state.

Another subset of historical materialist interventions, moreover, contend that transformation had not been reducible to a straightforward process whereby the restructuring of the state was simply about guaranteeing the conditions for the operation of transnational capital. Unearthing elapsed domestic class categories, Hardy's (2009) discussion of Poland illustrates well how competing interests of different ruling class sections (some of which were quick to convert their earlier positions of control and privilege into the ownership of assets) and struggles of organised labour made restructuring processes protracted and redolent of political compromise in cases of privatisation and welfare cuts (see also Hardy and Rainnie 1996). Her contribution transcends 'capitalism from without' perspectives (Eyal et al. 1998; King and Szelényi 2005) by considering agencies of transnational capital and the new layer of managers facilitating its entrance, alongside consolidation of large domestic capital blocs that emerged as powerful players in countries like Poland, Lithuania or Latvia. In a similar vein, recent reappraisals of transformation began to question the view of neo-liberalism as an 'imported project' on the eve of 'formal' transition in 1989. In the context of a deepening crisis of the Kádár regime in the mid-1980s, Fabry's (2018) rendition traces 'organic' emergence of ideas centred on the liberalisation of markets, privatisation and pursuit of macroeconomic stability to the corridors of the Financial Research Institute, operating as a platform for organic intellectuals. It is chronicled how the latter, populated with the economists trained in neoclassical thought through East-West knowledge exchanges, emerged as the main reform citadel shaping Hungarian public discourse well in advance of 1989 (see also Bockman 2011).

Considered retrospectively, it is evident that the interests of transnational European capital were echoed in the pre-accession strategy more broadly. Dangling the carrot of membership, the EU could adopt selective protectionism in the trade clauses of the Europe Agreements,



targeting those sectors (steel, textile, apparel, chemicals and agriculture) in which CEE had a short-term competitive advantage. The export-potential of these sectors was undermined, encouraging instead specialisation in labour-intensive, low-tech industries. The simultaneous lowering of trade barriers triggered an enormous influx of imported finished products (Baldwin 1994; Gowan 1995; 1996). Engaged in competition for subcontracting arrangements with, and direct investment from, foreign firms, governments in the region were compelled to implement FDI-friendly policies and put downward pressure on wages and taxation. Correspondingly, although championing 'the four freedoms', several old member states restricted the movement of east European workers for up to seven years, whilst the extent of financial transfers to new member states remained limited. Through the mixture of conditionality and power, the EU exported models of neo-liberalism, which proved to be far more radical than those regulating Western European capitalisms.

### Europe in crisis

While eastward enlargement was hailed as an enormous success for the EU, the global financial crisis of 2007/2008 plunged the EU into crisis. To a great irony, loudest alarm bells sounded over the Baltic economies whose hyper-neoliberal growth model, predicated on a high degree of dependence on Scandinavian capital flows (in banking and real estate), with tendencies to develop large current account deficits and weak export performance came crashing down in 2008. Following the burst of property bubbles, exports slumped, financing for imports dried up and deficits, already large, exploded. Against the backdrop of cumulative output losses in 2008 and 2009 reaching 18.3 per cent in Estonia, 21 per cent in Latvia and 11.9% in Lithuania, unemployment rates shot up leading to unprecedented emigration (Staeher 2013, 293). Furthermore, when global financial markets froze and banks and financial institutions ceased lending to each other as well as industrial companies due to high levels of uncertainty, especially peripheral Eurozone countries found it increasingly difficult to re-finance their debts. Closer analysis of the crisis indicates, however, that the global financial crisis only triggered the Eurozone crisis. The main causes of the crisis can be found in the uneven and combined development underpinning the European political economy. Post-Keynesian observers of the Eurozone crisis have pointed out how Europe has been divided between export-driven versus debt-driven growth models (Stockhammer 2016). EMU has limited countercyclical state intervention in times of crisis and has relied from the beginning on downward pressure on wages for adjustment alongside the development of financialisation and the creation of national and personal debt for economic growth. The main problems of EMU are understood to be the result of insufficient demand and in particular the asymmetries in the formation of such overall demand across the European political economy as a whole (Patomäki 2012, 79). The export-driven growth model of Germany and the debt-driven models of countries such as Greece and Portugal are, thus, mutually dependent on each other. Firms in core countries would not have been able to pursue export-led growth strategies if global aggregate demand had not been supported by the real estate and stock market bubbles that occurred in the periphery. Peripheral countries, unable to compete with German productivity levels and strong export performance, ended up as countries with large account deficits. In the long run, such development strategies based on capital inflows – also FDI, but mainly credits – were unsustainable.

Nevertheless, unevenness across the European political economy is not only due to EMU, but is a general feature of capitalist expansion and, thus, has characterised the European political economy for much longer. Free trade policies, as initially embedded within the

EU Customs Union since 1968 and then especially the Internal Market from the mid-1980s onwards—when free trade was extended from trade in goods to trade in services and finance—generally tend to deepen the inequality between countries, as advanced countries with higher levels of productivity benefit disproportionately from trade. ‘Unevenness is not ... a result of market imperfections, but is in fact a product of the way competitive markets work in the real world’ (Kiely 2007, 18). Hence, from joining the EU during the 1980s, unevenness in countries such as Portugal has been reflected in different productivity levels with Portugal historically linked to labour-intensive sectors and states such as Germany mainly involved in capital-intensive sectors of global value chains (Bieler, Jordan, and Morton 2019; Jordan 2017).

In the end, Eurozone members were provided with bailout packages by the EU. In May 2010, March 2012 and again July 2015 Greece received financial help, Ireland was bailed out in November 2010, in May 2011 it was Portugal’s turn, followed by Cyprus in March 2013. Italy and Spain, although they did not have to be bailed out, had to present austerity packages, developed nationally, before EU institutions agreed on the extension of loans to recapitalise their banks. The bailout packages came at a high price. Financial support was made conditional on the implementation of austerity policies including cuts in public services, cuts in public sector employment, the privatisation of national companies and further liberalisation of labour markets (Bieling 2012). ‘Hence, the real purpose of the bailout programmes is to restructure political economies and to open up the public sector as new investment opportunities for private finance. The balance of power is, thereby, shifted further from labour to capital in this process’ (Bieler, Jordan, and Morton 2019). In addition to disciplining peripheral EU member states, the economic governance system of the EU as a whole has been restructured. At the EU level itself, the bailout packages were, thus, backed up in November 2011 with a new set of regulations around the so-called ‘six pack’ on economic governance applicable to all member states. ‘According to these six new EU laws, Eurozone countries that do not comply with the revised EU Stability and Growth Pact or find themselves in a so-called macroeconomic excessive imbalance position, can be sanctioned by a yearly fine equalling 0.2 per cent or 0.1 per cent of GDP respectively’ (Erne 2012, 228). These mechanisms have been further enhanced by the ‘Fiscal Compact’, which came into force on 1 January 2013 requiring that national budgets are in balance or surplus. The whole new economic governance of the EU form of state continues to depoliticise economic-political decision-making enshrining further neo-liberal austerity policies across the EU (Bieler and Morton 2018, 239–42).

This shift towards tighter economic regulations in the EU constraining further state sovereignty and possibilities for alternative policies at the national level is sometimes referred to as a moment of ‘authoritarian neo-liberalism’. It can ‘be observed in the reconfiguring of state and institutional power in an attempt to insulate certain policies and institutional practices from social and political dissent’ (Bruff 2014, 115; see also Tansel 2017). Some even describe this as an ‘iron cage of neo-liberalism’, from which there is no escape (Ryner and Cafruny 2016, 219–27). In the Conclusion, we will challenge this assessment and ascertain that capitalist accumulation is always contested.

## Conclusion

In a leading contribution to understanding neo-liberalisation, Nikolai Huke, Mònica Clua-Losada and David Bailey had developed what they describe as a disruption-oriented approach to resistances. This overcomes a negative assessment of the state of the left by pointing out that ‘social struggle has not ceased to exist but ... has instead shifted in form towards mass

mobilisations and collective, autonomous, self-organisation' (Huke, Clua-Losada, and Bailey 2015, 745). Hence, neo-liberalism is not firmly and securely established. It 'should instead be viewed as a fragile, troubled and hard-fought development' (Bailey et al. 2017, 214). Equally, transnational capital itself is not a homogenous actor but exhibits internal tensions and contradictions. In order to analyse the ongoing disruption of neo-liberalism, we therefore need to move beyond a focus on the struggle for state power and widen the optic to encompass different territories of resistance and radical ruptures. For example, social class forces to date have successfully continued to challenge the privatisation of water in Greece and Portugal with some attempts at transforming water into a commons, which indicate a path beyond capitalism (Bieler and Jordan 2018). Moreover, Vio.me, a large metallurgy factory in the north of Greece, has been occupied and run by its workers for some time, indicating that capitalist relations of property and control are not the only way of how production can be organised. Throughout Greece, furthermore, not for profit social health care clinics run by volunteers have compensated for the collapsing public health care sector (Daskalaki and Kokkinidis 2017; Jordan 2017, 215–20). In turn, social class forces have successfully mobilised in Spain against the eviction of people, who could no longer keep up with their mortgage payments (Bailey et al. 2017, 210). In the UK, one of the most vicious areas of austerity has been around cuts to welfare services. An increase in sanctions of welfare payments has resulted in incredible levels of hardship. Nevertheless, even social groups, perceived by many to be some of the weakest members in society, have been able to organise collectively and fight back against state repression with considerable success. As Vera Weghmann (2017, 199) reveals, for example, 'in Dundee, which has become known colloquially as "sanctions city" due to its disproportionately high number of sanctions in Scotland, the advocacy practices of the Scottish Unemployed Workers Network led to a 40 per cent reduction in sanctions'.

In CEE, the introduction of neoliberal programmes and flirtation with 'third way' ideology by social democratic parties throughout the 1990s generated fertile grounds for a sharp move to the right. What Stuart Hall, Dale and Fabry (2018, 242) designate as the reappearance of 'authoritarian populism', has been evidenced in the proliferation of neo-conservative and neo-fascist forces. The amalgamation of chauvinism (anti-gay, anti-women, anti-minorities, xenophobic, anti-Semitic and anti-communist) with militarism and Euroscepticism as an alleged alternative to neo-liberalism resulted not only in electoral breakthroughs for unambiguously neo-fascist parties in Hungary (*Jobbik*) and Slovakia (*Ludová Strana–Naše Slovensko*), but also in the espousal of an extreme-right agenda by political parties such as Hungary's *Fidesz*, Poland's *Prawo i Sprawiedliwość*, Estonia's *Konservatiivne Rahvaerakond* (EKRE), Slovenia's *Slovenska demokratska stranka* or Latvia's *Nacionālā Apvienība*. Yet, despite financial pressures, selective politicisation of public discourse via concentrating lines of division predominately in the cultural symbolic sphere (national-religious identities and historical events) and other safety valves (most notably, mass emigration) against progressive mobilisation, new movements and political parties envisioning radically different futures are proliferating. The ability of NGO-rooted formations to transform themselves into citizen-led, progressive political platforms in Poland (municipal movements and *Razem*), Romania (*Demos*), Slovenia (*Levica*), Latvia (*Progresīvie*) or Croatia (*Zagreb je NAŠ*), offer reasons for optimism. Similarly, struggles by militant workers' unions with a focus on cross-border solidarity, such as Polish *Inicjatywa Pracownicza*, are capable of challenging transnational capital. A slowdown strike against forced overtime in Poznań's Amazon fulfilment centre in July 2015, organised in co-ordination with striking warehouse workers in Germany, is one indication of how cross-border solidarity can open up spaces for labour organisation in precarious, low or non-unionised sectors. Ultimately, it is in such moments of class struggle that the way towards a different future may be forged.

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