**The Fiscal Preconditions for a Transformative Social Agenda**

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*Europe’s Social Protection Systems under attack, but not entirely defeated*

Mario Draghi, in an interview with the *Wall Street Journal* in early 2012, declared rather bluntly but also misleadingly that the ‘European social model has already gone’ (*Wall Street Journal* 24.2 2012). One can speculate about the circumstances of the ECB President’s statement, about his motives for saying what he did, or indeed about his knowledge of the nuances of the English language to say something that is arguably *not yet* true, at least. European Welfare States, in their various forms, have not ‘gone’, but are certainly operating under extraordinarily economic and political conditions; many of their provisions are being eroded by the pan-European application of austerity programmes and by the sheer scale of joblessness and social deprivation in the southern Mediterranean member states. But announcing its demise should provoke the same response as Mark Twain’s public denial of his death, as announced in The New York Journal. The interview with Draghi is in fact more telling because of how he outlines the priorities of European economic management, above all the prioritisation of fiscal consolidation before all other goals. ‘*Fiscal consolidation is unavoidable in the present set up*’*,* he states, and adds immediately that ‘*it buys time needed for the structural reforms*’*.* Again, the language is unfortunate and the logic perverse, but the sentiment is clear. Structural reforms – essentially the further liberalisation of labour markets as a supply-side inducement to enterprises to invest and to employ – are linked strategically to budget cuts and debt reduction as supply-side inducements, ‘crowding-in’ investment by reducing the state’s demand for credit. It is the same old madness.

Draghi’s strategy, like that of the core policy elites in Europe – including Merkel, Barroso, Juncker, Monti and Weidmann – would seem to represent a seamless continuation of the neo-liberal policies of the three decades up to the financial crash of September 2008. The difference now – after four years of hapless political management of the systemic crisis of capitalism – is that the so-called ‘fiscal crisis’ is identified both as the central problem to be addressed and, implicitly, as the *vehicle for the intensification of the neo-liberal assault on the ‘inflexibilities’ of employment law and welfare provision* as impediments to capitalist renewal and recovery. The linkage – fiscal consolidation with supply-side reductions in social protection – represents the dismal failure of policy elites and their academic entourage to reflect on the contribution of liberalisation and deregulation to the contagion unleashed by casino capitalism. Even if Europe’s welfare regimes survive, the Draghi statement would seem to signal the desire to bury what was left of the EU’s ‘Social Europe’; the original ambition to provide the Single Market with common principles of social protection, mooted by Delors in the 1980s, had long been overtaken by the distributional inequities of disciplinary neo-liberalism. Chris Bickerton suggests that the political mismanagement of the current crisis means the death knell of ‘Social Europe’ as an EU-programme, ushering in a new era of ‘Anti-Social Europe’ (Bickerton 2011)[[1]](#footnote-1). Certainly the stubborn adherence of political elites and their academic coterie to wrong recipes looks grimly like the ‘triumph of failed ideas’ (Krugman 2010, Lehndorff 2012). This ‘triumph’ promises disaster both to the rulers and the ruled and arguably reflects the ironic confirmation of capitalism’s inherent self-destructiveness and repeated need to be saved from itself by progressive forces of the Left. The warm words of Barroso (2012) and Van Rompuy (2012) on social affairs[[2]](#footnote-2) remain seriously unconvincing in the face of social budget cuts throughout the Union.

*Societal Change as Multi-Dimensional*

Neo-liberalism has arguably been the most radical and long-lasting ‘revolution from above’ in the recent history of both European and global capitalism. Its significance lies as much in the success of the unprecedented scale of redistribution in favour of capital in advanced economies and the rapid internationalisation of the corporate division of labour, as in the ‘construction of consent’ (Harvey 2005) among both elites and subaltern majorities. Reagan and Thatcher ‘took what had hitherto been minority political, ideological and intellectual positions and made them mainstream. ( ) Their genius was to create a legacy and a tradition that tangled subsequent politicians in a web of constraints from which they could not easily escape’ (ibid. 62f). The tenacity of that legacy, the ‘non-death of neo-liberalism’ (Crouch 2011), is most dramatically evident in its cultural/ ‘intellectual’ survival in the economic waste-ground of the multiple crises it has helped to generate. The ‘historical bloc’ of globalised ‘disciplinary neo-liberalism’ wobbled profoundly in 2008-9 but is re-emerging with disturbingly unrepentant zeal to pursue its supply-side, elitist and anti-democratic agenda. The *embeddedness* of neo-liberalism in the cultural norms of global society thus represents a very considerable challenge to progressive democratic forces.

Before we can even consider the main subject of this paper – the fiscal preconditions for a progressive and transformative social agenda – the preparatory challenges of untying the Gordian Knot of neo-liberal norms and institutions need to be listed at least. They are daunting.

Political preconditions

1. Progressive forces in Europe need to construct a broad but strong alliance to counteract the embedded discourse of neo-liberalism which pervades the corridors of power in key national administrations and, above all, at the level of the Commission and the European Central Bank. In particular, as representatives of civil society, we have to mobilise support and resources to match the firepower of the estimated 15,000 to 30,000 lobbyists in Brussels and other centres of EU institutions (c.f. Corporate Europe Observatory 2011: 7; Sklair 2002: 155).
2. orthodoxy within the broader civil societies of Europe and in conjunction with the anti-austerity campaigns of the trade union movement, Attac, EAPN, ACW, The Poverty Alliance etc.
3. There is a central need to re-establish the principle of collective responsibility for public goods, where social security, health, distributional justice and social inclusion are accepted as public goods.
4. The central point of departure of a progressive coalition will be the objective of restoring the active ‘courageous’ state, which Richard Murphy (2011) counterposes to the ‘cowardly state’ of the neo-liberal era, captured and instrumentalised by transnational capital.

Economic Preconditions

1. Prioritisation of economic recovery within Europe before fiscal consolidation; the idea that ‘(s)ound public finances, competitiveness, growth and employment should be promoted together’ (Future of Europe Group 2012) is a delusion. Fiscal consolidation/ austerity is pro-cyclical and has evidently compounded the divergence within the EU17 and the EU27 since 2009 (EuroMemo 2011); the simultaneous deleveraging of over-extended households and enterprises AND the state in the middle of the greatest global crisis in 80 years is ‘depression economics’ combined with the ‘catastrophe politics’, characteristic of Heinrich Brüning, the chancellor of the Weimar Republic from 1930-32 (c.f. Keen 2012: Preamble).[[3]](#footnote-3)
2. Reduction in the power of strategic economic gatekeepers (Financial Services, Extractive Industries, Retail Monopsonies) and effective control of concentrated market power; anti-monopolism and competition policy at both EU- and MS-level has been contradictory and ineffectual, selectively harsh on cartels, tolerant of most mega-acquisitions and leveraged buy-outs, but often mercantilistic in relation to ‘threats’ to strategic national or regional assets (‘champions’) on the part of foreign TNCs and particular sovereign wealth funds (Leaman 2008) or indeed enterprises from other member states.
3. A return to stable, sustainable productive activity, pursuing qualitative growth strategies and full employment as primary objectives;
4. A reduction in the demand asymmetries within and between European economies, as the key objective of an effective fiscal union and an EU-wide Clearing Union, with the power to address chronic current account surpluses as well as chronic deficits.
5. A marked reduction in the disparities of market incomes, before the deployment of fiscal transfers; the massive redistribution of national income towards capital between 1980 and 2005 largely neutralised the efforts by some administrations to address the increase in relative poverty and social exclusion; despite a significant increase in welfare expenditure in the UK under Blair and Brown, the Gini Coefficient remained at the levels reached under Thatcher (Leaman 2012)

Socio- Cultural Preconditions

1. Different expectations of what constitutes ‘stable growth’, compared to the Ponzi-style expectations of neo-liberal casino capitalism and of ecologically indifferent industrialism; a preparedness to countenance low/zero quantitative growth in ‘advanced’ economies as a contribution to global sustainability;
2. Lower expectations of rates of return on savings and investment, compared to the delusionary propaganda of financial services enterprises under the conditions of monetary accumulation; this means ending the addiction of pension funds to the fictitious financial assets, marketed by FSEs, with their excessive management fees and the associated culture of complacency and ignorance;
3. Lower deployment of private sector debt as a vehicle for macro-economic growth; the

above figure underscores the compensatory function of state debt in counteracting private deleveraging, driven by financial crises (and war) and supporting earlier assertions (Precondition 5 above);

1. A social culture informed by the acknowledgement of the importance of collectively managed public goods, where social cohesion, the general welfare of all citizens, health, education, meaningful employment, key resources, public ownership of natural monopolies (water, road, rail and internal waterways) are considered public goods, along with peace, just intra- and inter-generational distribution and planetary survival.

Thus, in order for a situation to arise where the fiscal preconditions for a transformative social agenda to be achieved, much if not all of the above needs to be in place. At an absolute minimum, policy-makers would need to acknowledge that, without a reversal of the widening disparities of market income in virtually all the economies of the EU and its neighbourhood, welfare transfers will fail to generate a fair and just *net* distribution of household income. It should thus be self-evident that the solutions to Europe’s problems are not merely technocratic, i.e. of applying different methods of revenue collection and expenditure distribution; rather, it involves the transformation of economic, political and socio-cultural norms

**The Centrality of Progressive Taxation[[4]](#footnote-4)**

The principles of progressive taxation represented a clear socio-political norm of the Fordist era and have survived, albeit in modified form, in the older member states of the EU; whereas the voluminous set of statutory obligations involved in the *acquis*, to which all new member states must sign up, includes minimum rates of indirect taxation (notably VAT) to apply across all MS, along with essential yardsticks for the grading of sugar beet, bananas and biscuits, the *acquis* contain neither the obligation to introduce or maintain a system of progressive income tax, nor to ensure a common standard of what constitutes taxable personal or business income, nor to ensure even minimum rates of either personal income tax or corporation tax, nor to guarantee automatic cross-border exchange of information on the earnings of individuals and firms within the EU. Attempts within the EC/ EU to harmonise elements of corporation tax law grew increasingly feeble and currently are stuck in the mire of inter-governmentalism and the persistent culture of tax/ location competition.

Tax competition was a minor feature of globalisation, but has become a more critical feature of European affairs since 1990 and the collapse of state socialism. The process of absorbing former COMECON states into the economic culture of west European capitalism and in particular into the institutional arrangements of the European Union was noteworthy by the complete absence of direct taxation rules within the otherwise strict conditionalities of either application process or membership of the Union. Whether this was the product of design or default, of conspiracy or cock-up, does not alter the culpability of the Commission and the EU’s leading member states in failing to achieve at least minimal convergence of aspirant states to the norms of west European direct taxation. In particular, the universal move by the three Baltic states to systems of flat taxation – the proportionate taxation of all incomes beyond basic allowances, regardless of income levels – in 1994/95 could and should have triggered a response from the Commission as a development which was inimical to the systemic culture of *all* EU15 member states; it didn’t. Nor was any attention given to the issue of optimum taxation levels, national tax ratios and state ratios; the only fiscal harmonisation, beyond fixing a 15% minimum VAT-rate, involved the strict adherence to the negative fiscal rules set by the Maastricht Treaty (1992) and the Stability and Growth Pact (1997), dictated by the monetarist strictures of Germany’s Federal Bank and Federal Government. The absence of tax harmonisation, along with other omissions, was predicted

**Figure 2 Rates of Corporation Tax in Selected EU Countries 1980=2009**

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Source: World Taxation Database; **EU 5**: Germany, France, Italy, UK, Spain; **EU10**: Austria, Belgium, Denmark, Finland, Greece, Ireland, Luxembourg, Netherlands, Portugal, Sweden; **EU8**: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania

and subsequently proven to be part of a critical set of ‘design faults’ inflicted on European Monetary Union (Arestis & Sawyer 2011; Frangakis 2011). The absence of a critical mass of taxation revenues in almost all CEE applicants and subsequent member states, combined with chronic current account deficits and weak banking systems, made their economies heavily dependent on imported capital and extremely vulnerable to normal cyclical shocks, and catastrophically exposed to exogenous shocks on the scale of the 2008 disaster.

The effect of non-harmonisation of direct taxation and the toleration of regressive flat-tax regimes is evident from Figure 2, which shows the acceleration of the ‘race to the bottom’ after 2000 with a series of competitive reductions in the (top) rate of corporation tax in the two groups of EU-15 states in response to the consistent ‘underbidding’ of CEE states. The process was further boosted by the introduction of regressive flat tax regimes in Slovakia, Bulgaria, Romania and the Czech Republic. (See also Tables 1,2,3 below)

A similar but less dramatic picture can be observed in the development of top rates of PIT. While top PIT rates have fallen in most of the EU15 by 2012, their decline does not match that of corporation tax rates, as clearly demonstrated by Figure 3. Historically, most tax systems manifested a rough correspondence of corporation tax and top rates of income tax, reflecting the need to assess the tax liabilities of both incorporated (CT) and non-incorporated businesses (PIT) fairly. The recent divergence of the two rates in most European states has produced several fiscal anomalies, in particular – but unsurprisingly – a trend on the part of smaller companies to ‘incorporate’ and thus reduce their tax bills (Leaman 2012: 164-8).

**Figure 3: The Asymmetry of Rates of Corporation Tax and Top Income Tax in 2012**

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These clearly observable trends have prompted no meaningful response from policy-makers, even though the asymmetries within and between states invite all enterprises to explore legal avenues to avoid incurring a higher level of taxation than competitors in the market. The net result for practically all European states has been the shifting of tax burdens from relatively mobile and resourceful enterprises to relatively immobile tax bases, notably wage income and consumption. This is furthermore compounded by the extensive use of secrecy jurisdictions (tax havens) in Europe and overseas, where profit income can be registered in shell companies with the help of the financial services sector and its army of ‘tax efficiency’ specialists.

A key observation for the purposes of this paper is that the recent shifting of tax burdens – from capital taxes to wage taxes and from direct to indirect taxation – make it significantly more difficult for states to address the key issues of income inequalities, poverty and social exclusion; they neutralise the ability of fiscal states to redistribute national income and ensure social security.

A second key observation is that the failure of the Commission and leading member states to achieve any significant harmonisation of direct taxation has not simply allowed tax competition to weaken the fiscal robustness of member states, but has exposed the very particular vulnerabilities of states with low tax ratios and chronic external deficits. In the case of the Eurozone, it has revealed the cost of the EU’s failure to address the problems of both tax disparities and the divergence of external balances between member states. It is no coincidence that the west European states with the lowest tax ratios (i.e. the lowest critical mass of fiscal potential) and severe external deficits (Table 5 below) – namely Greece, Ireland and Portugal – were the first to seek assistance from the other member of the currency union. In all three cases, the catastrophic exposure to bank collapse (Ireland) and deep recessions (Greece, Portugal, Ireland), combined with chronic current account deficits neutralised any hope of either the structural or the cyclical crisis being managed through the automatic stabiliser mechanism. All three states were immediately dependent on the import of capital in the form of sovereign debt. In the context of the political architecture of EMU and the dominance of the deflationary imperative, and in the absence of any control of speculative betting on bond spreads, intra-zone transfers became inevitable. The weakness of the three states was, of course, compounded by the endless dithering of the core states of EMU, most notably Germany. However, there can be no illusions about the hazardous fiscal stances of the group of three and also of the majority of the new member states of central and eastern Europe, whose similarly low tax ratios and external imbalances ruled out any effective national crisis management and, in the absence of Brussels’ assistance, condemned most of them to far deeper cyclical crises than the EU15 (Leaman 2012: 175ff).

The last four years of crisis-mismanagement has failed both to address the underlying determinants of that crisis and to initiate sensible reforms of fiscal policy, either within the Eurozone or in the wider EU. The disaster of the Fiscal Pact repeats the negative dimension of (a failed) fiscal subordination of member states to arbitrary deficit and debt limits, without providing any vision of how to halt and reverse the trend of economic divergence within both EU17 and EU27.

Without fiscal convergence and strengthened public finances, the European project is doomed and, along with it, the chance of a genuinely transformative social agenda. The measures that are required to achieve the fiscal foundations of social progress and genuine civilization in Europe can be summarized as follows:

1. All states of Europe should commit themselves to the principle of progressive taxation as the foundation for an effective Union which seeks the economic convergence of its member states and a fairer distribution of income within states and between states.
2. There should be an approximate harmonisation of the scales of progression, basic allowances and marginal rates both at the bottom and the top of those scales for personal income tax.
3. There should be a closer correspondence of rates of corporation tax to the rates applying to assessed income tax for non-incorporated businesses, to avoid income- and profit-shifting and to ensure a fair contribution of capital to the public goods (physical, social and educational infrastructures) which benefit all economic agents.
4. There should be shared standards for calculating all tax bases, but most notably the mobile tax bases which, through political neglect, have too frequently avoided paying tax in the jurisdiction in which an enterprise’s income and profits have been generated.
5. All member states, without exception, should commit themselves to transparency and automatic information-exchange on both personal and corporate incomes, notably of persons/ legal persons whose income is generated in more than one jurisdiction. The legislative initiatives already approved by the European Parliament (on the Savings Tax Directive and a Common Consolidated Corporate Tax Base) should be accelerated; the bi-lateral deals (UK-Switzerland, Germany-Switzerland), which undermine both the spirit and the feasibility of the Savings Tax Directive, should be repealed. The CCCTB should be deployed in conjunction with Country-by-Country-Reporting and, ideally, with Formulary Apportionment, administered by the EU.
6. The availability of tax-avoidance facilities in European and overseas tax havens must be eliminated, along with the widespread use of ‘brass-plate’ shell companies by the financial services sector; in this regard the Financial Secrecy Index (<http://www.financialsecrecyindex.com/>) is a considerably more accurate indicator of potential tax haven abuse than the Black/ White Lists of the OECD, currently used by the Commission in its (predictably weak) programme against .‘harmful tax competition’
7. There should be EU-wide harmonisation of wealth-taxation
8. There should be an EU-wide introduction of aircraft fuel tax to remove the anomaly which favours air transport against its terrestrial transport competitors, together with a harmonisation and extension of existing carbon taxes.
9. The trend towards a greater dependence on regressive indirect taxation should be halted and a better balance achieved between progressive direct taxation and taxes on consumption.
10. The destructive dynamic of European tax competition needs to be eliminated in the interests of solidarity and sustainable frameworks of governance. A community of shared interests and values cannot tolerate the existence of fiscal ‘free riders’ that either poach the tax bases of other jurisdictions or fail to police compliance with agreed standards of taxation; the exceptionally low levels of corporation tax in Ireland, Germany, Latvia, Bulgaria and Romania and in many of the Balkan states and the eastern Neighbourhood, defy the principles of solidarity required of a closely integrated group of nations.
11. The Stability and Growth Pact and the Fiscal Pact should be reformed to prioritise the economic convergence of member states and the strengthening of states’ revenue potential as vehicle for cyclical and structural adjustment. To this end the statutes of the ECB would need to be reformed, rendering it answerable to the European Parliament and committed to an extended set of policy objectives, including employment and qualitative growth.

Within advanced capitalist societies, taxation – most notably progressive income taxation – is a key vehicle for rectifying the disparities of income and wealth distribution and for ensuring the social security of all its citizens. It is also the foundation for a culture of social solidarity, which acknowledges both the need for the collective funding and maintenance of public goods and the desirability of social equity, equality of opportunity, shared burdens and shared rewards as the guarantee of what Wendell-Holmes rightly termed ‘civilization’. The threat to Europe’s long vaunted institutions of solidarity and welfare, represented by pan-European austerity, is far greater than the current elites of Europe realise.

**Table 1. Corporation Tax Rates in the EU15 1980-2009 in percent**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **1980** | **1990** | **2000** | **2009\*** |
| Austria | 55 | 30 | 34 | 25 |
| Belgium | 48 | 41 | 39 | 33.99 |
| Denmark | 40 | 40 | 32 | 25 |
| Finland | 43 | 25 | 29 | 26 |
| France | 50 | 37 | 33.3 | 33.3 |
| Germany | 56 | 50 | 45 | 15 |
| Greece | 43.4 | 46 | 40 | 25\*\* |
| Ireland | 45 | 43 | 24 | 12.5 |
| Italy | 25 | 36 | 37 | 31.4 |
| Luxembourg | 40 | 34 | 30 | 25.5 |
| Netherlands | 48 | 35 | 35 | 25.5\*\* |
| Portugal | 23 | 36.5 | 32 | 27.5\*\* |
| Spain | 33 | 35 | 35 | 30\*\* |
| Sweden | 40 | 40 | 28 | 26.3 |
| UK | 52 | 35 | 30 | 28\*\* |

Source: World Tax Database; \*standard proportional rates, except for countries with differential rates; \*\* denotes top rates

**Table 2. Corporation Tax Rates in the 2004 group of Central European States (EU8) 1995-2009**

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| --- | --- | --- | --- |
|  | **1995** | **2000** | **2009** |
| Czech Republic | 41 | 35 | 21 |
| Estonia | 26 | 26 | 21 |
| Hungary | 18 | 18 | 16 |
| Latvia | 25 | 25 | 15 |
| Lithuania | 29 | 29 | 20 |
| Poland | 40 | 28 | 19 |
| Slovakia | 40 | 40 | 19 |
| Slovenia | 30 | 25 | 22 |

Sources World Tax Database; Bönker 2003; Vienna Institute of International Economics (wiiw)

**Table 3. Flat Tax Rates among the New Member States 2008**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Personal Income Tax Rate | Corporation tax rate | VAT rate |
| Bulgaria | 10 | 10 | 20 |
| Czech Republic | 15 | 21 | 19 |
| Estonia | 21 | 21 | 20 |
| Latvia | 15 | 23 | 21 |
| Lithuania | 20 | 21 | 19 |
| Romania | 16 | 16 | 19 |
| Slovakia | 19 | 19 | 19 |

 **Table 4. Current Key Tax Rates in the EU27 and the Neighbourhood**

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| --- | --- | --- | --- |
|  | **Corporation Tax** | **Top Income Tax Rate** | **Standard Rate VAT** |
| Austria | 25 | 50 | 20 |
| Belgium | 33.99 | 50 | 21 |
| Bulgaria | 10 | 10 | 20 |
| Cyprus | 10 | 30 | 15 |
| Czech Rep | 21 | 15 | 20 |
| Denmark | 25 | 55.4 | 25 |
| Estonia | 26.58 | 21 | 20 |
| Finland | 26 | 53 | 23 |
| France | 33.33 | 41 | 19.6 |
| Germany | 15.825 | 45 | 19 |
| Greece | 25 | 45 | 23 |
| Hungary | 10 | 16 | 27 |
| Ireland | 12.5 | 41 | 23 |
| Italy | 31.4 | 45 | 21 |
| Latvia | 15 | 23 | 21 |
| Lithuania | 15 | 21 | 21 |
| Luxembourg | 28.59 | 38.95 | 15 |
| Malta | 35 | 35 | 18 |
| Netherlands | 25 | 52 | 19 |
| Poland | 19 | 32 | 23 |
| Portugal | 27.5 | 46.5 | 23 |
| Romania | 16 | 16 | 24 |
| Slovakia | 19 | 19 | 20 |
| Slovenia | 20 | 41 | 20 |
| Spain | 30 | 52 | 21 |
| Sweden | 26.3 | 45.5 | 25 |
| UK | 24 | 50 | 20 |
|  |  |  |  |
| Albania | 10 | 10 | 20 |
| Belarus | 24 | 15 | 20 |
| Bosnia/ Herz | 10 | 20 | 17 |
| Croatia | 20 | 40 | 25 |
| Georgia | 20 | 12 | 18 |
| Iceland | 18 | 46.28 | 25.5 |
| Macedonia | 10 | 10 | 18 |
| Montenegro | 9 | 9 | 17 |
| Norway | 28 | 54.3 | 25 |
| Russia | 20 | 13 | 18 |
| Serbia | 10 | 14 | 18 |
| Switzerland | 25 | 45.5 | 8 |
| Turkey | 20 | 40 | 18 |
| Ukraine | 23 | 17 | 20 |

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 This book argues that the economic weakness of the EU is the result of its very restrictive economic policy. The book advances from a comprehensive critique of macroeconomic, social and structural policies towards a concrete concept for a democratic European social model based on the objectives of full employment, welfare, social equity and ecological sustainability.

1. Bickerton underscores the continuity of an ‘anti-social Europe’: ‘Social Europe’ emerged on the back the *defeat* of this legacy, not its extension to the European level. We have seen in the current crisis a [deepening](http://thecurrentmoment.wordpress.com/2011/08/17/a-further-look-at-%E2%80%98social-europe%E2%80%99-3/) of pre-existing anti-social trends within Europe. (Bickerton 2011: 1) [↑](#footnote-ref-1)
2. Barroso employs the term ‘social’ 18 times, including three mentions of ‘social protection’ and two of ‘social cohesion’; ‘Social Europe’ is absent. Van Rompuy is more economical with the term (three mentions only) but he does stress the need to ensure ‘social welfare’ (2012: 2) and ‘social fairness’ (5). [↑](#footnote-ref-2)
3. Steve Keen correctly observes that ‘The recent growth in sovereign debt is a symptom of this underlying crisis, not the cause, and the current political obsession with reducing sovereign debt will exacerbate the root problem of private sector deleveraging’ (Keen 2012: 1) [↑](#footnote-ref-3)
4. The following is a digest of thoughts expressed in previous EuroMemo meetings (2009-11; c.f. in particular Leaman 2012) [↑](#footnote-ref-4)