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NEOLIBERALISM AND REGULATED CAPITALISM IN  
THE TREATY OF AMSTERDAM**

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"The conservative tide is on the wane. We must not let Europe be bogged down in an excessive neo-liberal, monetarist model."

--Lionel Jospin, at the Congress of  
the Party of European Socialists,  
Malmo, Sweden<sup>2</sup>

"The centre-left parties now have a majority in Europe, giving us a great opportunity. But we will quickly be rejected if we go back to our old ways. We must modernise or die."

--Tony Blair, at the same conference<sup>3</sup>

## **1. Assumptions and Argument**

This chapter rests on three basic assumptions. The first assumption, following Simon Hix (1994), is that the politics of the European Union can be theorized in terms of a left-right cleavage, as well as the more familiar cleavage between national independence and European integration. As Hix points out, students of international relations have traditionally analyzed the main events (and indeed the minutiae) of EU history in terms of whether these events increased or decreased the level of supranational integration in the EU. Yet such an emphasis on integration per se tells us little or nothing about the implications of European integration for domestic politics, including the traditional left-right conflict between free-

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<sup>2</sup> Quoted in Conradi 1997.

<sup>3</sup> Quoted in Sherman 1997.

market neoliberals and more interventionist Christian or social democrats. Indeed, Hix and Lord (1997) argue that the EU political system is a two-dimensional political space, with an “integration” dimension and a “left-right” dimension, neither reducible to the other; and they examine the nature of partisan contestation in such a two-dimensional space.

The second assumption of the chapter, following Liesbet Hooghe and Gary Marks, is that, in the context of Hix’s two-dimensional space, the political debate in the European Union today can be theorized as a right-left struggle between neoliberals on the one hand and proponents of what they call “regulated capitalism” on the other. In their words,

The *neoliberal project* attempts to insulate markets from political interference by combining European-wide market integration with the fragmentation of authority among national governments. The neoliberal project rejects democratic institutions at the European level capable of regulating the market, but seeks instead to generate competition among national governments in providing regulatory climates that mobile factors find attractive (Hooghe and Marks 1997, p. 3).

By contrast,

The *project for regulated capitalism* proposes a variety of market-enhancing and market-supporting legislation to create a social democratic dimension to European governance. This project attempts to deepen the European Union and increase its capacity for regulation, by among other things, upgrading the European Parliament, promoting the mobilization of particular social groups, and reforming institutions to make legislation easier (i.e. by introducing qualified majority rule in the Council of Ministers) (Ibid, p. 3).

“These projects,” according to Marks and Hooghe, “are coherent, comprehensive packages of institutional reforms around which broad coalitions of political actors at European, national, and subnational levels have formed” (ibid., p. 3).

There are, to be sure, problems with Hooghe and Marks’ classification scheme, which is both too narrow and too broad. The scheme is too narrow in the sense that both the neoliberal and regulated-capitalism projects focus almost exclusively on “first pillar”

economic issues, leaving out a number of politically important aspects of EU politics, such as the second and third pillars (Common Foreign and Security Policy, Justice and Home Affairs), which have left-right political implications in the member states as well as at the EU level. Yet, I would argue, the concept of regulated capitalism is also too broad, in that it overestimates the coherence of the project and its supporting coalitions, and underestimates the number of cleavages cutting across the two projects. More specifically, I will argue below that the supporting coalition for the project for regulated capitalism can be further subdivided into a coalition of left and center-left parties on the one hand, and a separate “cohesion” coalition of poor states (regardless of political coloration) on the other hand. The former group, I will suggest, won some significant victories in Amsterdam; the latter did not. Furthermore, as we shall see, the European left was itself divided at Amsterdam about the precise nature of its European “project,” which was not as self-evident as the ideal type of regulated capitalism might suggest. Nevertheless, despite these weaknesses, Hooghe and Marks’ categories are a useful heuristic device with which to analyze the left-right implications of European integration in general and EU treaties in particular, and this chapter will therefore begin, but not end, with the use of the Hooghe-Marks classification.<sup>4</sup>

The third basic assumption of the chapter, following the institutional analyses of Douglass North (1991) and others, is that institutional design—including the creation and

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<sup>4</sup> A final flaw of Hooghe’s and Marks’ categories is less important but deserves mention here. In their paper, Hooghe and Marks argue that the relationship between the national/supranational dimension and the right/left dimension is orthogonal, i.e. that those on the left prefer a supranational Europe, while those on the right prefer strictly national competences. In fact, however, we can usefully disaggregate supranationalism by issue-area, so that neoliberals prefer supranational powers in market-making areas such as the internal market, trade, competition, and monetary policy, while proponents of regulated capitalism advocate supranational powers in areas such as social policy, industrial policy, employment, and environmental and consumer protection.

amendment of the EU's constitutive treaties--is not politically innocent, but rather facilitates or hinders the adoption of specific political programs. That is to say, as rational actors, the participants in the EU's various intergovernmental conferences (including member governments, supranational organizations, and private interests lobbying from the outside) prefer and bargain for institutional configurations that are likely to facilitate the adoption of their substantive political programs, left or right. The outcome of any given IGC, therefore, represents not only an advance or setback for the process of integration per se, but also for the projects of neoliberalism and regulated capitalism, respectively.

With these three assumptions in mind, this chapter examines the 1997 Treaty of Amsterdam, asking whether the new treaty represents an advance or a setback to the respective projects of neoliberalism or regulated capitalism. Before moving to the Treaty of Amsterdam, however, I begin by surveying, all too briefly, the three most important constitutive treaties in the history of the European Community/Union, namely the Treaties of Rome (1957), the Single European Act (1986), and the Maastricht Treaty (1992). The basic argument here is straightforward: From Rome to Maastricht, the fundamental thrust of the treaties has been neoliberal, in the sense that each of the Community's constitutive treaties facilitated the creation of a unified European market, while setting considerable institutional barriers to the regulation of that same market. The Treaty of Rome, for example, featured important powers for the EEC in the areas of free movement, competition policy, and external trade policy, while granting the Community few powers of positive regulation and only a modestly redistributive Common Agricultural Policy. The Single European Act picked up this basic theme, focusing primarily on the completion of the internal market by 1992, and limiting institutional reforms largely to this goal. And the

Maastricht Treaty focused primarily on the project for Economic and Monetary Union, which has turned out to be a neoliberal project in effect if not in its original conception.

The Treaties of Rome, the Single Act and Maastricht were not, of course, uniformly neoliberal documents. Because European treaties must necessarily be signed and ratified by all EU member states in order to take effect, reticent member states were in each case able to demand institutional reforms to facilitate the adoption of some elements of the regulated capitalism project, including both regulatory competences for the Union as well as redistributive transfers from some member states and regions to others. Hence, we shall also see that, accompanying the EU's central neoliberal project, we also find a growing regulatory capacity for the Union across the three treaties, as well as a growing element of redistribution in the EU's cohesion policy in the Single Act and Maastricht.

In this context of this institutional history, I argue, the Treaty of Amsterdam represents an outlier. By contrast with the earlier treaties, the Amsterdam Treaty features no central neoliberal project comparable to the common market, the internal market, or EMU, all of which are left essentially unchanged in the new Treaty. Rather, the Treaty of Amsterdam, which was negotiated by governments controlled overwhelmingly by the left and center-left, addresses many of the central issue-areas of the regulated capitalism project, including employment, social policy, women's rights, human rights, the environment, and the powers of the European Parliament. Yet, if the Amsterdam Treaty represents a modest turn to the left in the EU's institutional history, it does *not* represent the victory of Hooghe and Marks' model of regulated capitalism, for two main reasons. First, in keeping with the critique of Hooghe and Marks offered above, the center-left majority at Amsterdam remained entirely silent on the subject of cohesion, which was put off for later negotiation as

part of the Santer Commission's Agenda 2000 exercise. Second, and for our purposes more importantly, the final negotiations leading up to Amsterdam revealed a split in the European left regarding its "project" for European integration. In the weeks prior to the Amsterdam European Council, a traditional socialist agenda for an interventionist, regulatory Europe championed by French Prime Minister Lionel Jospin collided with a new center-left project promoted by British Prime Minister Tony Blair which accepted the traditional socialist goals of employment and social welfare but was more skeptical of binding regulation and intervention at the European Union level. The final version of the Treaty, I argue, most closely reflects the new center-left program of Tony Blair, which seems likely to dominate the Union's social agenda in the years to come.

The organization of the chapter is simple. In the next section, I analyze briefly the central provisions of the Rome Treaties, the Single European Act, and the Maastricht Treaty on European Union, assessing both the development of the Union's neoliberal project and the regulatory and redistributive elements added to that project over time. The aim here is not to provide a detailed negotiating history of these treaties, which is far beyond the scope of the current chapter, but simply analyze these familiar treaties from the unfamiliar perspective of left and right. In the third section, I turn to the negotiation and content of the Amsterdam Treaty, analyzing the Treaty provisions in terms of Hooghe's and Marks' categories, and suggesting that the European project of the left has become more complex and fractured than the ideal-typical project of regulated capitalism put forward by Hooghe and Marks. Finally, in section four I conclude by characterizing Amsterdam as a "Blairite Treaty," which reflects Blair's effort to find a "third way" between the traditional projects of neoliberalism on the one hand and regulated capitalism on the other. Throughout the

chapter, my primary aim is analytic, not causal: the aim of the chapter is to provide a theoretical lens through which to *analyze* the left-right implications of the EU's constitutive Treaties, rather than a causal theory to *explain* these Treaties. I will nevertheless hazard a few tentative hypotheses to explain the weak left turn of the Amsterdam Treaty, focusing in particular on the unusual dominance of the left and center-left in the member governments of the Union in June of 1997. I begin, however, four decades earlier, with the Treaties of Rome.

## **2. From Rome to Maastricht: A Neoliberal Project**

Neoliberals and supporters of regulated capitalism advocate different institutional configurations for the European Union, in keeping with their substantive policy preferences. Thus, neoliberals have historically favored strong EU institutions only with regard to market liberalization, in areas such as the internal market, competition policy, external trade policy, and, since the triumph of monetarism in the 1980s, monetary policy. Outside of these areas, however, neoliberals advocate a minimal institutional agenda, placing strict limits on qualified majority voting and on supranational delegation in areas of social regulation. By contrast, proponents of regulated capitalism favor qualified majority voting and supranational delegation, particularly in areas of social regulation and cohesion policy. In terms of these criteria, I argue, the European treaties from Rome to Maastricht constitute, on balance, a neoliberal project.

### **2.1 The Treaty of Rome and the triumph of free movement**

To understand why, consider first the 1957 Treaties of Rome, which established the European Economic Community and Euratom, respectively. The Rome Treaties were signed



during the golden age of the Keynesian welfare state, and were often portrayed by neofunctionalists as the result of a cross-class and cross-party consensus on economic issues in the Western Europe of the 1950s and 1960s (Lindberg 1963; Haas 1964). However, if we examine the historical record of the negotiations that produced the Treaties, we find a stark cleavage between the liberal advocates of free trade on the one hand, and the primarily French advocates of a less liberal, more regulated Europe on the other.

After the failure of the European Defense Community in 1954, European liberals generally rallied around a 1953 Dutch proposal for a European customs union among the Six, which was later revived as a project for a common market featuring free movement of goods, services, labor and capital as well as binding European rules for competition and a common external trade policy (Küstners 1987: 82). The supporters of this liberal view included the governments of the Benelux countries and Germany (with the exception of the liberal Economics Minister Ludwig Erhard, who advocated global free trade rather than a regional trading bloc); the Italian government, which strongly favored the proposed provisions regarding the free movement of labor; and finally a small group of liberal French ministers and officials in the center-left government of Guy Mollet, who served as Prime Minister from January 1956 through the signing of the Rome Treaty in March 1957.

By and large, however, the overwhelming majority of French officials and business elites were fervently opposed to the common market proposal. In the view of these French critics, French industry was simply unprepared for the competition that would accompany a common market, in particular because the social and fiscal charges on business were higher in France than in the other five states. In addition, critics of the common market also pointed out the potentially devastating effects of free trade on French agriculture, and the potential

conflict between the common market and France's commitment to her overseas territories. In place of the common market, therefore, the French government advocated a new atomic energy community, or Euratom, which had been proposed by Jean Monnet as the centerpiece of a revived European integration process and which appealed to Paris as a way to spread the costs of nuclear research and development (Marjolin 1989: 281-297; Lynch 1997: 169-78).

Thus, when Belgian Foreign Minister Paul-Henri Spaak drafted a Benelux proposal for the relaunching of the European integration process in May 1955, he proposed a linkage between the common market (designed to appeal primarily to the liberal governments of the five) and Euratom (designed to appeal primarily to the French). This linkage was agreed to by the foreign ministers of the Six at the Messina Conference in June of 1955, despite the reluctance of the French delegation, and was maintained later in the meetings of the Spaak Committee and the subsequent intergovernmental conference, leading to the simultaneous signing in March of 1957 of two Treaties of Rome: the EEC Treaty and the Euratom Treaty, respectively.

Throughout these negotiations, the cleavage between market-oriented liberals and the *dirigiste* French establishment was once again dominant, especially over the terms of the common market. Indeed, the predominantly liberal French negotiators in Brussels, faced with hostility to the common market within the French bureaucracy and the National Assembly, were forced to demand a series of revisions to the report of the Spaak Committee, including most notably: a pause after the first stage of trade liberalization, after which a unanimous vote would be required to move onto the second and final stage; temporary safeguard measures for specific industries; special arrangements providing explicit

protection for agriculture in the common market; special arrangements for the French overseas territories; and most controversially, upward harmonization of social and fiscal regulations in order to mitigate or remove the competitive disadvantages which France suffered as a result of her domestic social regulations (Küsters 1987: 89-90). These demands, which would have severely compromised the common market, were summarily rejected by the other five member states in the negotiations, in which the French delegation eventually agreed to compromise on most of their demands.

Overall, the Treaties of Rome bear the imprint of the liberal vision. The central element of the Treaties is, of course, the common market, which is in essence and intent a liberal, market-making project. According to the terms of the Treaty, the common market would be an area characterized by the free movement of goods, services, labor and capital; moreover, the transition to the final stage of the common market, on 1 January 1969, was made automatic, and not subject to a further vote as the French government had originally demanded. In addition to this central element, the Treaty also included several flanking policies favored by the advocates of the liberal vision, including most notably competition and external trade policies. The provisions for competition policy are based on liberal, American-inspired views of anti-trust policy, and provide the Commission with some of its strongest supranational powers to police cartels and concentrations, abuse of dominant positions, and state aids to industry; for this reason, the competition policy laid out in the Treaty of Rome has been characterized aptly as “the first supranational policy” in EU history (McGowan and Wilks 1995). Finally, the Treaty also provides for a common external trade policy vis-à-vis the rest of the world, and authorizes the Commission to represent the common market countries in international trade negotiations. In short, the

clearest, most automatic provisions of the Treaty, and those providing for the greatest supranational competences, are those which provide for the creation of a liberal, free-trading area with significant supranational powers in competition and external trade policy.

By contrast, the few elements of regulated capitalism present in the Treaty were inserted largely at the insistence of the French, and are weak and vague by comparison. Euratom was, of course, the great *dirigiste* counterpart to the common market, but turned out to be less significant than expected in the decades to follow. Within the EEC Treaty, the most striking exception to the liberal project was the Common Agricultural Policy (CAP), reflecting the general conviction in *all* of the member states that agriculture would continue to be protected in the common market; yet the Treaty provisions on the CAP were left quite vague, leading to a string of political struggles between de Gaulle and the other five during the 1960s to secure permanent EC funding for French agriculture (de Menil 1977). The Treaty also included a French inspired Article 141 [119] on equal pay for men and women, which remained a dead letter until its activation by litigation in the late 1960s and 1970s [Hoskyns 1996].

Finally, in response to French concerns about competitive distortions caused by France's advanced social regulations, the Treaty also includes provisions for the "harmonization" of national regulations, most notably in Articles 94 [100] and 308 [235]. Once again, however, these provisions for regulatory harmonization were watered down significantly from the original French proposals, in which successful harmonization of social regulations would be a prerequisite to the final, definitive stage of the common market. By contrast, the final draft of the EEC Treaty simply provides for the possibility of harmonization of social legislation, by a unanimous vote of the Council of Ministers. These

provisions are not, of course, insignificant, and later served as the legal basis for a broad range of EC regulatory policies (Pollack 1994: 123-126). Nevertheless, the harmonization process proved in practice to be slow and inefficient, and a decade later John Pinder (1968) would note the difficulty of so-called “positive integration” in the EC by comparison with “negative integration,” or market liberalization. Indeed, by the mid -1980s the slowness of the harmonization process had led to a proliferation of non-tariff barriers which frustrated the market-making aims of the EEC Treaty. It was this situation that the Single European Act of 1987 was designed to address.

## **2.2 The Single European Act and the primacy of the internal market**

The literature on the Single European Act and the “1992” program is immense, and bears no repetition here (see e.g. Corbett 1987; Cowles 1993; De Ruyt 1986; Gazzo 1986; Moravcsik 1991; Pelkmans 1988). The centerpiece of the Single Act is, of course, the commitment to complete the internal market by the end of 1992, through the adoption of the 300-odd Directives outlined in the Commission’s 1985 White Paper, “Completing the Internal Market” (Commission of the European Communities 1985). The 1992 program was, of course, a quintessentially neoliberal project, and was, in Moravcsik’s terms, the outcome of a long process of convergence among national preferences. Over the course of the 1980s, Moravcsik argues, the key member states of the Community--first Thatcher’s Britain, then Kohl’s Germany, and finally the post-Keynesian, post-1983 Mitterrand government in France--embraced the neoliberal goal of a single European market, which would provide Europe with the economies of scale necessary to compete against the rival economies of the United States and Japan (Moravcsik 1991). It was in this context of neoliberal consensus that Jacques Delors, the new President of the European Commission from 1 January 1985,

proposed the 1992 program, together with a series of institutional reforms designed to facilitate the rapid adoption of the Commission's proposed Directives (Zysman and Sandholtz 1989; Cockfield 1995).

The Single Act itself is--at least by comparison with the later Maastricht and Amsterdam Treaties--a spare document, which faithfully reflects the aims of its neoliberal project. The heart of the Single Act can be found in Article 18 [8A], according to which: "The Community shall adopt measures with the aim of progressively establishing the internal market over a period expiring on 31 December 1992..." In order to facilitate the rapid adoption of the Commission's proposed Directives, the Single Act also provided for limited institutional reform, most notably the adoption of qualified majority voting for internal market issues, and in particular the new Article 95 [100A], which provides for the Council to adopt, by qualified majority vote, "measures for the approximation of the provisions laid down by law, regulation or administrative action in the Member States which have as their object the establishment and functioning of the Internal Market." The decision rule of qualified majority voting is, of course, listed by Hooghe and Marks as one of the hallmarks of the regulated capitalism project; yet, as Moravcsik (1991) points out, the extension of qualified majority voting in the Single European Act is limited largely to the internal market provisions of the Treaty. The Single Act therefore gave Europe the institutional means to establish an internal market, but, as with the EEC Treaty, set a higher threshold for the adoption of social regulation within that market.

However, despite the overall neoliberal thrust of the Single Act, the requirement of unanimous agreement meant that certain aspects of the regulated capitalism project did make it into the text of the Single Act. For the sake of brevity, I focus here on three of these

aspects. First, at the insistence of Italy, Germany and the Benelux countries, the Single Act enhanced the powers of the European Parliament by creating a cooperation procedure, which gave Parliament the right to propose amendments to EC legislation; these amendments, if accepted by the Commission, could then be adopted by the Council of Ministers by a qualified majority vote, but rejected only by unanimity. This new cooperation procedure, by enhancing the powers of the directly elected Parliament, was a clear step in the direction of the regulated capitalism model, but its scope was limited by the Treaty to internal market issues (De Ruyt 1986: 125-26).

A second aspect of the regulated capitalism project was the creation of new sectoral competences for environmental protection, worker health and safety, and research and technological development. These provisions gave the Community explicit competence to adopt Community-wide regulations which were not necessarily tied to the internal market, and to engage in a modest industrial policy aimed at encouraging cross-border R&D collaboration. Yet these provisions essentially codified policies that had previously been adopted on the basis of Articles 94 [100] (internal market) and 308 [235] (the Community's "flexible clause"), rather than creating new policies *de novo*. Furthermore, most of these new competences remained subject to the old decision rules of unanimous voting and consultation, rather than QMV and cooperation with the European Parliament. A new Article 139 [118b], finally, was adopted to promote a "social dialogue" between employers and industry at the European level, but was rarely used prior to the Maastricht Treaty. Hence, only the provision in Article 138 [118a] for the adoption of worker health and safety regulations by qualified majority represented a significant advance in the Community's regulatory capacity.

Third and finally, however, the Single European Act did take a major step toward the ideal of regulatory capitalism in its provisions for a Community “cohesion policy.” Economic and social cohesion was a crucial part of Delors’ vision for an *espace organisé* in which the wealthier member states and regions would demonstrate solidarity with the poorer, and Hooghe and Marks therefore include cohesion alongside regulation as part of their ideal type of regulated capitalism. Among the member states, however, the core cleavage on the issue of cohesion was not between left and right, but rather between the rich and poor member states of the Community. Thus, the key *demandeurs* in the negotiations were the Socialist government of Greece and the Christian Democratic government of Italy, which were supported by Ireland and by the incoming member states of Spain and Portugal. The demands of these states were resisted, however, by both the right- and the left-wing governments of northern Europe, which would become net contributors to any enlarged Structural Funds. In the end, the conference agreed on a series of five new articles for the Treaty (Articles 158-162 [130A-E]) which specified the general objective of economic and social cohesion, called for its integration into other Community policies, and codified the existence of the ERDF, which had hitherto been based on the catch-all Article 308 [235]. The new provisions also called for the comprehensive reform of the Structural Funds, to be decided by a unanimous vote of the Council on the basis of a Commission proposal to be submitted immediately after the entry into force of the Single Act. On the central issue of financing, however, the northern states resisted the demands of the south for an explicit commitment to greater expenditures, opting instead for a non-binding declaration according to which, “The financial resources of the funds... shall be substantially increased in real terms so far as funding possibilities allow.” Subsequently, the size of the Structural Funds



was doubled in February 1988, in a major intergovernmental bargain in which Spain and the other southern states linked the issue of structural financing to the completion of the internal market program (Pollack 1995). Thus, cohesion emerged as the central element of the regulated capitalism project in the Single Act; but its core constituency among the member states consisted not in the European left, but rather in the poorer member states of the south, regardless of their political coloration. Indeed, it was the willingness of these southern member states to block the neoliberal objective of the internal market that gave them the leverage to demand major redistributive transfers--a pattern we shall see repeated at Maastricht.

### **2.3 The Maastricht Treaty and the institutionalization of monetarism**

Once again, the literature on the Maastricht Treaty is extraordinarily rich and detailed, and I will not attempt to summarize it here (see e.g. Cloos et al. 1993; Corbett 1994; Duff et al. 1994; Grant 1994; Laursen and Vanhoonacker 1992; and Ross 1995). Put simply, the Maastricht Treaty encompassed the existing European Communities in the framework of a new European Union, in which the existing EC would constitute the first pillar, while the second and third pillars would involve intergovernmental cooperation in Common Foreign and Security Policy and Justice and Home Affairs, respectively. Within the EC pillar--which is our main concern in the context of the struggle between the neoliberal and regulated capitalism models--the central element of the Treaty was clearly the provision for a neoliberal Economic and Monetary Union informed by monetarist economic views and based on the model of the German Bundesbank.

In her recent book *The Currency of Ideas*, Kathleen R. McNamara (1998) argues that European monetary cooperation, culminating in the Maastricht provisions for EMU, can be

explained in terms of “the historic economic policy convergence that occurred across the majority of Western European governments beginning in the mid-1970s and solidifying in the 1980s. A neoliberal policy consensus that elevated the pursuit of low inflation over growth or employment took hold among political elites, eventually resulting in a downward convergence in inflation rates,” and ultimately in the success of the European Monetary System and the decision to proceed at Maastricht with EMU. Furthermore, McNamara notes, this new policy consensus “is particularly notable because it occurred across most of the EU states, regardless of political party or institutional structure” (McNamara 1998: 3). McNamara explains this Europe-wide embrace of monetarism in terms of three factors. First, the experience of policy failure in the mid- to late-1970s discredited traditional Keynesian policies and spurred the search for alternatives. Second, monetarist theory provided a new policy paradigm for governments seeking to control inflation, even at the expense of the Keynesian objective of full employment. Third and finally, Germany provided a model of successful macroeconomic policy based on the principles of monetarism, and hence “a powerful example to emulate” (McNamara 1998: 5-6). Taken together, McNamara argues, these three factors led European governments of the left and the right to embrace the tight monetary policies prescribed by monetarist theory, and thus provided the prior convergence in preferences which would allow the member states to accept at Maastricht a version of EMU informed by monetarist theory and modeled on the German Bundesbank.<sup>5</sup> In terms of the institutional history of the EU sketched above, the

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<sup>5</sup> For detailed analyses of the EMU provisions of the Treaty, see e.g. Eichenberg 1993; Sandholtz 1993; and Kenen 1995.

Maastricht Treaty therefore represents the extension of the European neoliberal agenda from the internal market to the realm of economic and monetary policy.

Nevertheless, as with the EEC Treaty and the Single European Act, the Maastricht Treaty also includes a number of institutional changes and specific policy competences that reflect elements of the regulated capitalism project. In the area of institutional reform, for example, the Maastricht Treaty facilitates positive social regulation by expanding the use of qualified majority voting for areas outside the realm of internal market policy, including the environment, consumer protection, and a number of areas in social policy. Similarly, and again reflecting Hooghe's and Marks' ideal type of regulated capitalism, the Maastricht Treaty increased the powers of the European Parliament by extending the use of the cooperation procedure and creating a new codecision procedure which gives the Parliament veto power in areas such as the internal market, the environment, and consumer protection.

In terms of sectoral competences, the Maastricht Treaty created explicit EC competences for a number of new policy areas, including consumer protection, public health, education, and even culture (although the latter three areas specifically ruled out harmonization, opting instead for recommendations, coordination of national provisions, and modest financial "incentive" programs). By far the most important new competence in the negotiations, and the most controversial, was social policy, which had been largely absent from the EEC Treaty and had featured only indirectly in the Single European Act under the rubric of worker health and safety. The latter provisions had been extensively used since the entry into force of the Single Act, but in general the adoption of social regulations had lagged far behind internal market liberalization in the late 1980s, and so the Delors

Commission proposed a revised social chapter providing the EC with the competence to adopt harmonized social regulations in a wide range of areas, mostly by qualified majority vote. These proposals led to a bitter debate between the Conservative UK government of John Major, which was the most neoliberal in orientation and opposed any provision for social policy in the Treaty, and the other eleven, which favored to varying degrees a social chapter with at least some qualified majority voting. This basic conflict led to a year-long, eleven-to-one deadlock in the political union IGC, and emerged as the single greatest obstacle to agreement at Maastricht. In an effort to break the deadlock, Dutch Prime Minister Ruud Lubbers proposed watering down the social chapter, but Major rejected this as well, telling his colleagues that: “Just as for you, signing this treaty without the social provisions creates problems, for me it is the other way round. I would not get the support of the British parliament or business” (quoted in Gardner 1991).

At this point, Delors came forward with the idea of an eleven-member “opt-in,” whereby all of the member states other than Britain would agree to a binding Social Protocol to the Treaty, under which the Eleven would adopt social regulations within the framework of the EC institutions but without British participation. This compromise proved acceptable to all twelve member states, and so a Social Protocol was added to the Treaty. Under the terms of the Protocol, the eleven signatories could adopt social policy provisions by qualified majority and in cooperation with the European Parliament in the following areas: improvement of the working environment; working conditions; information and consultation of workers; equality of job opportunities and treatment of work between men and women; and the integration of persons excluded from the labor market. In addition, the Protocol also allowed for harmonization in a number of other areas, including social security and social

protection of workers; protection of workers where their contract is terminated; worker representation; conditions of employment for third-party nationals; and financial contributions for the promotion of employment and job creation. However, the Protocol expressly excluded pay, right of association, the right to strike and the right to impose lock-outs from the scope of EC competence. Finally, the Protocol allowed for the possibility for European employers and unions to negotiate agreements directly through the social dialogue, subject to the approval of the Council of Ministers (Ross 1995: 191; Cloos 1993: 307-15; Corbett 1994: 49-51; European Social Observatory 1993: 52-57). Thus, the Maastricht Social Protocol increased the regulatory capacity of the Union in social policy, but to varying degrees depending on voting rules, and excluding the United Kingdom.<sup>6</sup>

Finally, at the insistence of the “poor four” member states, the 1991 intergovernmental conference took up the issue of cohesion once again. The primary *demandeur* this time was Spain, which came to the IGC with a long list of cohesion-related demands, including an increase in the funding allocated to the Structural Funds; a revision of the Community’s own-resources system, which would better reflect each member states’ ability to pay; and the creation of a new “Interstate Compensation Fund” to help the less prosperous member states to meet the rigorous convergence criteria for EMU. Not surprisingly, Ibanez points out, “these ideas were not very well received in the Member States of northern Europe” (Ibanez 1992: 108). With the exception of a few minor changes to Articles 2 [2] and 158-162 [130A-E], all of the major Spanish demands were rejected by the northern net-contributors, and ignored in the draft Treaties prepared by the Luxembourg

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<sup>6</sup> For good discussions of the Social Protocol and its subsequent use, see Pierson and Leibfried 1995; Kim 1997).

and Dutch presidencies. Realizing, however, that their bargaining leverage would be greatest before the new Treaty was signed, Spanish Prime Minister Felipe Gonzalez and his European Affairs Minister Carlos Westendorp hardened their demands, and the cohesion issue was finally resolved at the Maastricht summit itself in a deal between Kohl (the largest net contributor) and Gonzalez (the largest net recipient). In the end, the Treaty provides for the creation of a new Cohesion Fund for the southern member states, provided that these states adopted national programs to meet the EMU convergence criteria laid down in the Treaty

(Grant 1994: 200; Cloos 1993: 158). Thus the Maastricht Treaty, like the Single European Act, codified the European commitment to economic and social cohesion, and created a new instrument for financial redistribution. Once again, however, the successful coalition was not a coalition of the left, but a coalition of the poor, exploiting the interest of the northern member states in Economic and Monetary Union to secure a redistributive side-payment. In both treaties, cohesion was the price to be paid to pursue the neoliberal core project of the Union.

### **3. The Treaty of Amsterdam**

Summing up the previous section, the three major treaties in the history of the EC/EU demonstrate a clear trend. In each case, the Treaty is dominated by a neoliberal market-building or monetarist project, married to some regulatory or redistributive elements designed to secure the unanimous consent of reluctant member states. Nevertheless, the overall thrust of each Treaty, and of the European integration project, is strikingly

neoliberal, particularly considering the need for unanimous agreement among six, ten, or twelve member states.

In this context, the Amsterdam Treaty is an outlier. Unlike the Rome Treaties, the Single European Act and Maastricht, the 1996 intergovernmental conference was called not to advance any particular policy goal, but rather to review the provisions of the Maastricht Treaty five years on, and to reform the institutions of the Union in preparation for its impending enlargement to the east and south.<sup>7</sup> Thus, at the heart of the Treaty we find no central neoliberal element, but rather a mostly silent affirmation of the status quo on neoliberal issues such as the internal market, competition and trade policy, and EMU. By contrast, however, the Treaty records modest progress on many elements of the regulated capitalism project--except cohesion policy, which is not mentioned at all. Let us explore each of these elements in turn.

### **3.1 Neoliberalism: The status quo preserved**

If one examines the negotiating history of the 1996 intergovernmental conference--available to an unprecedented degree on the Commission's *Europa* website (Commission of the European Communities 1998) and in the pages of *Agence Europe*, *European Report*, and the *Financial Times*--the striking fact is that most of the most of the EU's neoliberal *acquis* was kept off the negotiating table. The internal market provisions of the Treaty, for example, were scarcely discussed at the conference, and the only changes made were a modest extension of the Parliament's co-decision powers to areas such as the right of establishment and the rules governing professions.

In the areas of competition and external trade policy, efforts were made early in the negotiations to amend the Treaty provisions in a more liberal direction, but these mostly failed. In competition policy, Germany in particular campaigned for the creation of a European Cartel Office (modeled on its own *Bundeskartellamt*) which would take over the Commission's responsibilities in competition policy, and which would presumably be more stringent and less open to political pressures in the application of EC competition law (Wilks and McGowan 1995). These demands were, however, rejected early on by a number of other member states. In a similar vein, the Commission pressed for an amendment to Article 133 [113] on external trade policy, which would bring services and intellectual property issues within the realm of the EC's common commercial policy and make them subject to qualified majority vote in the Council of Ministers. The effect of such a change would be not only to enlarge the Community's legal competence, but also to remove national vetoes from these areas of trade policy, giving the Commission greater flexibility to negotiate liberal trade agreements with third countries. Once again, however, a majority of member states, led by France, rejected the Commission's proposals, although the new Treaty does provide for a future incorporation of services and intellectual property into Article 133 [113], by a unanimous vote in the Council of Ministers (Petite 1997: III.2).

With regard to Economic and Monetary Union, finally, the conference made an extraordinary effort to keep the subject off the agenda entirely, lest the conference call the project or its deadline of 1 January 1999 into question; and indeed, the Treaty of Amsterdam is entirely silent on the question of EMU. Nevertheless, the subject of EMU was extensively

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<sup>7</sup> Analysis of the Amsterdam Treaty has been a growth industry in the year since the Treaty was agreed. For excellent general accounts of the 1996 IGC and the Amsterdam Treaty, see e.g. Devuyst 1997; Duff 1997;



and unexpectedly discussed at the Amsterdam European Council itself, as a result of the election of the new French Socialist government of Lionel Jospin two weeks earlier. Elected on wave of protest against EMU-induced austerity measures, Jospin and his economics minister Dominique Strauss-Kahn immediately denounced the German-inspired Stability Pact, which committed EMU members to fiscal austerity after the transition to the euro in 1999, and insisted that the pact be renegotiated to stress the importance of growth and employment, and the need for an “economic government” alongside the new European Central Bank. German Chancellor Helmut Kohl, however, constrained by the Bundesbank and by a hostile German public opinion, resisted any renegotiation of the Stability Pact, as did most of the other member states. In the end, the Jospin government agreed at Amsterdam to sign the Stability Pact unaltered, in return for a non-binding Resolution on Growth and Employment, a proposed European summit on unemployment to be held the following November in Luxembourg, and finally an Employment Chapter written into the text of the Amsterdam Treaty itself (Vernet 1997).

### **3.2 Regulated capitalism: Reforms at the margins**

Thus, in spite of the last-minute electoral convulsions in France, the neoliberal core of the Union--centered around the internal market, EMU, and the flanking policies of competition and external trade--were left essentially untouched in Amsterdam. But to what degree was this neoliberal project challenged by the competing vision of regulated capitalism? Following the outline of the previous sections, in this section I examine the provisions and the negotiation of the Treaty of Amsterdam, beginning with the general

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Edwards and Pijpers 1997; European Policy Centre 1997; European Social Observatory 1997; and Petite 1997.

institutional reforms undertaken at Amsterdam, and then moving to the new and enlarged competences for the Union agreed in the Treaty.

### **3.2.1 General institutional reforms**

Institutional reform was, of course, the great weakness of the 1996 intergovernmental conference, which failed in its attempt to reform EU institutions in preparation for the next enlargement to the east and south. Most notably, the conference failed to agree on the reweighting of votes in the Council of Ministers and on the size of the Commission in an enlarged EU, both of which will be the subject of a future IGC.

This highly publicized failure should not, however, obscure the significant institutional changes that were made by the Amsterdam Treaty, several of which advance the cause of the regulated capitalism project, in particular by strengthening the powers of the EU's supranational organizations. The big winner of the Treaty in this regard was the European Parliament, whose legislative powers were increased substantially through the extension of the co-decision procedure to twenty-three new areas, including public health, the environment, equal opportunities and equal treatment, incentive measures for employment and combating social exclusion, and other areas of social policy. With the exception of the articles concerning EMU, which were left untouched, the cooperation procedure has now been eliminated entirely in favor of the co-decision procedure. The latter procedure, moreover, has been simplified through the removal of the Council's so-called "third reading," in which the Council could previously adopt by unanimous vote legislation which had been rejected by the Parliament. Thus, under the new Treaty, Parliament will participate as a co-equal legislator in most areas of substantive social regulation. In addition

to these key provisions, the Parliament also gains the right to approve the appointment of the Commission president (Petite 1997: IV.1).

The role of the Commission itself was “scarcely questioned at all in the Amsterdam discussions,” according to Petite (1997: IV.3) and the Treaty amendments in this area are minor, relating primarily to the “presidentialization” of the Commission, which will henceforth operate “under the political guidance of its President” (Article 219 [163]). The President will also have a role in selecting individual commissioners “by common accord” with the member governments, and is granted the right to reshuffle Commission portfolios. More generally, Petite points out, the Commission’s right of initiative is strengthened in several ways: by the creation of new Community competences, several of which feature qualified majority voting; by the incorporation of asylum, immigration and visa issues into the first pillar; and by the creation of a shared right of initiative between member states and the Commission for the remaining third pillar issues.

The European Court of Justice, whose powers had been assailed by the Conservative government of Prime Minister John Major early in the conference, in fact benefited from a grudging and complex expansion of its jurisdiction in the “communitarized” areas of asylum, immigration, and visas, and--subject to even greater restrictions--in the remaining third pillar issues.

Finally, with regard to the Council of Ministers, the IGC famously failed to agree upon any generalized move to qualified majority voting, largely because a weakened Chancellor Kohl was forced by domestic opposition to veto the extension of QMV to areas of Länder competence such as culture, industry and the professions. Even here, however, the situation is not entirely bleak, as QMV was accepted for new competences dealing with

equal opportunities for men and women, as well as for public health, incentive measures for employment and to combat social exclusion, and other issues relevant to the regulated capitalism project (Petite 1997: IV.2). It is to these specific competences that we now turn.

### **3.2.2 Specific competences**

In addition to the general institutional reforms mentioned above, the Amsterdam Treaty also introduces or expands Community competences in areas such as employment, social policy, equal opportunities, environmental protection, consumer protection, public health, and human rights. These new and enlarged competences, like the general institutional reforms reviewed above, move the Union in the direction of the project for regulated capitalism, yet the specific provisions and the negotiating history of the Treaty reveal a growing tension within the European left between the traditional socialist vision of a regulatory Europe, held most notably by the government of French Prime Minister Lionel Jospin, and the more market-oriented, center-left vision of British Prime Minister Tony Blair. To understand the nature of this tension, let us consider briefly a few of the provisions of the Treaty.

The issue of employment policy in Europe is, of course, a central question for the project of regulated capitalism, which might easily be expected to advocate a centralized, or at least centrally coordinated, policy to reduce unemployment. In this context, it is striking that the member states agreed unanimously on the inclusion of a new “Employment Chapter” in the Amsterdam Treaty, in line with the project of regulated capitalism. The idea for a new Employment Chapter had been broached early in the conference, in particular by

the Commission and the Swedish delegation, and had attracted the support of many member governments eager to demonstrate the Union's attentiveness to the central concerns of their citizens. The election of the Jospin government in France, furthermore, gave the Employment Chapter an additional impetus, as it was clear that the French would make some movement on employment a precondition for the adoption of the Stability Pact; yet the *content* of the Employment Chapter was fundamentally contested not only between left- and right-wing governments, but within the left as well.

The pivotal figure in this debate was the new British Prime Minister, Tony Blair. Elected just a month before Jospin, on 1 May, Blair had immediately reversed a number of the long-standing neoliberal negotiating positions of the previous Conservative government, agreeing to negotiate new Treaty provisions on social policy, the environment, the powers of the European Parliament, and employment.<sup>8</sup> Indeed, the elections of Blair in May and Jospin in June signalled to many the ascendance in Europe of the political left, which now participated in government in a full 13 of 15 member governments, leaving only Kohl's Germany and Aznar's Spain controlled by the political right.

The diversity of views within the European left was revealed, however, at the meeting of socialist party leaders in Malmo, Sweden, from 5 to 7 June, just two weeks before the Amsterdam European Council. The meeting was the first foreign appearance for Jospin since his election, and in his speech Jospin attacked the neoliberal, monetarist thrust of European integration in recent years. "Market forces," he argued, "if there is no attempt

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<sup>8</sup> Interestingly, Blair's policy reversals were limited entirely to the first, economic, pillar of the Union. In the other two pillars--namely, on the issues of foreign and defense policy, and on the incorporation of Schengen and the third pillar into the European Community--Blair's negotiating positions were virtually identical to those of John Major.

to control them, will threaten our very idea of civilization” (quoted in Reuters 1997). France, according to Jospin, remained in favor of European integration. “But today, with high unemployment, low growth and increasing poverty, Europe can no longer be built on the back of its citizens,” he continued. More specifically, Jospin laid down a series of four demands regarding EMU. First, the Euro should not be overvalued against the dollar and the yen, which Jospin believed provided the United States and Japan with an advantage in export markets. Second, Jospin (supported by Jacques Delors, in attendance at the conference) demanded an “economic government” to coordinate economic, taxation and wage policies and provide a counter-balance to the European Central Bank. Third, Jospin called for the inclusion of Italy and Spain in the first stage of EMU, which would have the dual advantage of avoiding competitive devaluations by those countries as well as diluting the hard core of monetarist countries within the euro zone. Fourth and finally, Jospin demanded an explicit EU commitment to growth and employment, including the expenditure of EU funds to stimulate job creation (Bresson 1997; Marlowe 1997).

Blair’s message at Malmo, by contrast, represented a new, center-left agenda which stressed the fundamental principles of European social democracy, but differed on the details of policy and of institutional reform. Like Jospin, Blair argued that employment should be placed at the center of the EU agenda. “The most immediate challenge facing the Union is tackling unemployment--finding work and keeping work is a key priority for Europe’s citizens and making that happen must be a priority for the EU,” Blair wrote on the eve of the conference (quoted in Clare 1997). Yet the tone of Blair’s remarks was far less interventionist than Jospin’s. Indeed, in Malmo Blair lectured the other socialist leaders on the need for reform, telling them that, like the British Labor Party, European socialists must

“modernise or die.” In place of the statist policies of the old left, Blair argued, the left and center-left in Europe should adopt new policies emphasizing flexible labor markets, worker retraining, and a reformed welfare state. “Our task,” he argued, “is not to go on fighting old battles but to show that there is a third way, a way of marrying together an open competitive and successful economy with a just, decent and humane society” (quoted in Shrimley 1997). On the specific provisions of the draft Treaty, Blair indicated that he would accept an Employment Chapter and a Social Chapter in the Treaty, but only if these emphasized labor market flexibility and avoided over-regulation of the European labor market:

We must make sure that in taking action to create jobs we do not do anything which would damage Europe’s competitiveness. To be unemployed because of a government’s good intentions does not make the situation any more pleasant. The risk that the employment chapter might backfire, putting in jeopardy more jobs than it creates, is not one that I am prepared to take (quoted in Clare 1997).

Blair also rejected any additional expenditure of EU funds to deal with unemployment (Royle 1997). The difference in emphasis between Blair’s message and Jospin’s was stark. As Klaus Hänsch, former President of the European Parliament, put it: “European social democracy has to make a choice between Blair and Jospin, between new Labour and old socialism” (quoted in Barber 1997).

On the issue of employment, the member states opted for Blair’s version. The Employment Chapter agreed to in Amsterdam and incorporated into the Treaty (Articles 125-130 [109n-109s]) formally makes “a high level of employment” an EU objective, and provides for coordination and monitoring of national employment policies, and the creation of an advisory committee on employment. However, at the summit the Blair and Kohl joined together to rule out any harmonization in the area of employment policy, and to block any major new EU spending on employment programs, which are restricted to pilot projects

of limited scope and duration.<sup>9</sup> In short, the new treaty provisions place employment clearly on the EU agenda, and require member states to account for their national employment strategies on an annual basis in a way that would have been unthinkable just a few years earlier; yet the approach is voluntaristic and falls short of granting the Union any significant regulatory or redistributive capacity. As one British government official commented after the Amsterdam European Council: “There is a very clear British stamp on the employment chapter and the summit conclusions. Flexible labour markets, welfare reform, the refusal to put more costs on business, these are very much on the agenda.... [Blair] does feel that there is an argument being engaged here and it’s one that he can win.” Blair himself struck a similar tone in his assessment of Amsterdam: “The summit as a whole focused in a very, very important way on the issue of jobs and economic reform, the focus being on education, skills, flexible labor markets *rather than old-style state intervention and regulation*” (quoted in Smart and Coman 1997; emphasis added).

The Amsterdam provisions on social policy tell a similar story. The key issue here was the reform of the Maastricht Social Protocol, which the Commission had proposed incorporating into the body of the EC Treaty, with the support of the fourteen member states that had signed the Protocol. This initiative had been blocked by the Conservative government of John Major throughout most of the IGC, but soon after the British elections, Blair announced that the United Kingdom would agree to sign the Social Protocol, which was incorporated into the EC Treaty as Articles 136-143 [117-120] and thus became binding

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<sup>9</sup> For detailed analyses of the Employment Chapter, see Devuyt 1997: 9; Petite 1997: II.1; and European Parliament 1997a and 1997b.



on all the member states. As we have seen, however, Blair also argued at Malmö against over-regulation of the European economy, and on the eve of the Amsterdam European Council the British delegation indicated that it would oppose any extension of qualified majority voting under the Social Protocol, which was therefore incorporated into the EC Treaty without any changes in the Council voting rules (Helm and Jones 1997). The revised social chapter nevertheless contains a few moderate advances in the EC's regulatory capacity, including an upgrading of the Parliament's role to co-decision for all measures decided by qualified majority in the Council; an explicit reference to fundamental social rights (which are not, however, directly effective); and a new provision allowing the adoption, by qualified majority and with co-decision, of incentive programs to combat social exclusion. Perhaps most significantly, the new Treaty includes a substantially revised Article 141 [119] reaffirming the principle of equal pay for equal work or "work of comparable value" (in line with the case law of the European Court) and providing for the adoption of legislation aimed at equal treatment and equal opportunities of men and women in the workplace, by qualified majority and with co-decision for the European Parliament. These provisions have been criticized by women's rights advocates, who argue that the effect of the new Treaty provisions is limited to women as participants in the workplace, and does not guarantee equality between men and women more generally (see e.g. Commission of the European Communities 1997). Nevertheless, within the limited sphere of the workplace, the new Treaty provisions should facilitate the adoption of equal opportunities and equal treatment legislation in the future, and in this regard the new Article 141 [119], like the communitarization of the Social Protocol more generally, represents a modest increase in the regulatory capacity of the Union.

In addition to the core competences of employment and social policy, the provisions relating to the environment, consumer protection and public health were all the subject of modest revisions, strengthening the EU's regulatory capacity to varying degrees. In the case of the environment, the major change was an alteration of Article 95 [100A], which now allows member states to introduce new environmental standards (rather than simply retain existing standards) stricter than those of Community legislation, on the basis of new scientific evidence. This new provision, inserted at the insistence of the northern European countries, instructs the Commission to examine these new national provisions and issue a ruling within six months; in the absence of such a ruling, the new national standard will be deemed to have been approved. In addition to this central provision, the IGC also agreed to strengthen the Parliament's role in environmental policy from cooperation to co-decision; the Commission's proposal to adopt qualified majority voting for all environmental legislation was, however, rejected. Finally, the language on sustainable development and the integration of the environment into other policies was strengthened as well (Europe Environment 1997). The result of these changes is not revolutionary, but the new Treaty will nevertheless allow the European Parliament a greater say in environmental regulation, and leave individual member states with greater leeway to adopt stricter standards after harmonization, both of which are in keeping with the agenda of regulated capitalism.

In the case of public health, the new Treaty calls for high standards to be adopted at the European level for human organs, blood and blood derivatives; it also provides for the use of the co-decision procedure in the case of veterinary and plant health measures for the direct purpose of public health protection, which had previously fallen under Article 37 [43] (consultation procedure). The changes in consumer protection are more modest, simply

clarifying the objectives of the Community and making mention of consumers' rights to information and education; by comparison with Maastricht, the Community's regulatory competence is not significantly enhanced.

Finally, the Amsterdam Treaty substantially strengthens the Union's commitment to human rights, in a number of ways. First, the Treaty empowers the European Court of Justice to review the actions of the Community institutions for respect of fundamental human rights. Second, in anticipation of EU enlargement to new member states with only short histories of human rights protection, the Treaty creates a new mechanism to penalize member states that persistently or seriously violate fundamental human rights; in particular, the Council may decide by a qualified majority vote to suspend the rights of a member state in violation. Third and finally, the Treaty includes a general non-discrimination clause which allows the Council to adopt, by unanimous vote and after consulting the European Parliament, legislation to outlaw discrimination on the basis of sex, racial or ethnic origin, religion or belief, disability, age and sexual orientation. This an extraordinarily broad statement of non-discrimination, going beyond the narrow labor-market provisions of Article 141[119] but the Treaty nevertheless stopped short of creating a directly effective right to non-discrimination that could be claimed by individuals and enforced in the courts, settling instead for a relatively demanding competence to legislate at the European level in the future (Petite 1997: I.1).

In sum, the Treaty of Amsterdam increases modestly the regulatory capacity of the Union in most of the key issue-areas of the regulated capitalism project, subject to the limitations imposed by Blair's less interventionist approach to employment and social policy. The major exception to this trend is the issue of cohesion, on which the Treaty is

silent. Indeed, by contrast with the 1985 and 1991 conferences, the subject of cohesion was barely discussed in the 1996 IGC, for several reasons. First, most of the delegations, including the traditional *demandeurs* such as Spain and Greece, accepted that the real bargaining over the future of cohesion policy would occur in 1999, when the Union is scheduled to adopt the financial perspectives for the period 2000-2006. Second, by contrast with the Single European Act and the Maastricht Treaty, the Amsterdam Treaty contains no core neoliberal project, and hence no opportunity for the cohesion countries to demand redistributive side-payments from the wealthier member states in return for their agreement. More generally, the lack of any significant provisions on cohesion in the Amsterdam Treaty demonstrates that economic and social cohesion, while a central part of Delors' intellectual project for an *espace organisé*, finds its constituency in the poor countries of southern Europe, regardless of their political coloration, and not in the political left. Hence, the left and center-left majority at Amsterdam embraced much of the project of regulated capitalism, but remained silent on the issue of cohesion.

#### **4. Conclusions**

The European Union has implications for the left-right dimension of European political life. These implications can be theorized, in ideal-typical terms, as a struggle between the competing projects of neoliberalism and regulated capitalism. International treaties are not politically innocent in this struggle, but rather facilitate or hinder the adoption of these respective projects. In this context, I have argued that the core project of European integration from the EEC Treaty to the Maastricht Treaty has been neoliberal, focusing around the twin goals of the internal market and monetary integration. The Treaty

of Amsterdam left in place the bedrock of this neoliberal project, which had since become the object of consensus among the member governments, both left and right, of the European Union. As we have seen, however, the Amsterdam Treaty also went beyond the EU's neoliberal core, adding to it a series of more or less significant changes in institutional provisions and sectoral competences, and moving the Union subtly to the left by comparison with the neoliberal thrust of the previous treaties.

How might we explain this leftward turn, however modest, in the Amsterdam Treaty? Once again, the aim of this chapter is analytical rather than explanatory, and I do not intend to put forward a new theory of intergovernmental decision-making here. A thorough explanation of the outcome at Amsterdam would no doubt have to consider multiple factors, including the difficult experience of the Maastricht ratification debates, the economic context of high unemployment rates throughout Europe, and the accession in 1995 of new member states with a long tradition of open government and social regulation. Taken together, such factors take us some way toward explaining the increased emphasis on issues perceived to be important to ordinary citizens, such as employment, social policy, the environment, and the free movement of persons.

Perhaps most importantly, however, the brief account of the 1996 intergovernmental conference offered above points clearly to the partisan composition of the governments at Amsterdam as an important causal factor in explaining the outcome of the conference. In June of 1997, an astounding 13 of the 15 EU governments included socialists or social-democrats among the governing coalition, including the pivotal British, French and Italian governments; nine of these countries were led by socialist or social democratic prime ministers. Germany, moreover, was led by Helmut Kohl's CDU, which, despite sniping

from its liberal FDP partners, has historically been a proponent of the model of regulated capitalism. In the context of the negotiating record of the conference, it seems clear that the emphasis on social issues in the Treaty can only be explained in terms of the last-minute victories of leftist governments in France and especially the United Kingdom, where the Blair government reversed long-standing British vetoes on key issues such as the Social Protocol, the Employment Chapter, environmental policy and the European Parliament. In Moravcsik's (1991) language, the preferences of EU member governments converged--by electoral mandate. The Treaty of Amsterdam was negotiated principally by governments of the left and center-left, and bears their imprint.

Yet the Treaty of Amsterdam does not represent the triumph of a traditional socialist or social democratic ideal of regulated capitalism. Rather, I have argued, the Treaty of Amsterdam, and in particular the key sections of the Treaty dealing with matters of employment and social policy, were shaped largely by the new government, and the new governing philosophy, of Tony Blair. As the leader of New Labour, and now as Prime Minister, Blair has accepted the central elements of the neoliberal status quo he inherited from Margaret Thatcher, seeking only modest regulatory and redistributive changes around the margins of Thatcher's neoliberal legacy. Similarly, the Treaty of Amsterdam accepts and incorporates the fundamental neoliberal thrust of the earlier treaties, while superimposing on these treaties a number of provisions that indicate a commitment to traditional social democratic principles such as employment and social protection, without significantly increasing the ability of the Union to adopt binding European policies in these areas.

What, then, are we to make of this Blairite Treaty? I see two possible interpretations. In the first interpretation, Blair--and by extension the Amsterdam Treaty,

which reflects his views--represents the capitulation of the European left, which has swallowed the neoliberal prescription of free trade and monetarist economics, and offers only weak, symbolic Treaty provisions to address questions of employment and social policy without actually providing the Union with the institutional means to act in these areas. The second interpretation, most prominently offered by sociologist Anthony Giddens, is that Blair is in the process of defining a third way, a new radical politics "beyond left and right," based not on state intervention and regulation but rather on preparing individuals to survive and prosper in the new global economy (Giddens 1994; 1996; 1997). It is, as yet, too early to judge whether Giddens' interpretation holds water: Blair's third way is as yet poorly defined, especially at the European level, and the Amsterdam Treaty has yet to enter into force. Yet, it remains an intriguing and ironic possibility that, just as scholars like Hix, Hooghe and Marks are exploring the left-right implications of European integration, centrists like Blair and Giddens claim to be transcending a left-right distinction that is too blunt, and too outdated, to serve as a guide to policy in the new global economy.

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