

The Americanization of the European Union: the Constitutional Treaty and the Single European Market.

José M. Magone (University of Hull).

1. The Concept of Americanization and European Integration

The growing complexity of the European Union multi-level governance is leading to problems in assessing the development of the Single European market, the central project of the European integration process. Since the Paolo Cecchini report of the 1980s, discussions on the Single European market have been somehow muted. One of the possible reasons is the growing inflexibility of key national markets such as the German, French, Italian and Spanish markets with unemployment rates above the 9 percent mark. The absence of reform or the introduction of timid measures is undermining the credibility of the project. In spite of implementation of the Single European Market package of directives many areas remain problematic. Although the single European market exists since early 1993, national markets still continue to play a major role in shaping the culture of the single European market. The segmentation of the European Union in a Euroland *avant garde* and a eurosceptic second tier group has complicated the project. The growing importance of semi-peripheral countries in the European Union in the south, central and eastern Europe is also creating tensions between the core stronger economies and the weaker economies on the periphery.

The Single European market is quite well-developed in the movement of capitals and goods, but resistance continues in the movement of services and people. While financial services are still strongly dominated by national players and national regulatory systems, some member-states such as Germany, UK and France introduced temporary measures to delay full movement of people from the new member-states to their countries. Moreover, the level of labour mobility from one country to the other continues to be quite low in comparison to the United States.

All this seems to suggest that the Single European market is only partially working and that is far from complete. Probably, the most important thing that the SEM has to achieve is to create a culture of its own, different from that of national markets which were constructed by nation-states. The SEM has to take some inspiration from the American model, therefore become Americanised, but at the same time have a European dimension. Americanisation means many things, but essentially the new SEM culture has to widen its horizon and think big, this means continental. This means that the time and space categories of European politics and economics has to change rapidly.

The European Union can be regarded as the first building block of a new world economy and also system of international affairs. The SEM is the core project inside this newly found self-confidence of the European Union. In spite of the crisis created by the referendums in France and the Netherlands, the SEM is already a reality, but it needs to deepen even further. This continental and global reach is no longer achieved mainly by territorial expansion, the preferred approach of the national state until the 1970s. It is more a cultural expansion of values and ideas. It means that space and time are more and more conditioned by new technologies and new ideas. In this sense, the SEM will become Americanised, but it will probably shape the global economy with other values as well. It means that European products will have to consider aspects of sustainable growth and naturally a social dimension. Such an upgraded social capitalism will have to find its inspirations from within the own European social traditions. It means that long term competitiveness can only be achieved by producing a new hegemonic form of capitalism. Such hegemonic form of capitalism is quite important in order to advance the world towards a new better system of international relations based on global governance.

In this sense, Americanisation means what Jeremy Rifkin has presented recently in his book as the "European dream" which uses an upgraded social capitalism based on network governance, respect of human rights, faith and empathy to upgrade global relations.⁴⁸ Our reference should be the idea that the European Union is becoming a normative power, setting the standards for a new system of international relations and a new global economy based on global governance.⁴⁹

⁴⁸) Jeremy Rifkin, *The European Dream. How Europe's Vision of the Future is Quietly Eclipsing the American Dream.* (Cambridge: Polity 2004), pp. 272-279

⁴⁹) see José M. Magone, *The New World Architecture. The Role of the European Union in the Making of Global Governance.* (New Brunswick, N.J.: Transaction October 2005)

Americanisation means also to reflect on the individualisation processes which are happening in most European countries, each at different pace and to use to reorganise new community and network cultures which may help to make the SEM more competitive. The diversity in the European Union forces Europeans in different parts of this vast territory to understand each other and create strong networks of innovation and research and development initiatives.

It is very unlikely that the Lisbon strategy on employment and competitiveness will be completed by 2010. Nevertheless, Americanisation means that the European Union is pushing the boundaries and structuring the future. This future-oriented approach is quite American. It is what the German sociologist Niklas Luhmann characterised as the dichotomy of *Aktualität*(reality) and *Potentialität*(Possibility).⁵⁰

Americanisation means also the growing together of the EU populations in terms of consumption patterns, human and social values and economic, political and social behaviour. Such process of convergence is already at an advanced stage. Indeed, the Europeans are strongly committed to secularization of society, quite in contrast to the United States. Religion and religiosity is declining steeply in most countries since the 1960s. Laggards in this development are the southern European countries and Poland. In terms of structure of the economy, there are still differences between the core and semiperipheral countries, but in general terms there is a continuing convergence which in the end will make them more similar. Even the national political systems are becoming more similar due to the impact of Europeanization thrusts. Institutional models are transferred from one country to the other. This growing Americanisation, convergence of European societies and economies towards individualisation and more competitive structures, is naturally European style.⁵¹

One of the big achievements of Jacques Delors was to give a long term vision to the SEM. The collapse of the former Communist block in 1989 clearly widened the impact of the “great transformation of European politics” which is taking place since the mid 1970s.

In lieu of another name, Americanisation means expansion of the new hegemonic design, including positive elements of the American model and which are added to the European social model. In this sense, this paper clearly wants to explore this so-called “Americanisation of the European Union” and the role of the SEM in it. Indeed, the SEM may contain the roots of a new way of conceptualising markets which are less characterised by a fully fledged American version, and tamed by the European social model. Such fusion of American and European principles would lead to a new synthesis which clearly would help to create a more just world economy. Said that, it is still quite a long way until this new hegemonic design can present itself as an alternative. As long as the populations of the European Union are constrained by the frame of national markets and the national state, it will be difficult to achieve a speedy emergence of this new synthesis of American and European values. In spite of this, the single European market has already advanced a great deal if we compare to the period between 1957 and 1985. Delors’s “Russian dolls approach” allowed for the establishment of Economic and Monetary Union and employment strategies. Furthermore, research, education and regional policy are being targeted to make the SEM more equitable and social.

The growing debt of the United States allowed the Euro to become a stronger currency. This fact makes the Euro more attractive worldwide. There is a growing interest of major countries and organisations to shift their reserves from the US dollar to the Euro. This move is still very cautious, but it may be the beginning of a paradigm shift.

Moreover, the introduction the currency in twelve member-states has been so far a major success. Problems can be found in the weakest economies of the European Union, Portugal and Greece, which are subject to asymmetrical shocks, and in Germany, Italy and France, which need to introduce major reforms to their economies and labour markets. Most of the problems are not related to the monetary policy, which is now controlled by the European Central Bank. This is caused by the still unsolved problem of how to reconcile nationally defined fiscal and economic policies and the supranationally defined monetary policy. This is quite difficult for economists to assess, because the European Union is supposed to be a new form of polity which is more based on governance, so that the prevalent model of the nation-state cannot be used as a comparative example.⁵² It shows that the European Union is structuring the future with new ideas, but is still constrained by the frame of transitional politics which contains elements of the past and present.

⁵⁰) Niklas Luhmann, *Gesellschaft der Gesellschaft*, vol.1(Frankfurt a. M.:Suhrkamp 1999),p.142

⁵¹) For a detail assessment see Stefan Hradil,Stefan Immerfall(eds.), *Die westeuropäischen Gesellschaften in Vergleich*.(Opladen:Leske+Budrich 1997)

⁵²) Kathleen R. McNamara, Economic and Monetary Union:Innovation and Challenges for the Euro. In:Helen Wallace, William Wallace and Mark A. Pollack(eds.),*Policy-Making in the European Union*. Fifth edition.(Oxford:OUP 2005),Pp.141-160, particularly pp.154-157

In sum, in this paper we want to look at the Single European Market as a future-oriented project which is gaining momentum every new day until it becomes hegemonic over the national markets among European countries. The next section will deal with the question how important the Constitutional Treaty was for the Single European market, before advancing to a discussion of the great transformation of European politics and an assessment of the Single European Market today. The paper will close with some conclusions.

2. The Great Transformation of the Late Twentieth Century: From Government to Governance

After two decades of accelerated European integration, we can with hindsight assert that the European Union is pushing forward a new model of capitalism. Indeed, as Liesbet Hooghe stated some time ago, the 1980s and 1990s experienced a struggle between two kinds of visions of capitalism for the future of Europe. The one vision presented the American model as the best way to develop the single European market. At the centre of such a model was the quest for liberalisation of markets and privatisation of the huge public sectors which had established themselves since 1945, so that national governments were able to control the economy. The American model envisaged also the slimming down of the state, meaning particularly the reform of the welfare states. The best example in Europe was Thatcherism which clearly advocated a complete transfer of American practices and values to the British market.

The second vision of a European social model of capitalism, did not question the need for the member-states to liberalise their markets and privatise the huge public sector, which was sustaining many inefficient enterprises. Nevertheless, this second vision of social capitalism saw the need to support this restructuring of the European economies towards a single European market through redistributive social and regional policies.⁵³ According to her excellent study on the attitudes of the Commission officials she was able to find out, that the vision of social capitalism is quite strongly ingrained among Commission officials. It means that the way most officials in the European Commission frame policy-formulating and policy-making outcomes is dominated by this template of social capitalism. According to her study, the vast majority of officials hold a supranationalist view (75 percent) while a minority frame their thinking in intergovernmentalist terms (25 percent). Moreover, the vast majority is supportive of a regulated capitalism (80 percent) while a minority tends towards a fully fledged liberal market economy (20 percent). In terms of the balance of democracy and technocracy, half of all the officials interviewed wanted a balance between the two, while one quarter each advocated either more democracy, than technocracy or more technocracy than democracy. Quite interesting is the fact, that the vast majority advocated a corporatist model of interest intermediation and policy-making and only a smaller minority preferred an American style pluralist system.⁵⁴ According to her findings even supporters of liberal capitalism are not supporters of Thatcherite capitalism. She states as follows:

Market liberals conceive of the combination of economic and monetary union and enlargement as a golden opportunity to scale down European policies that distort market forces and absorb European taxpayers' money. However, few support an Americanization of European society. In this sense, they are reluctant to embrace the social changes in the United Kingdom ushered in by Margaret Thatcher's neoliberal policies of the 1980s and 1990s. Instead, most favor a political economy that specializes in high-quality, high skilled niche production- the kind of coordinated market economy characteristic of continental Europe.⁵⁵

This findings by Hooghe seem to suggest, that inspite of two decades of intensive restructuring of European economies towards the single European market, the template set out by Jacques Delors in the early 1980s of a European social model of capitalism continues to shape policy-making in the European Union. Indeed, this social model of capitalism is so alive, that after the phase of legislative incrementalism between 1985 and 1995 which was directed towards the establishment of the single European market and the adjacent policies, new social democratic governments came to power in the larger member-states and began to counterbalance the vision of liberal capitalism. It seems that former French prime minister Lionel Jospin was a crucial actor in pushing forward this social model of

⁵³) Liesbet Hooghe, Michael Keating, The Politics of European Regional Policy. In: *Journal of European Public Policy*, 1, 3, 1996: 367-393

⁵⁴) Liesbet Hooghe, *The European Commission and the Integration of Europe. Images of Governance*. (Cambridge: CUP 2001), p. 92

⁵⁵) Hooghe, *ibid*, p. 120

capitalism by emphasising the importance of an active employment policy in the European Union. The 1997 Luxembourg extraordinary Council was an important stepping stone in the creation of this new European social model of capitalism. The Lisbon strategy in 2000 became a compromise of these two visions. According to Hooghe, the thrust towards liberal market capitalism came to a halt with the ratification of the Treaty of Amsterdam in 1999.⁵⁶

This Americanisation of European national markets, does not mean that different varieties of capitalism will continue to prevail. The process of liberalisation, privatisation and transition from the welfare to the workfare state has been asymmetrical across the European Union. The resistance of ingrained interests in the main countries Germany and France clearly contributed to the clashes between the two visions of capitalism. Nevertheless, now the transformation towards a softer version of the European social model capitalism has to take place, otherwise the whole credibility of the European project is in danger of being undermined. The Americanisation in the European economies means a move towards competitiveness, but at the same time a reconstruction of national varieties of European capitalism towards a transnational capitalism within the single European market is taking place.⁵⁷ As Alasdair Young emphasises, one of the main obstacles towards a more efficient working of the single European market are the different national cultures.⁵⁸ It is imperative that these national cultures find a way of relating to the single European market, which apart of economic is also of social and political importance.

In this great transformation of the late twentieth century, the member-states of the European Union are confronted with the emergence of informational capitalism and the need to keep a competitive edge in relation to the emerging Asian economic community planned to be established by 2020 by the East Asian Vision Group(ASEAN,Japan, China and Korea).⁵⁹ and the projects of transregional integration of the United States.⁶⁰ This transformation entailed the restructuring of the state from the welfare state through the competition state of the early 1980s to the cooperative state within the European Union. According to William Wallace the present European Union is an example of post-sovereign governance. The provisional nature of the political system *sui generis* is based on collective decision-making. He makes aware, that the European Union itself is governance without statehood.⁶¹

Although the whole process towards this transformation of a collective political system was steered by the voluntarism of Delors' commissions, one has to recognise that most of the changes were induced by the expansion of new technologies in the way politics is done. The new technologies opened the way towards a de-hierarchised, horizontal and democratic governance based on network with implications to the economy, politics and society. Manuel Castells identified this as the transformation from industrial to informational capitalism. In this sense, the European Union emerged as something that is extremely flexible, network-like. In contrast to William Wallace, Castells characterises the European Union as a network state, meaning that it does not need really to be a fully fledged traditional nation-state, it is more a polity that coordinates policy making processes using the well-established structures of the member-states.⁶²

⁵⁶) Hooghe, op.cit., p.118

⁵⁷) see Vivien A. Schmidt, *The Futures of European Capitalism*.(Oxford:OUP 2002);pp. 107-146 see also Colin Crouch, *Mort ou Resurrection du Capitalisme Organisé?*In: In:Christian Lequesne et Yves Surel(eds.), *L' Integration Européenne. Entre emergence institutionelle et recomposition de l'État*.(Paris:Sciences Po Les Presses 2004),pp.57-77. He criticizes particularly the dichotomy of capitalism by Hall and Soskice between regulated and liberal markets. See also Mark Thatcher, *From Industrial Policy to a Regulatory State:Contrasting Institutional Change in Britain and France*.In:Jack Hayward and Anand Menon(eds.), *Governing Europe*.(Oxford:OUP 2003), pp.313-329

⁵⁸) Alasdair Young, *The Single Market a New Approach to Policy* In: Helen Wallace, William Wallace and Mark A. Pollack(eds.), *Policy Making in the European Union*.(Oxford:OUP 2005), pp.93-112 , particularly p.109

⁵⁹) Jeremy Rifkin, *The European Dream*,360-262

⁶⁰) Bernard K. Gordon in his *America's trade follies. Turning economic leadership into strategic weakness*.(London:Routledge 2001)

⁶¹) William Wallace, *Post-sovereign Governance:The EU as a Partial Polity*. In: Helen Wallace, William Wallace and Mark A. Pollack(eds.), *Policy Making in the European Union*.(Oxford:OUP 2005),pp.483-503; see also William Wallace, *The Sharing of Sovereignty:The European Paradox*.In:*Political Studies*,1999, XLVII,pp.503-521

⁶²)) Manuel Castells, *End of Millenium.The Information Age:Economy,Society and Culture*.(London:Blackwell 2000): „ Reflecting on the growing complexity and flexibility of European political process, Keohane and Hoffman propose the notion that the European Union `is essentially organized as a network that involves the pooling and sharing of sovereignty rather than the transfer of

The growing integration of the administrative structures towards the European administrative space will lead to this light network structure of the European Union. The policies induced by the Organization of Economic Cooperation and Development(OECD) are pushing all member-states towards the introduction of new public management methods. This naturally has implications for convergence of administrative cultures.⁶³ The present decentralization of the decision-making process in the directorate-general for competition towards the national level is certainly a good example of the growing reliance of the European institutions on the cooperation of the member-states. According to Stephen Wilks a European Competition Network which includes stakeholders was established to monitor the proper implementation of the system of notifications and exemptions. This clearly shows that the EU is a political system *sui generis*, because it relies considerably on the good will of the member states. This cultural transformation from exclusive national sovereignty to post-national shared sovereignty is contributing to the 'great transformation' of European politics. At the centre of this transformation is the quiet establishment of a sophisticated single European market based on European law. According to Armin von Bogdandy, legally the boundaries between national and supranational can no longer be asserted, they are blurred. We are speaking more and more of a transnationalization of the new EU legal order. Presently, we are probably in a transition, but soon or later the continuing policies of the European Union institutions, the decisions of the European Court of Justice and the dynamics of the emerging single European market made it possible to transform completely the present division into a new space. Bogdandy speaks already of a stateless market that it is complementary to a stateless administration. The main reason for his assertion is that member-states are no longer to create an unifying rationality based on national administrative law in their interaction with the European Union. The illusion of policy coordination in a transnational system that is growing in interaction undermines the state rationale, that existed since the 16th century up to the 1970s.⁶⁴ He cites as one of the example of this integration towards a new legislative culture, the fact, that now member-states have to notify to the European Commission any new major legislative act, that may affect other member-states. Within a set period of time, member-states can react to the notification and present reservations leading up to a negotiation towards a change or even suspension of the proposed legislative act.⁶⁵

This creation of multi-layered and multi-faceted transnational public space is based on a high level of flexibility. The restructuring of the European space shows that vertical hierarchical structures have been substituted by de-hierarchical network structures. Governments are moving towards an integrated

sovereignty to a higher level'. This analysis, developed and theorized by Waeber, brings European unification closer to the characterization of institutional neo-medievalism; that is, a plurality of overlapping powers, along the lines suggested years ago by Hedley Bull, and echoed by a number of European analysts, such as Alain Minc. Although historians may object to such a parallel, the image illustrates powerfully the new form of state epitomized by European institutions: the network state. It is a state characterized by the sharing of authority(that is, in the last resort, the capacity to impose legitimized violence) along a network. A network, by definition,has nodes, not a center. Nodes may be of different sizes, and may be linked by asymmetrical relationships in the network, so that the network state does not preclude the existence of political inequalities among the members. Indeed, all governmental institutions are not equal in the European network. Not only do national governments still concentrate much decision-making capacity, but there are important differences of power between the nation-states, although the hierarchy of power varies in different dimensions:Germany is the hegemonic economic power, but Britain and France hold far greater military power, and at least equal technological capacity. And Spain controls the most precious service for many Europeans: their vacations. However, regardless of these asymmetries, the various nodes of the European network state are interdependent on each other, so that no node, even the most powerful, can ignore the others, even the smallest, in the decision-making process. If some political nodes do so, the whole system is called into question. This is the difference between a political network and a centered political structure.“(p.363);

⁶³) Johan P. Olsen, Towards a European administrative space.In:*Journal of European Public Policy*,10:4 August 2003:506-531; Vincent Wright,Reshaping the State.Implications for Public Administration.In:*West European Politics*, vol.17,nº3,1994,pp.102-137; Olsen, Chadwick, Andrew,May,Christopher,Interaction between States and Citizens in the Age of the Internet: “e-Government” in the United States,Britain and the European Union.In:*Governance*,2003, 16,2,271-300

⁶⁴) Armin von Bogdandy, Links between National and Supranational Institutions:A Legal View of a New Communicative Universe.In:Beate Kohler-Koch(ed.), *Linking EU and National Governance* .(Oxford:OUP 2003),pp.24-52;particularly pp.25-26

⁶⁵) *ibid*, pp.34-36.

pan-European governance system, in which politically, functionally and territorially different levels of the EU polity are linked loosely. This so-called “loose coupling” has been one of the major advantages of the European Union, because instead of creating new structures, it uses old structures and links them anew. This means that present resources are framed towards a governance system based on networks and transnational spaces.⁶⁶

One of the national areas where the resistance towards transnationalisation has been fiercest is the systems of interest intermediation. Indeed, there is still a lack of supranationalisation of systems of interest intermediation. In spite of major advancements in this area in the 1990s through the social protocol and the enshrinement of the social partners in the Treaty of Amsterdam, the integration process of employees’ and employers’ organisations is still in the making. While the European Trade Union Confederation (ETUC) was able to achieve a high level of integration between its members, the same cannot be said for the Union of Confederations of National Enterprises (UNICE). Indeed, the autonomy of the national confederations and the members is quite high, preventing a supranationalisation of the organisation. Nevertheless, the upgrading of the social dialogue and the social partners as an informal institution on its own with the possibility to achieve agreements that are binding for all member-states is already a big leap forward. In this sense, national systems of intermediation are becoming more and more integrated in an overall multi-level system of interest intermediation, in which horizontal Europeanization processes may play a role in leading to convergence. This has been observed in the way the first years of the Open method of coordination worked through the employment national plans. Although it probably did not achieve a lot of change in all member-states, at least it created the transnational public space for discussion about the vision for an employment strategy in the European Union. It also socialised the different interest groups, stakeholders and policy makers into the new policy rationale. Indeed, most of this horizontal Europeanization and convergence of ideas based on benchmarking, best practice and peer-reviewing can be regarded as slower process of integration of flexibility of labour markets. Nevertheless, it is pushing the European Union member-states in the same direction. Moreover, this *forum politics*⁶⁷ helps to disseminate the rationale of the Lisbon strategy and make it more acceptable to both trade union confederations and employers’ associations and other interest groups. Although systems of interest intermediation are still embedded in national contexts, their agendas are now set at supranational and transnational levels. This naturally will lead for a loose coupling of national interest groups with supranational European wide confederations and associations.⁶⁸ If we look at the traditional neo-corporatist member-states the Netherlands and Austria, then we can identify major changes which in the end were directed towards flexibilising the rigid systems established during the high days of the welfare state. Between 1983 and today, both national systems of intermediation underwent major changes. One particular important change was the reduction of the power of the major employers’ and employees’ organisations and the growing importance of liberalisation policies of the two governments. This process led to the establishment of a less interventionist neo-corporatism in both countries and the emergence of regulatory mode of corporatism more compatible with the policies of the single European market. This light corporatism weakened the position of the main national interest groups, but had major implications for market liberalisation.⁶⁹ In the case of Austria, the coalition government of the Austrian People’s

⁶⁶) ‘Loose coupling’ of different governance levels is based on studies by Arthur Benz. See Klaus Eder and Hans-Jorg Trenz, ‘The Making of a European Public Space: The Case of Justice and Home Affairs.’ In: Beate Kohler-Koch (ed.), *Linking EU and National Governance*. (Oxford: OUP 2003), pp. 111-134; particularly p. 117.

⁶⁷) David Coen, Charles Dannreuther, ‘Differentiated Europeanization: Large and Small Firms in the EU Policy Process.’ In: Kevin Featherstone, Claudio Radaelli (eds.), *The Politics of Europeanization*. (Oxford: OUP 2003), pp. 255-275; *forum politics* means the horizontal involvement of interest groups in supranational working groups, committees, coordinating structures and informal meetings which allow them to shape policy formulation, policy making and implementation with the supranational institutions. Claudio Radaelli,

⁶⁸) Paul Marginson, Keith Sisson, ‘European Integration and Industrial Relations: A Case of Convergence and Divergence?’ In: *Journal of Common Market Studies*, vol. 40, 4, 2002, pp. 671-92. Arguably the authors advocate „a hard legislation approach“ to prevent an Americanization of industrial relations, pp. 688-689.

⁶⁹) see Grote, Jürgen, Schmitter, Philippe, *The Corporatist Sisyphus*. (Florence: EUI Working Paper 1997; see also Franz Traxler, ‘The metamorphoses of corporatism: From classical to lean patterns.’ In: *European Journal of Political Research*, vol. 43, 4, June 2004, pp. 571-598; Anton C. Hemerijk, ‘Corporatist Immobility in the Netherlands.’ In: Colin Crouch and Franz Traxler (eds.)

Party(*Osterreichische Volkspartei-OVP*) and the Freedom Party(*Freiheitliche Partei Österreichs-FPO*) led to a crackdown of the last vestiges of the clientelistic and patronage structures established by the social partnership regime since the end of the war. It led to major conflict between the Austrian Trade Union Confederation(*Osterreichische Gewerkschaftsbund-OGB*) and the government leading to a considerable increase of the number of hours lost in strike in comparison to the past. The main reason for the strikes was the intention of the government to privatise the Austrian Railways.⁷⁰ Similarly, the fragmented Dutch trade union movement joined together to protest against the intentions of the Balkenende government to further reduce the number of people eligible for invalidity benefits which was estimated to be at one million persons.⁷¹

It is clear that the European Union is becoming more Americanised. All these reforms have some inspiration in the American model, but they are softened up by the European traditions of welfare. In the second report on vocational education and training policy in Europe "Learning for Employment" it becomes clear that the preoccupation with the sustainability of pensions' systems, it is advocating that people have to work longer. Vocational training is instrumentalised to keep people employable until an old age. One of the objectives is to reduce early retirement among older workers.⁷² Although this can have positive effects in terms of integrating the older population in the labour market, it can also lead to the American model of labour market, in which dwindling pensions force people to work longer, sometimes until the end of their lives.

According to Bob Jessop the transformation of the national state created a new regime. While in western Europe the Keynesian welfare national state(KWNS) dominated until the mid 1970s, a transformation towards the Schumpeterian workfare post-national regime(SWPR) took place. While KWNS based its economic policies in creating full-employment, expansive social policy through a welfare system which institutionalised economic and social rights for all citizens and promoted forms of collective consumption based on Fordist model of mass production and consumption, SWPR tries to promote permanent innovation and flexibility in relatively open economies by intervening on the supply side and establishes a workfare system which "is subordinated to labour market flexibility and employability and the demands of economic competition." While KWNS which is national and territory is central to politics, SWPR is post-national and territory has more and more shared regimes. Last but not least, it is a dual shift from government to governance and to government to metagovernance, the latter means developing a consistent design of the new kind of politics.⁷³

In sum, this transformation of late twentieth century has introduced Americanisation into European politics but simultaneously it represents a global transition towards a new informational economy which has its impact on politics and society by introducing a network culture. The European Union became the coordinating metagovernance system to achieve this transition in Europe. At the centre of it is the single European market and its adjacent policies.

3.The Constitutional Treaty and the Single European Market

The growing complexity of the European Union and its impact on the ordinary citizen is putting political leaders under pressure to achieve a simplification of the rules of the game. The European convention on the future of the European Union which started in early 2002 and finished in mid 2003

Organized Industrial Relations in Europe:What Future?(Aldershot:Avebury 1995),pp.189-216, particularly pp.189-216; Pelinka,Rosenberger,*Osterreichische Politik*, op.cit.,pp.193-198;

⁷⁰) Georg Adam, 2003 Annual Review for Austria. <http://www.eiro.eurofound.eu.int> accessed on 30 March 2005

⁷¹) European Industrial Relations Observatory, 2003 Annual Review for the Netherlands. <http://www.eiro.eurofound.eu.int> accessed 30.3.2005

⁷²) Steve Bainbridge, Julie Murray, Tim Harrison, Terry Ward *Learning for employment. Second report on vocational education and training policy in Europe.*(Luxembourg:Office of the Official Publications of the European Communities 2003)

⁷³) Bob Jessop, Multilevel Governance and Multi-level Metagovernance. Changes in the European Union as Integral Moments in the Transformation and Contemporary Statehood.In:Ian Bache and Matthew Flinders(eds.), *Multi-Level Governance.*(Oxford:OUP 2003),pp.49-73, particularly pp.67-68.On this transformation see also Fritz W. Scharpf, The viability of advanced welfare states in the international economy:vulnerabilities and options.In:*Journal of European Public Policy*, vol.7,2,June 2000,pp.190-228 and Philippe G. Cerny *The Changing Architecture Of Politics. Structure, Agency And The Future of the State*(London:SAGE 1990), see also Andrew Hurrell and Anand Menon, International Relations, International Institutions and the European State.In:Jack Hayward, Anand Menon(eds.), *Governing Europe.*(Oxford:OUP 2003),pp.385-412,particularly p.400.

was an important leap towards the creation of a flexible constitutionalization of the advanced European polity. As Wolfgang Wessels clearly recognised, the whole process of constitutionalization can only be achieved over the mid-term. Indeed, he emphasised that such a constitutionalization would be achieved by 2010, due to the fact that it is quite difficult to achieve a working constitution at first attempt.⁷⁴ The two negative referendums in France and the Netherlands show that more and more the project is being claimed by the populations of the European Union. After a long process of deliberation, it would be wrong to give up on the document. The reflection period introduced in the European Council of June 2005, should allow for a reconsideration and renegotiation of parts of the constitution in order to achieve support both from the French and Dutch electorates.

One of the reasons for rejection was the fact that the European Union through its single European market, competition policy and the policies attached to the Economic and Monetary Union are beginning to change the way of life of most European societies. Particularly, in France there was a growing opposition to the Constitutional Treaty because of its liberalising policies and neglect of the social dimension of the internal market. Indeed, a working group on social Europe was not envisaged in the beginning of the deliberations and was introduced only quite late in 2002, after so much pressure from civil society actors. Moreover, the other working groups, in particular economic governance, made aware that a working group on social Europe was necessary. This led to the establishment of a working group on social Europe in December 2002 which finished its work in January 2003.⁷⁵ In this sense, from the very beginning there was a general impression and perception that the European Convention was prejudiced against the social dimension of the internal market.

In contrast, the Single European market was central in the attempt to simplify the structure of the overall document. Chapter one of title III of Part III make it quite explicit the centrality of the project of the single European market. After decades of incrementalism, all the other policies are now grouped as supportive and adjacent to the overall project of the internal single market. In chapter two of the same title we can find the stipulations in relation to Economic and Monetary Union, to be followed to all other supportive policies. One thing that becomes clear, is that the overall single European market project has become quite complex. The number of policy areas adopted to support the making of the internal market has increased substantially over time. Moreover, each one of them became more complex. The Constitutional Treaty, if approved in the present form or in slightly revised one, will also expand the areas in which qualified majority voting applies.

Although aspects of economic and political governance were at the forefront of the European Convention, it is probably the Single European Market with its adjacent policies that profited most from this reorganisation of provisions. The sheer amount of detail adopted from previous treaties and its reorganisation strengthened the metagovernance principles of the overall European integration project. Although the internal market is an area of shared competence, it is also mainly its transnationality that may create the cultural transformation needed for the European integration process to be successful. In recent years Economic and Monetary Union has been taking central stage in the discussions about the European project, but still the functioning of the internal market programme remains the foundation upon which the success of the whole European integration may depend.

One of the main achievements of the Constitutional Treaty was to integrate adjacent policies of the single European market into a more coherent whole. One example is title I-23 in which the coordination of economic and employment policies is enshrined. This also includes a soft coordination of member-states' social policies. Such coordination efforts are even more relevant for the so-called Eurogroup, which consists of member-states which adopted the Euro currency.

Strong alliances of civil society groups and public sector organisations wanted to soften the liberalisation agenda of internal market towards services of general public interest, by achieving the inclusion of their rights in the Constitutional Treaty. Such lobbying started already in the early 1990s, but found some kind of acknowledgment in the Treaty of Amsterdam. This was achieved through article 96 in section II, the Charter of Fundamental rights of the union. The article reads as follows:

⁷⁴) Wolfgang Wessels, Der Konvent: Modelle für eine innovative Integrationsmethode. In: *Integration*, 25Jg., 2/2002, pp.83-98, p.93

⁷⁵) European Convention, Agenda for the meeting on 6 December 2002, CONV 446/02, Brussels, 4 December 2002; European Convention, Final Report of Group XI on Social Europe. CONV 516/1/03, Brussels, 4 February 2003. For a more detailed study on social Europe and the constitutional Treaty see Il Comitato Economico e Sociale e La Europa Sociale: La Strutturazione della Società Civile Europea. In: Antonio Varsori, Laura Leonardi (eds.), *Governance Sociale nell'Unione Europea*. (Firenze: University of Florence Press 2005)

The Union recognises and respects access to services of general economic interest as provided for in national laws and practices, in accordance with the Constitution, in order to promote the social and territorial cohesion of the Union.

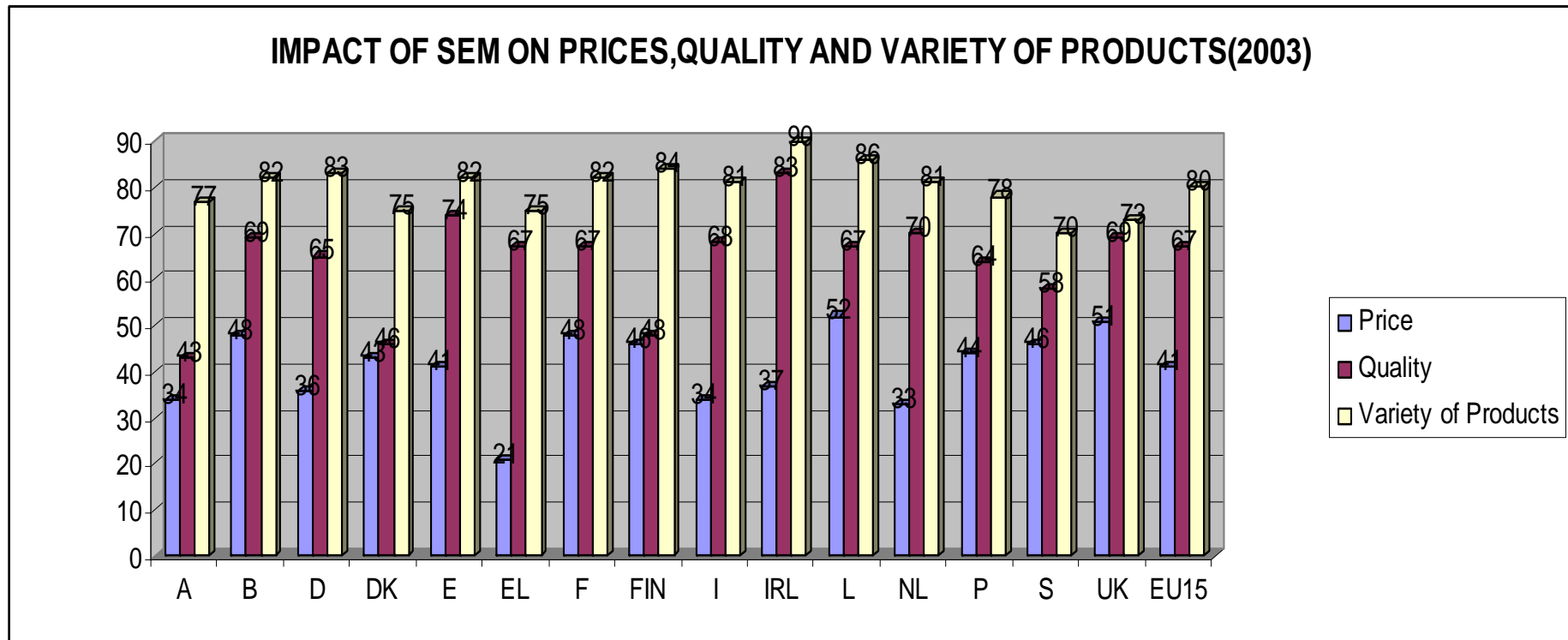
. This means that inspite of the fact that the rationale of internal market is expanding quite considerably across all member-states, there is still the possibility to protect some services of general interest, that the private sector is unable to deliver. In spite of this fact, it is important that the European Commission will only allow this, if really competition is not able to deliver better value for the citizens.⁷⁶

In sum, the single European market was the less contested area of the Constitutional Treaty, nevertheless it is the area where the big transformation of European politics, economy and society is taking place.

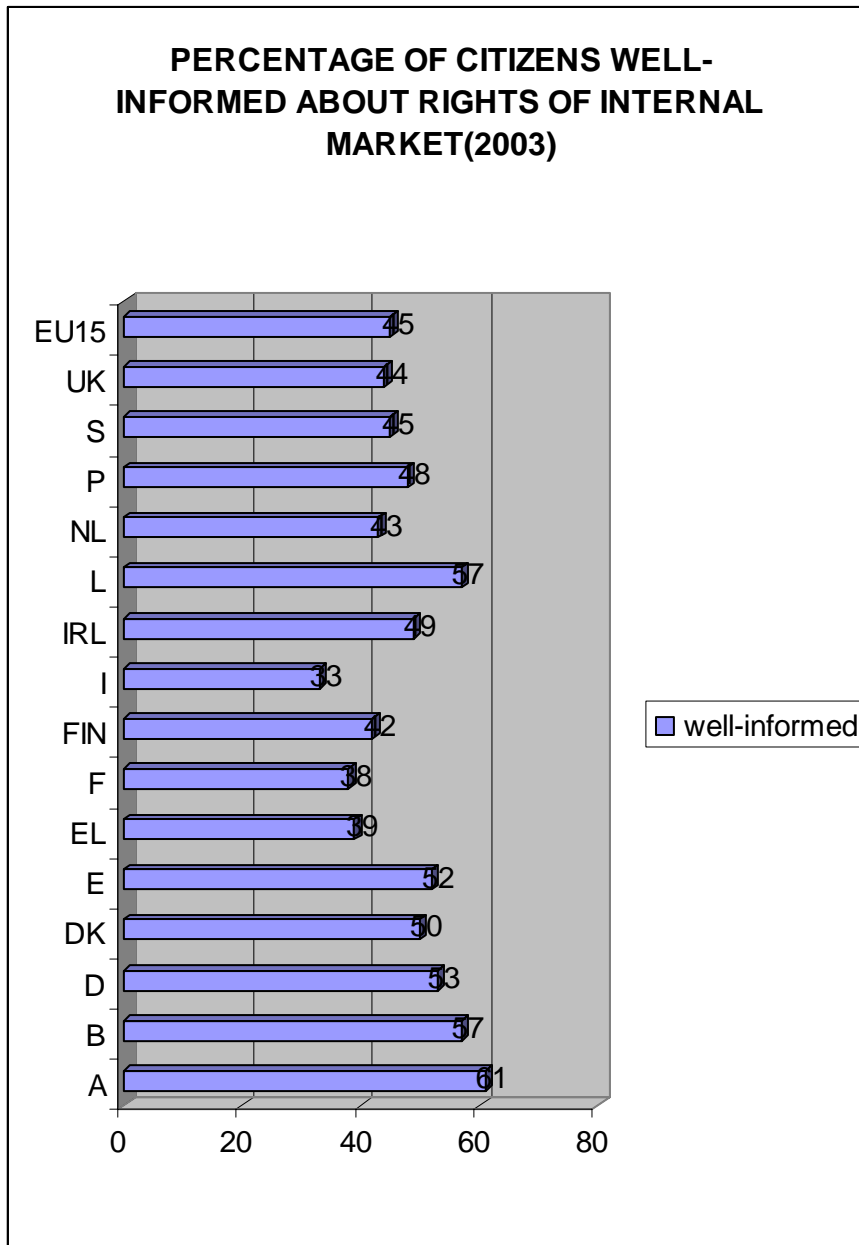
4. The Single European Market as a market sui generis: An assessment

Meanwhile the single European market is 12 years old. According to the newsletter *Single Market News* of the European Commission both citizens as well as enterprises seem to rate positively this experiment. European citizens seem to rate the improved quality and range of products achieved by the increased competition. Nevertheless, it seems that in terms of prices a majority of citizens does not feel that this has led to an improvement. Indeed, one has to acknowledge that the survey was conducted one year after introduction of the Euro as a palpable currency, and therefore certain inflationary effects may have contributed to these figures. The lowest figures can be found in Greece(21 percent), Austria(34 percent), Italy(31 percent), Germany(36 percent), Ireland(34 percent) and the Netherlands(37 percent). All of these countries are members of the Eurozone. Ireland had to deal with inflationary pressures during this first year and other countries such as Italy and Germany had difficulties to deal with the transition from their currencies to the Euro. In spite of more than a decade of SEM, the knowledge about the rights of consumers' within it is still quite asymmetrical distributed. In some countries, the knowledge about the rights within the SEM is quite advanced(Austria,Luxembourg, Belgium and Germany), but in other countries it is lagging behind(Italy,France, Greece and Finland). In EU15, only 45 percent feels well-informed about the SEM. It shows that there is still long way to go, until the culture of the internal market spreads more evenly across the European territory.

⁷⁶) Public service lobbying groups could be found in the group of political and public authorities and in the group of organisations representing economic and social interests represented in the European Convention. Both groups represented 18.3 percent of the 547 organisations registered in the European Convention. Adrienne Héritier, *Les Politiques de Service Public dans la Régulation Européenne*. In: Christian Lequesne et Yves Surel(eds.), *L' Integration Européenne. Entre émergence institutionnelle et recomposition de l'État*. (Paris:Sciences Po Les Presses 2004),pp.217-254



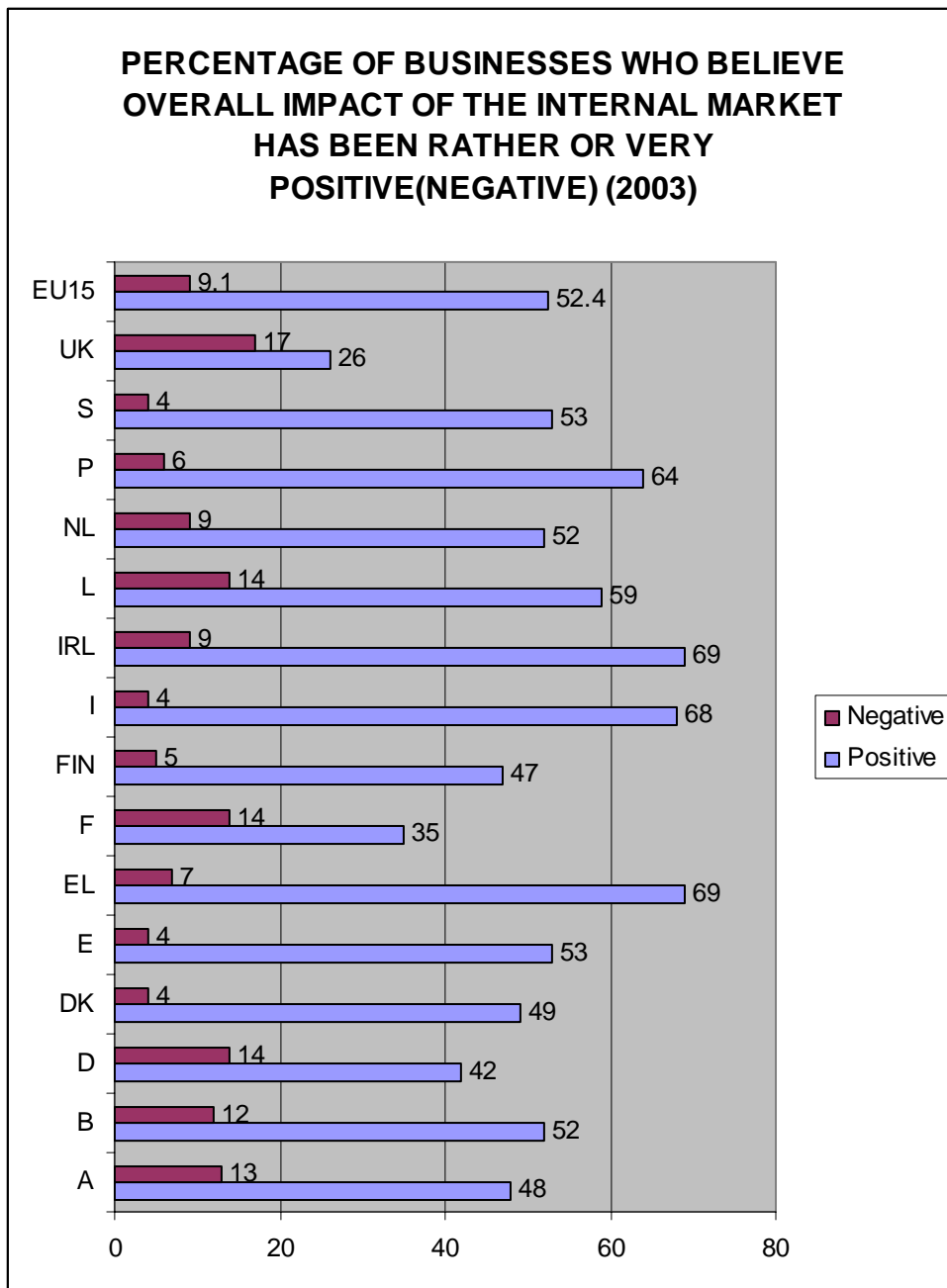
Source: Single Market News, 10 Year Anniversary, 1993-2003, p.8



Source:Single Market news,10 Year Anniversary, 1993-2003,p.9

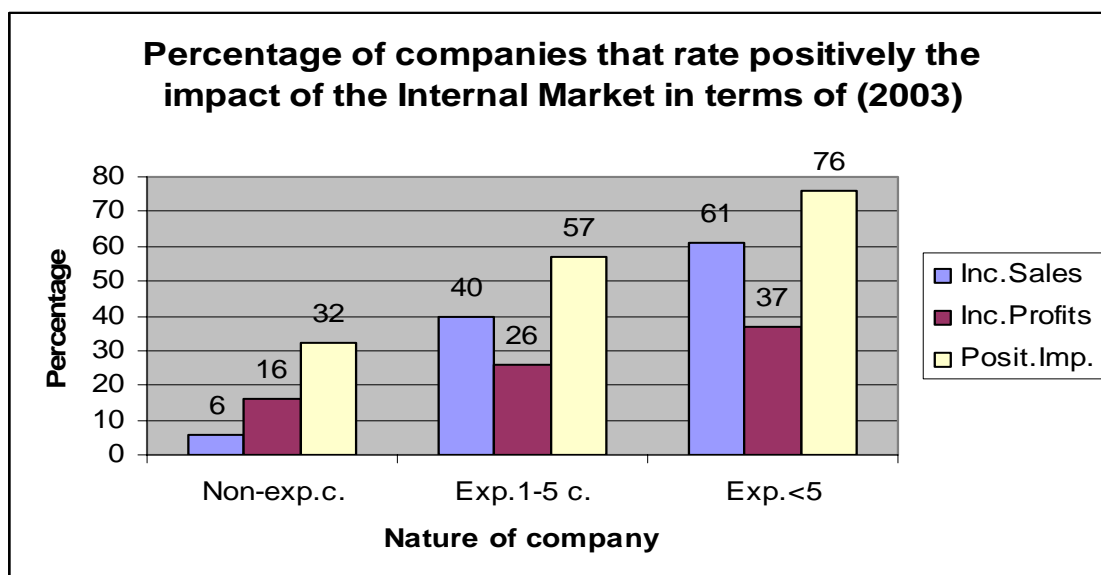
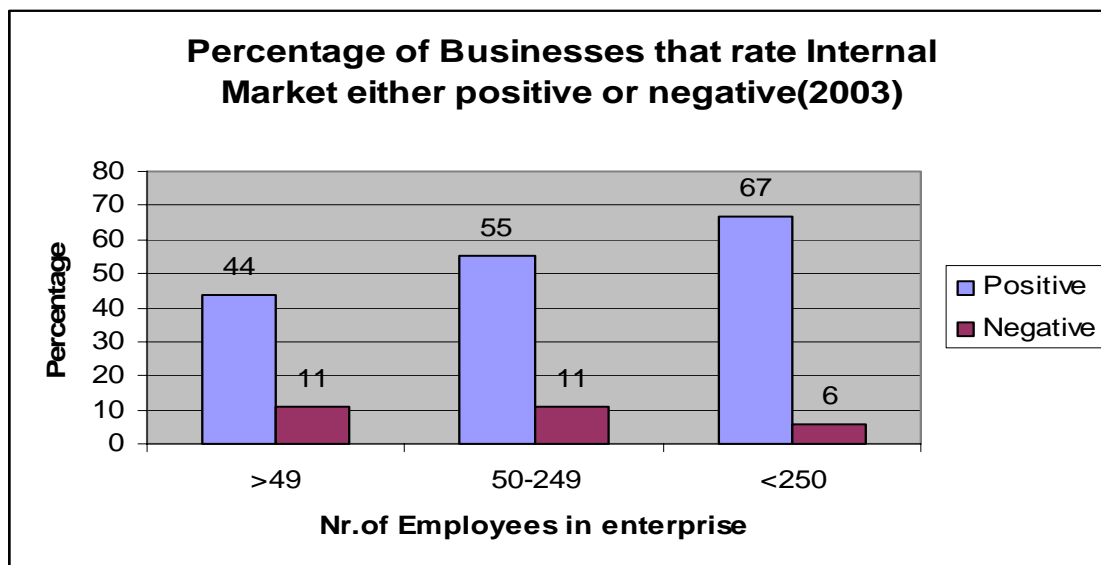
According to the survey the enterprises in the three largest European economies have the lowest positive scores about the internal market. Sweden, Portugal, Italy and Greece have the highest scores. Quite interesting is that the positive score increases the larger the enterprises are. The strongest positive scores can be found among the larger enterprises with over 250 employees. In spite of that, the overwhelming majority is positive about the impact of the internal market. It seems that the more intra-European oriented enterprises are, the more they rate the overall experiment as positive. Forty percent of enterprises that exported to 1 to 5 EU countries saw their sales rise and 26 percent saw their profits increase. Sixty one percent of firms which exported to more than 5 countries saw their sales rise, while 37 percent saw an increase of profits. In terms of information, only 42 percent of businesses in the EU15 space felt well-informed about their rights in the internal market. Quite low was the percentage of businesses in the UK(40 percent), Spain(40 percent) and Germany(34 percent). This contrasted with the countries with a majority of enterprises well-informed about their rights in Luxembourg(69 percent), Denmark(62 percent) and Austria(61 percent). This shows that the information distribution is quite asymmetrical and there is still a lot of work to be done. Lack of information contributes to an exclusion from the potential benefits of the internal market. There is a strong support from businesses for a good functioning of the internal market. Businesses are very keen to see the internal market move towards a

set of rules which would replace the national ones. In fact,, 83 percent of small enterprises, 90 percent of medium-sized enterprises and 92 percent of larger enterprises expressed this opinion.⁷⁷



Source:Single Market news, 10 Year Anniversary,1993-2003,p.12

⁷⁷) Single Market News, 10 Year Anniversary 1993-2003,p.12

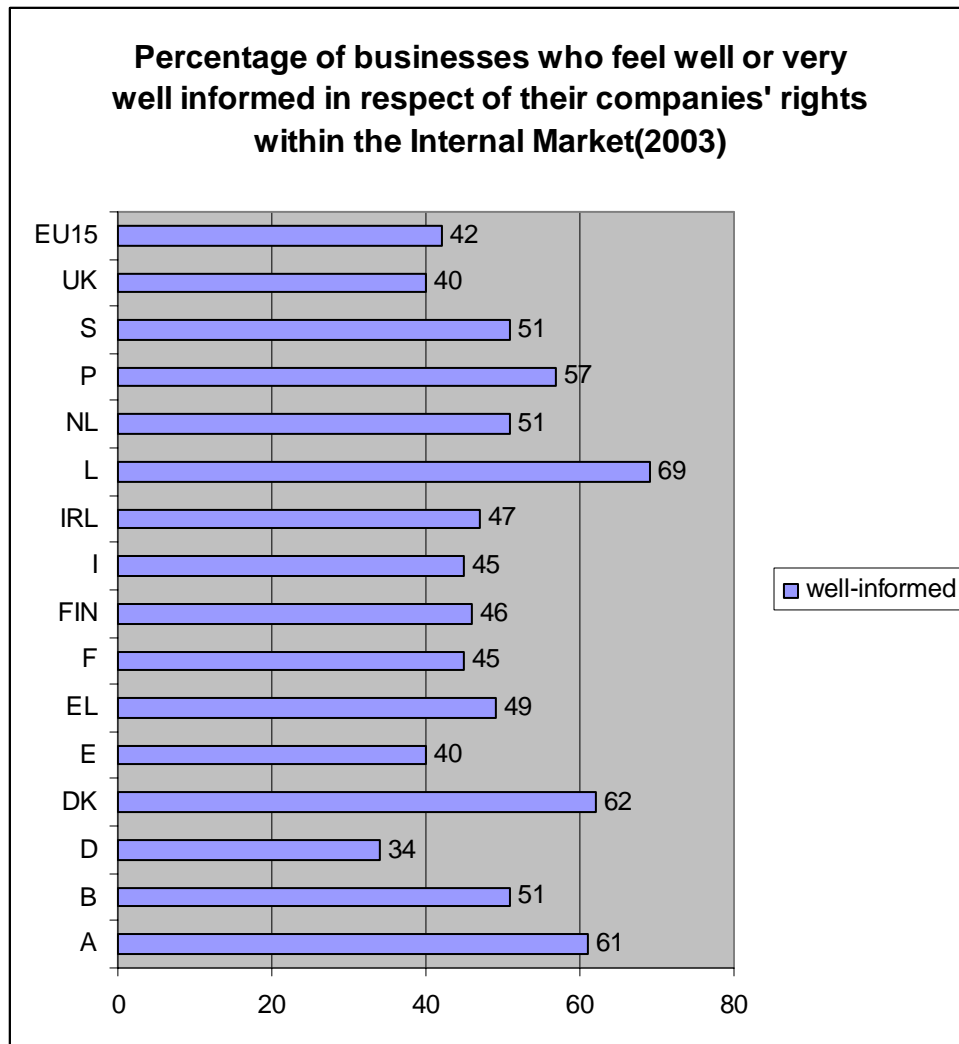


Source: Single market news,10 Year Anniversary, 1993-2003,p.12

Meanwhile, the European Commission recognised that the Internal market will never be completed. The impression which was given with the White Paper on the Single European Market in 1985 is that such a market would exist after implementation of the 279 directives until 31 December 1992 and this was a wrong one. In the new millennium the European Commission conceives the SEM as an open-ended process. Moreover, the harmonisation of national and European legislations is now conceptualised by the idea of a juridical pluralism, in which national legal traditions are something to be preserved. Moreover, it is recognised that general interest means something different to different member-states. This different attitude of the European Commission shows that the time factor has become very relevant. It is about expanding the culture of the SEM over a long period of time. The voluntary recognition of the benefits of the Single European market by enterprises and citizens are now at the forefront of the strategy. In the end, the success of the single European market will depend on the way citizens and enterprises begin to shape it and reduce the European Commission to just a regulatory coordinating institution in order to keep equity across the territory. The five year strategy for Europe's internal market which was presented in November 1999, clearly wants to achieve more legitimacy for it, by enhancing output legitimacy.⁷⁸ It hopes that it can increase support from citizens and businesses for the project by improving the context in which they act, the business environment and the quality of life for citizens. Additionally, the

⁷⁸) Fritz Scharpf, *Governing in Europe. Effective and Democratic?*(Oxford:OUP 1999),pp.11-21

continuing penetration of European competition policy in areas that are still being protected by national legislation is emphasised, in particular enhancing the efficiency of community capital, product and services market



Source:Single Market News, 10 Year Anniversary,1993-2003,p.12

. Last but not least, there is a growing expectation of the European Commission, that the more success is achieved in spreading the culture of the internal market, this will have implications for the export industry and the impact of the Single European Market in the world. This external dimension of the SEM cannot be emphasised enough. If the European Union is able to produce a functioning market based on economies of scale, but also allowing for the pluralism of national traditions, its interaction with the external world may create even more internal dynamics for further development.⁷⁹ The Lisbon strategy agreed in the European Council of March 2000, clearly is making more and more the case for this external role of the European Union. The enhancement of competitiveness and the creation of jobs are aspects emphasised by recent publications of the European Commission. According to Alasdair Young, the European Union has still difficulties to be an efficient actor in trade policy. Indeed, the dual nature of the European Union as an international actor and international organization complicates its actorness. The European Union has particularly difficulties to deal with change imposed by decisions of the World Trade Organizations(WTO). The main reason is that most decisions are related to products based on new technologies, which leads to the adoption of legal frameworks that tend to comply with legislation of the more risk adverse countries. Moreover, the tendency of the EU to use legal, instead of more flexible administrative instruments to react to external pressure, makes the whole relationship with the outside

⁷⁹) European Commission, *Strategy for Europe's Internal Market*. November 1999,COM(1999) 624 final

external arenas quite difficult.⁸⁰ Such a problem will continue to prevail in the future, due to the continuing duality of the European Union. It is still a project in the making and therefore characterised by so many flaws.

This becomes also evident in the slow transposition of the directives related to the internal market.

One of the major obstacles to the completion of the internal market is the failure of member-states to transpose directives into national law. The European Union monitors such transposition through the internal market scoreboard. On 22 March 2004, the main laggards in this respect are Germany(4 percent of non-transposed directives), France(3.4 percent), Luxembourg(3.3 percent), the Netherlands(3.2 percent) and Greece(3 percent). This contrasts heavily with Spain(0.5 percent), Denmark(0.7 percent), United Kingdom(1.2 percent), Ireland(1.2 percent) and Finland(1.3 percent). All other countries lie between the laggards and leaders. What it is quite astonishing, is the fact that among the laggards are four of the founding members of the European Union. Further two of the founding members, Belgium(2.8 percent) and Italy(2.8 percent) are close to the values of the laggards.

Naturally, this scoreboard has to be read in conjunction with the number of open infringement procedures each country is involved with. Such infringement procedures depend very much on the awareness of enterprises and civil society groups in order to trigger an investigation by the European Commission. It clearly helps to put the transposition of directives into national law in perspective. Sometimes the transposition could have been made wrongly, which in the end will lead to a stronger presence of the EU to put it right. The three countries in most infringement procedures are Italy(146,16 percent), France(135, 13 percent) and Spain(102,10 %). This is followed closely by Germany(90, 9 percent), Belgium(81,8 percent) and Greece(75, 7 percent). In contrast, the Scandinavian countries, Finland(25,2 percent), Sweden(25,2 percent) and Denmark(21,2 percent) are at the other end of the spectrum.

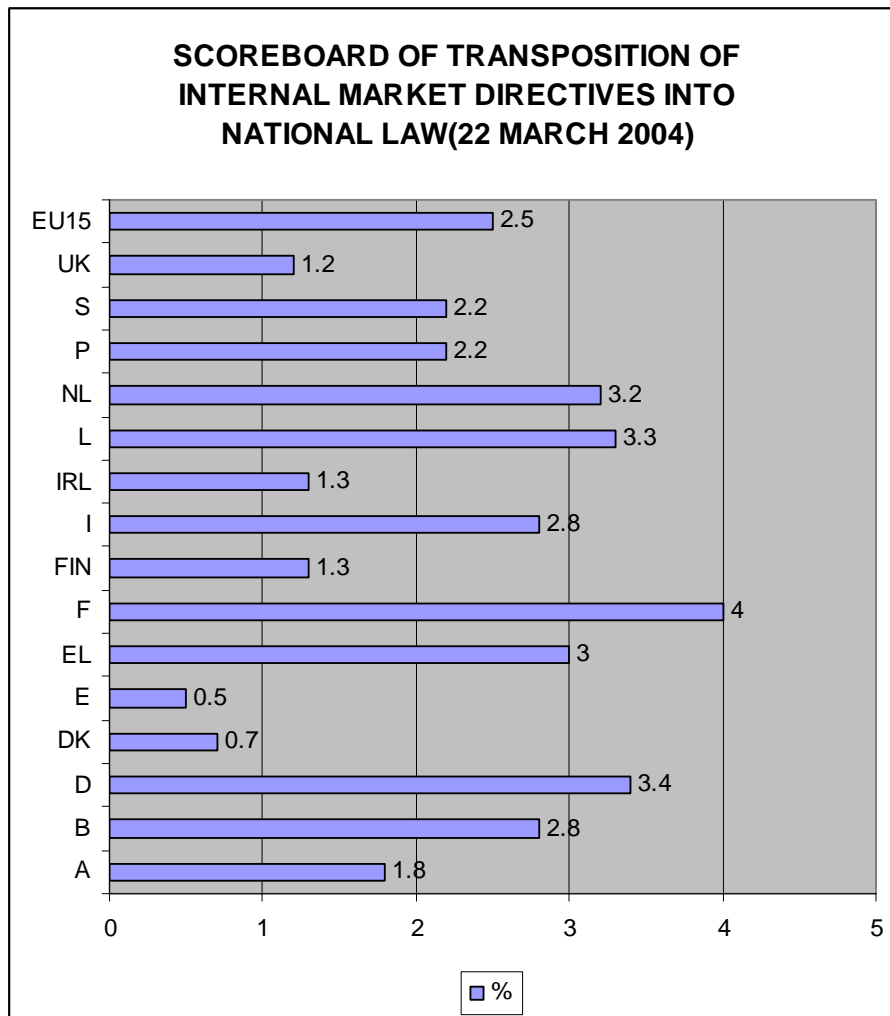
This shows that Tanja Borzel's thesis that there is no clear pattern in relation to southern European laggards and northern European leaders. On the contrary, it seems that some countries such as Portugal have improved considerably, while others either stagnate such as Italy or France deteriorated their position such as Germany.⁸¹

One has to acknowledge that there was considerable improvement both in terms of the scoreboard and the number of open infringement procedures. Indeed, there was a decline from 1 500 infringement procedures in 2002 to 1020 in 2003. It shows that there is a growing integration between the European Commission administration and the national administration to solve most of the problems. Socalled package meetings were introduced in 1987 to solve most of the outstanding problems. Indeed, half of all the cases are solved through such package meetings leading to change of legislation by the concerned member-state.⁸² In this situation, the European Commission is able to impose policies on member-states by exploiting the existing asymmetric information in relation to the individual member-states and benefits from the

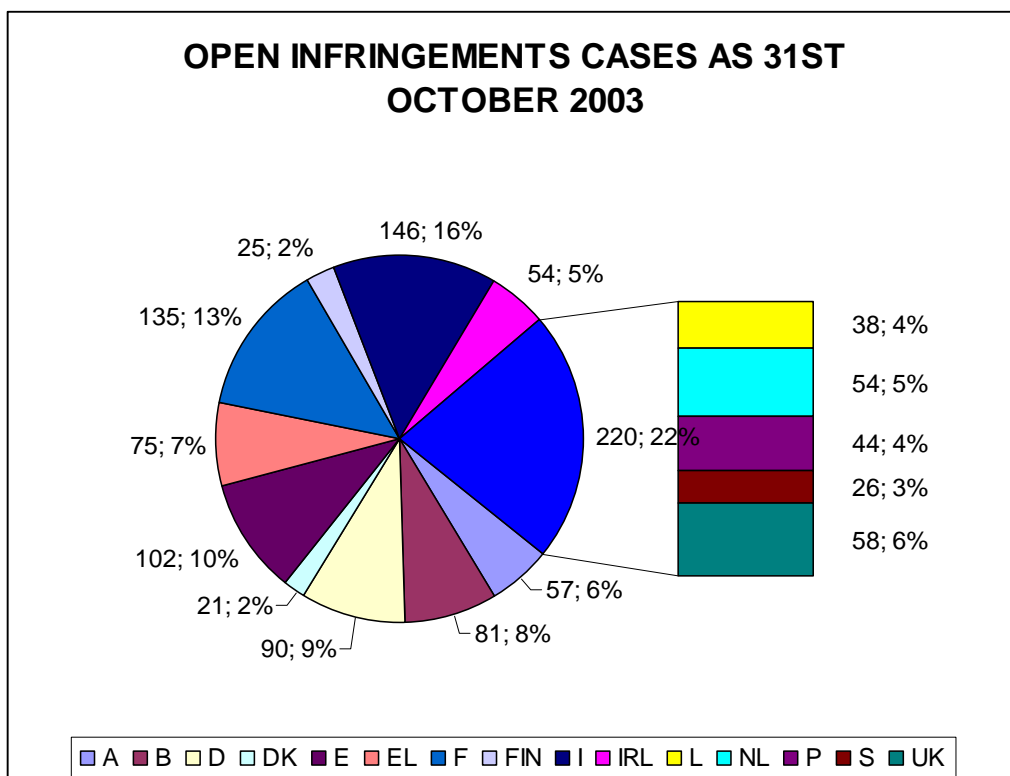
⁸⁰) Alasdair R. Young, The Incidental Fortress: The Single European Market and World Trade. In: *Journal of Common Market Studies*, 2004, vol.42, pp.393-414.

⁸¹) Tanja Börzel, Non-compliance in the European Union. Pathology or statistical artefact? In: *Journal of European Public Policy*, 8, 2001, 5, pp.803-824

⁸²) Single Market news, nr.33, April 2004, p.5



Source:Single Market news, nr.33,April 2004,p.4



Source: Single Market News, nr. 33, April 2004, p.3

problem of collective action that member-states have. The package meetings can be regarded as a “lesser evil strategy” imposed by the European Commission, in order to avoid the costly strategy of the Courts.⁸³ Indeed, the European Commission uses the SEM as well as competition policy in order to achieve a restructuration of markets and to implement the internal market freedoms.⁸⁴

The number of directives to the internal market have now reached the figure of over 1500, it means that it is becoming more and more integrated. One of the main reasons for the delayed transposition is that some national administrations are more efficient than others in complying with EU law. The European Commission has develop also a support network for national administration called SOLVIT which is designed to advice national administrations how to deal with certain problems.⁸⁵

One of the on-going processes is the implementation of the a package of legislation related to the liberalisation of financial markets and their transnational integration. The Financial Services Action Plan(FSAP) comprises of 42 measures, of which 37 have been already implemented, 3 are under negotiation and 2 had to be made by April 2004. This is eroding the protectionist national mechanisms across the European Union. This integration of financial markets is regarded as crucial to achieve international competitiveness. The hope is that this will lead to more transparency of financial markets and enterprises acting in it across the European Union. Moreover, it will lead to further reduction of transaction costs within the internal market.⁸⁶

One of the directives of the internal market that is being discussed presently is the directive on liberalisation of the services sector. This would affect 70 percent of all economic activities in the European Union and 60 percent of employment. The socalled Bolkenstein directive, among adversaries known as the ‘Frankenstein directive’, regards the integration of the services sector as an important step to overcome the deficit of productivity with the United States in the sector. The directive has led to major opposition from trade unions and supporters of social Europe. The fear is that the directive will lead to social dumping down, because one of the aspects is the principle of country of origin. The possibility that services firms such as employment agencies would base their offices in the countries with lower social standards and export workers across the European Union is one of the fears that is presented by trade

⁸³) Suzanne K. Schmidt, The European Commission’s Powers in Shaping European Policies. In: Dionyssi Dimitrakopoulos(ed.), The Changing European Commission.(Manchester:MUP 2004),pp.105-120, particularly,pp.117-118

⁸⁴)ibid,p.110.

⁸⁵) Single Market news, October 2004, nr.35,pp.24-25

⁸⁶) Single Market news, April 2004,nr.33,pp.6-7.

unions. Moreover, the system of licensing and authorizations would be abolished. The Bolkenstein directive had its impact on the referendums in France and the Netherlands. It clearly ignited the discussion about the growing “Americanisation of the European Union” and the need to resist or change such processes. The Bolkenstein directive is now being considered by the European Parliament. According to a study of the Netherlands Bureau for Economic Policy Analysis (CBP) if the directive is implemented in full intra-EU bilateral trade in commercial services could increase from 15 up to 35 percent. Moreover, total trade in the European Union could increase from 1 up to 3 percent. Additionally foreign direct investment could increase from 15 up to 35 percent. This motivated former Commissioner Frits Bolkenstein to stay strongly behind the directive. Support for the directive was also expressed by new president of the European Commission José Manuel Durão Barroso.⁸⁷ A further challenge for the internal market will be the integration of the new member-states and beyond. The internal market includes now 453.8 million people and increased the Gross domestic product of the EU by 4.7 percent which is quite low. The average GDP per capita of the new member-states measured by power-purchasing parity is 49 percent. Over the past fifteen years the new member-states had to implement the *acquis communautaire* and were subject to a annual screening process which measured the achieved progress. According to a study on competition policy, it seems that most countries including candidate country Romania were able to develop more or less working structures to deal with the decentralized structures of competition policy.⁸⁸ In terms of the Maastricht criteria most countries are converging, although some faster than others. The Czech Republic presented problems to keep the budget deficit below the 3 percent of GDP threshold. In 2003, it was 13 percent of GDP, also Malta passed the 9 percent of GDP, Poland 4 percent and Hungary 6 percent. In terms of public debt only Malta and Cyprus have passed the threshold of 60 percent of GDP. Meanwhile, Ecofin decided to print the new bank notes which will include all countries of the European continent including Romania and Bulgaria, except Turkey. The new member-states have two years to achieve convergence with the Eurozone. It seems that some countries will join the Eurozone sooner and others later. Nevertheless, it seems that the vulnerability of financial markets of these new member-states require a reform of the rules of EMU. A more burden-sharing strategy in relation to the coordination of fiscal policies has to be devised to strengthen the position of Economic Monetary Union vis-à-vis financial markets.⁸⁹

Conclusions: The Americanisation of the European Union

This paper argued that the European Union is becoming Americanised. This does not mean that is becoming a new United States of America, but that it is integrating elements of the American market project into the design of European capitalism. The transformation of varieties of capitalism did not lead to its convergence. Nevertheless, Americanisation is an essential element in order to produce a functioning single European market. The integration of markets is a *condition sine qua non* for the renewal of European capitalism. Moreover, the SEM project means that Europeans cannot think anymore in terms of national markets, but need to think big and farther afield. The first generation of single market consumers and firms will certainly be attached to the national market and venture only timidly into other markets, but it is expected that within two decades the second generation will think big and farther afield. If not, the SEM will have difficulties to generate the benefits that experts hoped to gain by its implementation.

Americanisation of the European Union has consequences for European life-styles, consumer patterns and social values. This quiet revolution is taking place already. The introduction of the Euro in twelve countries it is at the core of the overall project. The Bolkenstein directive, if implemented, will enhance the mobility of workers and services, but change the European Union economy considerably.

In sum, the Americanisation of the European Union has at its centre the internal market project. Spillover effects on politics, society and culture will certainly create transnationalisation thrusts in the European Union.

⁸⁷) Single Market news, nr.35, pp.4, 17,18,28 see *El País*, 31.3.2005:51. In the European Parliament there is support from the European People's Party and the Liberal party, socialists, communists and greens are against. The European trade union confederation (ETUC) is against, but the employees organisation UNICE is for.

⁸⁸) Jens Hölscher, Johannes Stephan, Competition Policy in Central and Eastern Europe in the Light of EU Accession. In: *Journal of Common Market Studies*, vol.42,2,2004, pp.321-345; particularly pp.337-342.

⁸⁹) Waltraud Schelkle, EMU's second chance: enlargement and reform of fiscal policy coordination. In: *Journal of European Public Policy*, 11:5, October 2004:890-908; particularly 901-904.