The Evolving Governance Structure of the European Union: Asymmetric, but not Disembedded

Immanent Possibilities in the Social and Environmental Policy Domains

by

Maja Savevska

A thesis submitted in partial fulfilment of the requirements for the degree of Doctor of Philosophy in Politics and International Studies

Academic Supervisors: Mario Telò and Matthew Watson

Université Libre de Bruxelles, Institut d’Etudes Européennes
University of Warwick, Politics and International Studies Department

September 2014
# Table of Contents

Title Page ................................................................................................................. i
Table of Content ......................................................................................................... ii
List of Figures ............................................................................................................. iv
Acknowledgments ....................................................................................................... v
List of Abbreviations ................................................................................................ vi
Abstract ................................................................................................................... viii

## Chapter 1. INTRODUCTION

1.1. RESEARCH PROBLEM .................................................................................... 4
1.2. POSITIONING OF TESIS IN LITERATURE ..................................................... 5
1.3. THEORETICAL FRAMEWORK ...................................................................... 10
1.4. THESIS STATEMENT ................................................................................... 16
1.5. CONTRIBUTION AND SIGNIFICANCE ....................................................... 25
1.6. STRUCTURE OF THE THESIS ..................................................................... 28

## Chapter 2. LITERATURE REVIEW

2.1. MAINSTREAM EU STUDIES ......................................................................... 40
2.2. NEW-CONSTITUTIONALISM LITERATURE ................................................... 45
2.3. CRITICAL POLITICAL ECONOMY SCHOLARSHIP .................................... 59

## Chapter 3. THEORETICAL FRAMEWORK

3.1. NOTES ON POLANYI .................................................................................... 67
3.2. MAIN DEBATES WITHIN THE POLANYIAN SCHOLARSHIP ..................... 76
    3.2.1. Empirical Inaccuracies ......................................................................... 76
    3.2.2. Conceptual Contradictions ................................................................... 80
    3.2.3. Static Representation of Change ........................................................... 85
    3.2.4. Functionalism, Determinism and Naturalism ........................................ 87
    3.2.5. Polanyi’s Modernist Legacy ................................................................. 90
    3.2.6. Polanyi and Marx ................................................................................. 92
3.3. CONCEPTUAL APPARATUS ........................................................................ 97
    3.3.1. Embedding and Disembedding Tendencies .......................................... 97
    3.3.2. Improvement and Habitation ............................................................... 107
    3.3.3. Rate of Change .................................................................................. 110

Empirical Part: Evaluation of Tendencies ................................................................. 116

## Chapter 4. DISEMBEDDING TENDENCY .......................................................... 120
List of Figures

Figure 1. Gill’s Analysis of Capitalism ................................................................. 47
Figure 2. Disembedded Federalism .................................................................... 56
Figure 3 Volume of Financial versus Real Markets ............................................. 172
Figure 4 Environmental Regulation Statistics ...................................................... 226
Figure 5 Burden Sharing Targets for the 2008-2012 Period .............................. 234
Figure 6 Member State Greenhouse Gas Emission Limits in 2020 ....................... 237
Figure 7 Unemployment Rate – Annual Change .................................................... 270
Figure 8 Youth Unemployment Rate – Annual Change ....................................... 270
Acknowledgments:

I would like to extend my gratitude to my supervisors, Professor Mario Telò and Professor Matthew Watson, for their constructive feedback. The insider knowledge of Professor’s Mario Telò about the workings of the European Union has proven particularly beneficial for the empirical part of my thesis. I would also like to express my sincerest gratefulness to Professor Matthew Watson for his unconditional support and comprehensive guidance throughout my whole PhD experience. My PhD has tremendously benefited from his expertise on Polanyi’s work. An enormous thank you is in order for my fellow GEM PhD candidates, Anna Chung, Pola Cebulak, and Natalie Hong for their input in my research project during our Café Doctoral Sessions. Their critical remarks helped me sharpen my argument. Finally, I would like to express my appreciation for the tremendous help provided by Frederik Ponjaert.
List of Abbreviations:

BIS – Bank for International Settlements

DG-Clima – Directorate General for Climate Action

DG ECOFIN – Economic and Financial Affairs

DG-ESAI – Directorate General for Employment, Social Affairs and Inclusion

EAPN – European Anti-Poverty Network

EBA – European Banking Authority

EC – European Commission

ECC – European Economic Community

ECJ – European Court of Justice

ECSC - European Coal and Steel Community

EFAMA - European Fund and Asset Management Association

EIOPA - European Insurance and Occupational Pensions Authority

EMU – Economic and Monetary Union

EP – European Parliament

ESA – European Supervisory Authorities

ESMA - European Securities and Markets Authority

ESRB - European Systemic Risk Board

ETUC – European Trade Union Confederation

EU – European Union

FSAP - Financial Services Action Plan

GATT – General Agreement on Tariffs and Trade

GDP – Gross Domestic Product

ICN – International Competition Network

IO – International Organisations
IPE – International Political Economy
IR – International Relations
MLG – Multi-Level Governance
NGO – Non-Governmental Organisation
NRP - National Reform Programmes
OMC – Open Method of Coordination
PIIGS - Portugal, Ireland, Italy, Greece and Spain
RWA – Risk-Weighted-Assets
SGP – Stability and Growth Pact
TEU – Treaty on the European Union
TGT – The Great Transformation
TFEU – Treaty on the Functioning of the European Union
UNICE – Union of Industrial and Employers’ Confederation of Europe
VoC – Varieties of Capitalism
WTO – World Trade Organisation
Abstract:

The subject of inquiry of my research is the socio-economic restructuring of the European Union (EU). The project provides an innovative interdisciplinary intervention that uses the canonical texts of Karl Polanyi and the insights from the burgeoning Polanyian scholarship in an attempt to explain the morphology of the contradictions that underpin the EU integration project. The starting point of analysis lies in the recent debates instigated by the critical turn in the EU studies scholarship that tries to shift the focus from the causes of the EU integration to its consequences. My original contribution to the scholarship consists of providing a Polanyian critique of the EU political economy. The ever-growing Polanyian scholarship proves a formidable alternative to the already established Gramscian and Marxist routes of critical inquiry. Based on a close reading of Polanyi and the wider Polanyian scholarship the thesis proposes a new take on the established practice of using Polanyi’s concept of dis/embeddedness as an all-or-nothing phenomenon and instead suggests conceptualising the social reality in terms of tendencies. The lenses through which I evaluate the EU predicament consist of the following conceptual vocabulary: a) dis/embedding tendencies b) habitation and improvement, and c) the rate of change.

The main puzzle that the project endeavours to explain is the interplay between the disembedding and the embedding tendencies in the EU. The examination of the disembedding tendency consists of excavating the self-regulating market logic inscribed into the EU edifice by analysing the development across three policy fields: competition, finance and education. The findings suggest that the disembedding tendency is manifested not only in the monetary orthodoxy inscribed in the Economic and Monetary Union since the Maastricht Treaty and further reified during the Great Recession, but also in the privatisation, depoliticisation and commodification dynamics evident in the three policy domains discussed in the thesis. Given Polanyi’s observation that the embedding tendency is immanent to the disembedding one, the second empirical endeavour consists of investigating the surge of socio-environmental measures. Notwithstanding the institutional divergences between the social and environmental policy domains, the appraisal of the policy output demonstrates that the embedding tendency is characterised by the same marketisation dynamic that we see in the disembedding one. This thesis recuperates a critical Polanyian reading that highlights the disruptive dialectics between the disembedding tendency and the seemingly protective measures predicated on fictitious commodification. In addition to unearthing the structural bias towards the market form that constitutes the two tendencies, this project develops a normative critique of the market society, based on Polanyi’s ferocious appraisal of neoclassical economics’ formal understanding of the economy, by problematising the extension of the economising rationality within previously unaffected spheres.

Key Words: Polanyi, disembedded, European Union, commodification, neoliberalism, political economy.