European Economic Governance in 2017: A Recovery for Whom?

ROSALIND CAVAGHAN¹ and MUIREANN O’DWYER²
¹Glasgow Caledonian University. ²University of Warwick

Introduction

In 2016, *JCMS*’s special issue ‘Another Theory is Possible’ argued that both EU Studies and the EU find themselves in need of a re-invigorated, poly-phonic debate which questions the socio-economic power structures and narratives of exclusion potentially embedded in all politics (Manners and Whitman, 2015). In this contribution focusing on the EU’s economic policy, we take up this challenge applying an intersectional lens to review the positive narrative of growth and recovery that the European Commission, amongst others, deployed in 2017. Our analysis shows how EU economic policy plays a key role in establishing gendered and racialized hierarchies in the EU. Additionally, this reveals the gendered and racialized dynamics at the heart of European integration itself. We demonstrate the urgent need for EU studies to take such dynamics seriously in seeking to understand the European Union of 2017 and beyond.

Taking an intersectional, perspective, we problematize who the audience for this positive narrative is and whose economic well-being is understood to ‘count’. As such, we examine the *gender constitutive effects* of the EU as an economic actor. We explore how European integration is progressing through the establishment of a common economic space (Hoskyns, 2008, p. 108) built through the pursuit of gender-blind and gender-biased economic goals promoted by the EU. This is an EU which ignores women as economic citizens and economic actors. In building this critique of the narratives of the EU’s economic ‘success’ or of ‘the end of the crisis’, we draw on two existing bodies of work: existing critical political economic approaches to EU integration which have sought to understand the full implications of the shifts in the EU’s economic governance structures, the flexibility and political opportunism of the EU’s economic narrative (Rosamond, 2002; Ryner, 2015; Schmidt, 2016), and Feminist Political Economy critiques which have uncovered ‘strategic silences’ in ‘mainstream’ approaches to macro-economic policy (Picchio, 2015; Schuberth and Young,
These perspectives are united by the way that they shed light on how the EU is (re-)shaping the contours and limits of political arena. As the EU’s institutions seek to portray a break with the crisis and a return to normality, we interrogate this narrative of exiting crisis, arguing that it serves to entrench and continue economic priorities and assumptions established in the heat of the crisis. The narrow economic interests of finance and global markets that were prioritized during the crisis remain dominant in this ‘post-crisis’ moment, presented as universal. The pursuit of these interests does not serve those most impacted by the crisis itself: women and other marginalized groups.

It is possible to tell the story of the European economy in 2017 as one of recovery. Several prominent indicators show a growing economy, with unemployment continuing its downward trajectory, debt low and confidence among the business community high (European Commission, 2017e). The overwhelming anxiety of crisis management has dissipated and several developments suggest a return to a more ‘normal’ policy-making regime – albeit one that is committed to the reforms implemented in the heat of the crisis. In his, now annual, State of the Union address to the European Parliament, Commission President Jean-Claude Juncker celebrated the recovery and growth, delighting in the fact that growth in the EU has outstripped that of the United States for the past two years (European Commission, 2017e). These signals of success cannot hide many of the continuing weaknesses in the architecture of the European economy – the problems of divergent economic models remain, and there are still several banks and financial institutions that give reason for caution (Hodson, 2017), and of course, the gender blind nature of the policies, something which we critique in depth below. Nonetheless the dominant narrative of recovery has motivated discussions of future reforms. Where the review of the European economy in last year’s Annual Review posed the question of how long the recovery could last (Benczes and Szent-Iványi, 2017) this year’s contribution asks a different question: a recovery for whom?

Juncker and other key actors in European economic policy have pointed to several indicators to justify their claim that the ‘sun is shining’. For example, in the Autumn forecast of 2017, the Commission begins by noting, ‘The EU economy as a whole is also set to beat expectations with robust growth of 2.3% this year’ (up from 1.9 per cent in spring) (European Commission, 2017a). GDP figures are key to the narrative of a successful recovery. Levels of
business confidence, as measured by the Commission’s Business Cycle Indicators instrument, showed impressive increases throughout 2017, especially in the third and fourth quarter (European Commission, 2017b, 2017c). Other measures are somewhat less dramatic – unemployment is down across the EU as a whole, though there remains scope for a further decline. Additionally, wage growth has been slower than could be expected in a recovery marked by such significant growth figures. This indicates the role being played in this recovery by unconventional monetary policy, as well as a strong global economic upturn. However, the reliance on these indicators in the narration of the ‘recovery’ also points to questions about what gets included in discussions of the European economy, and crucially, who, and what, gets left out.

I. The Politics of Economic Governance in 2017

‘We are now in the fifth year of an economic recovery that really reaches every single Member State’ – Jean Claude Juncker, State of the Union Address 2017.

In 2017 we observed the continued contests between the Commission and the European Council concerning control over economic policy, and for legitimacy in this policy area. This contest perpetuates the sidelining of the European Parliament. While the Parliament has attempted to develop a voice in economic governance, and has engaged with the other institutions in informal ways, it remains secondary in the major debates (Bressanelli and Chelotti, 2017). The Parliament remains a consultative actor in economic policy, which drastically limits its ability to impact on this area. This is particularly striking, given the fact that the Parliament is more likely to offer alternative accounts of both the crisis and the recovery, and has an established track record of providing a platform to feminist political concerns. The exclusion of the Parliament reflects a wider issue of democratic legitimacy in economic policy-making. Despite widespread critique of the anti-democratic nature of much of the reforms enacted in response to the crisis (Gearty, 2015), the various proposed reforms to the regime do not address this question. In fact, the various proposals for clearer external representation in economic affairs, which dominate the sections on legitimacy and democracy in the reform documents of the Commission, for example in the White Paper published in the Summer, reflect a desire for greater competence for the Commission and other EU level
actors. The issue of external representation is a recognized challenge (Hodson, 2017) however, it is not the only, or even the primary, legitimacy challenge faced by the EU in economic policy (Jones, 2009; Scharpf, 2013).

The shift back to ‘normal’ politics is perhaps best reflected by some of the personnel changes across various economic policy institutions. The election of a new President of the Eurogroup, once seen as a key player in protecting the existence of the Euro and thus the European project, was overshadowed in the media by the on-going Brexit negotiations. The selection of a Finance Minister, Mário Centeno, from a former bail-out country to head up the meetings of eurozone Finance Ministers reflects the transformation of Portugal’s own economic image from problem child to first in class. Indeed, the lack of media attention paid to the election of its president is also a sign of the Eurogroup becoming more like a normal EU institution, and though it still lacks the formal legal underpinnings of other Council formations, its authority is widely accepted (Craig, 2017). The year 2017 also saw the debate over personnel at the European Central Bank step up a level, as debates over the purpose and mandate of the ECB look set to shape the contest to replace Mario Draghi, and fill other positions on the governing board. Indicatively, the focus of this contest surrounds the speed at which unconventional monetary policy is wound up, further indicating the sense of normality returning.

In the interest of setting the agenda, the European Council produced a collection of documents advocating for reforms in October. At the December Council meeting, member state leaders argued for a reform programme that focused primarily on continuing structural reforms, and aiming for economic convergence. They also tasked the Eurogroup with developing a roadmap for completing the Banking Union, a European Monetary Fund and a capital markets union. Not to be outdone, in December the Commission published its proposed reforms. These proposals presented a more supranational approach to economic governance, with greater oversight power for the Commission itself, and a continuation of the role of DG ECFIN in driving the European Semester. However, it is notable that amongst all of the reform proposals there is a particular understanding of the democratic and legitimacy challenges being faced. We would point out that the proposals for a Eurozone Finance Minister, for example, are premised on a belief in the need for more efficient management of
economic policy. Whether such a position would sit in the Council or the Commission, has proven a point of contention at the EU level, but questions of accountability have thus far not. The politics of these competing visions for economic governance tabled in these debates replicate a classic divide between intergovernmental and supranational visions of EU functioning. Notably however each of the current options on the menu are similar in the way they serve to sideline alternative visions.

The shift away from crisis narratives and the retreat of the mantra that ‘There Is No Alternative’ have meant that there are now some debates over the substance of future reforms. This is to be welcomed, while such debates may slow down reforms and may often simply reflect the self-interested motivations of member states and the EU institutions, we argue strongly that a continuation of the practice of imposing new reforms and structures that typified the ‘crisis years’ would be inherently dangerous for the democratic legitimacy of the EU. Furthermore, the presence of some debate does not, by any stretch indicate that powerful practices of exclusion and strategic framing are not still at play. In the next section, we explore how the concerns of feminists continue to be sidelined from discussions of the economic policy in 2017, and how the very measures which are motivating Juncker to speak of the ‘wind in Europe’s sails’ systematically obscure the experiences of the economically vulnerable throughout Europe.

The sense of now being in a ‘post-crisis’ moment can also be seen in attempts to rebalance EU policy-making through attempts to ‘bring the social back in’. Responding to criticism from many quarters, the EU this year launched the European Pillar of Social Rights. Whether or not this process has successfully ‘rebalanced’ the European Semester remains a highly contested issue (Maricut and Puetter, 2017). We argue that the prominence of these questions both in 2017 and previous years highlights the importance of the debate concerning the purpose of economic governance, how we measure economic progress or decline, and even how we define the economy itself. Observing how these debates play out gives us an opportunity to test for whether the economic crisis did in fact feature a discursive process of excluding social and other concerns, through the ‘duty to yield’ (Skjeie, 2006) generated by a crisis rhetoric that drew the boundaries around the ‘crisis’, in such a way as to establish and justify a hierarchy of concerns. It is in the moment of recovery that we can really explore how effective such a discourse was, and continues to be. If the justification for excluding feminist
and other social input into economic policy was that such inputs were unsuited for a crisis moment, then how they continue to be excluded highlights how such sidelining was strategic, rather than pragmatic.

Beyond the establishment of the Social Pillar, other concerns and issues which were sidelined during the crisis may be returning to the agenda. For example, the Commission has launched (or re-launched) plans to tackle the gender pay gap in Europe (European Commission, 2017d). However these have originated in DG Justice, and they seem to have had limited impact upon or input from DG ECFIN, perpetuating the divide that sees gender equality concerns as political rather than economic. This reflects the continuation in 2017 of the attempts by DG ECFIN to maintain control over economic matters, and to present a distinctive definition of what counts as economic (Cavaghan, 2017).

II. Developing an Alternative Lens for 2017

Gender equality and the economy are firmly intertwined in a mutually constitutive relationship. Gender is often misunderstood within mainstream EU studies as ‘merely another variable of analysis rather than an intrinsic axis of power’ (Guerrina et al., 2018). The extensive literature of feminist political science however has emphasized gender as a fluid and constantly re-negotiated system of meaning which plays a pivotal, structural, role in the distribution of power and roles and opportunities (Connell, 1990). Intersectional approaches explicitly point out that experiences of gender hierarchies vary in accordance with other structural axes of inequality such as race or class (Collins and Bilge, 2016; Hancock, 2007). Thus, intersectionality is ‘a way of looking at the world that takes a principled stance ... that gender ... is simultaneously operative with other [axes of difference] like race, class, sexuality and religion’ (Wekker, 2016, p. 21). Feminist and intersectional approaches highlight whose interests are understood as the default.

Feminist approaches thus go far beyond any understanding of gender as simply a variable and it is these frameworks that we apply to our discussion of current EU narratives of ‘recovery’, ‘normality’ and proposed reforms. Feminist literatures have shown how economic policies create, entrench and obscure racial and gender inequalities (Gill and Roberts, 2011; Grown et al., 2000). Much of this analysis was developed in assessments of structural adjustment
policies implemented in the global south in the 1980s and 1990s (Griffin, 2015; Klatzer and Schlager, 2014), which bear uncanny similarities to the EU’s ‘Austerity’ policies. So, in the following we interrogate the production of knowledge about the economy and economic interests in Europe. We develop an intersectional analysis of 2017 by asking: who is at stake and who has authority to define public policy goals within the institutional configuration of economic governance in the EU.

III. Theorizing the Gendering Effects of EU Economic Policy

Feminist political economists have argued that the financial crisis writ large has been used to constitute a ‘new normal’ where intersectional inequalities are being entrenched through austerity policies, presented as ‘the only option’ during the crisis (Griffin, 2017; Hozic and True, 2016). These literatures pointed out the political dominance of neo-classical economic paradigms in policy-making circles across the board (Balakrishnan et al., 2010; Picchio, 2015) and demonstrated that the economic policies they lead to are premised on significant, though implicit, sexist assumptions (Bakker 1994, Cavaghan 2017, O’Dwyer, 2017). In revealing these assumptions and their implications, feminist accounts have made the political and economic consequences of macro-economic policies like EU austerity visible.

In the wake of the economic crisis, flagship commitments to gender mainstreaming and to increasing women’s employment which had been prominent in the era of the Lisbon Strategy and the European Employment Strategy, disappeared from the EU’s rhetoric (Cavaghan 2017, Karamessini and Rubery, 2013) as the financial crisis was used as a pretext to entrench rule-based economic policies (Addabbo et al., 2018, p. 8). These focused on deficit and debt reduction, leading to cuts in state provision of public services in areas such as child, health and care for the elderly or reducing state support for carers and welfare support (Karamessini and Rubery, 2013). These policies dump reproductive labour back into the ‘private’ sphere, homes and families, where in all EU member states, it is disproportionately taken up by women. Deregulations in the labour market often described in EU policy documents as ‘structural reforms’ which lead to a decline in working conditions have also disproportionately affected women already clustered in part-time, lower paid and more insecure work (Karamessini and Rubery, 2013). Finally, women’s employment has been
disproportionately affected by public sector cuts, because women are over represented working within it.

This raises questions of whose interests are being included in the pronouncements of recovery and return to normality, now being posited by EU institutions. The EU’s economic governance, instituted since the crisis, is a process which has encouraged and legitimized a withdrawal of state support for the reproductive economy. There are a number of gendered outcomes to be highlighted here. Firstly, it has eroded the sharing of these burdens amongst tax-payers and employers, dumping them onto women. Secondly, long-term upward trends in women’s employment throughout the EU, a flagship element of the EU’s prior economic strategies, have been halted (Karamessini and Rubery, 2013). Thirdly, inequalities in men and women’s time use have increased as the proportion of women’s time spent on domestic labour has increased and their leisure time has decreased (European Institute for Gender Equality 2017, p. 38). It thus appears that the ‘structural subsidy’ extracted from women’s unpaid work for the productive economy across the EU has increased since the implementation of austerity.

Feminist critiques argue that this situation is sustained by the silence maintained around women’s (diverse) economic experience as producers and reproducers (Acker, 2004; Bakker 1994; O’Dwyer, 2018) and the use of technical and (wilfully) inaccessible economic jargon which obscures the unequal economic relations between men and women that these kinds of policies entrench (Cavaghan 2017). This is a classic instance of ‘the strategic silence’ at work. These gendered relationships of dependence and entrenched ignorance of them are wrapped up in common economic conceptions and measures, such as measurements of GDP (Coyle, 2015), competitiveness (Gillespie and Khan, 2016) classification of investment and infrastructure (De Henau et al., 2016), and measurements of growth. If we revisit the measures of success posited in 2017’s narrations of success and a return to normality, it is precisely these types of indicators which are being used to build this narrative.

If we turn our focus to the EU’s pronouncements of ‘recovery’ and its proposals for reform, we can interrogate them as mechanisms through with EU produces knowledge about the
economy. This knowledge is loaded with assumptions about what is and is not relevant, or significant. Important critiques have emphasized that women of colour’s and migrants’ economic marginalization is persistently portrayed as though it were acceptable, unremarkable or simply unimportant (Bassel and Emejulu, 2017; Emejulu and Bassel, 2017; Strolovitch, 2013). These authors build on black anti-capitalist and black feminist critique, which has long emphasized the political implications of suppressing the production of knowledge concerning the political and economic marginalization of people of colour (Collins, 1990; Mills, 2007). These processes produce marginalized groups and ‘minority’ status (Bassel and Emejulu, 2017). Kinnvall (2016) and Wekker (2016) for example have highlighted the links between white economic and political dominance; the suppression of knowledge concerning racial oppression and economic marginalization; and the construction of ‘Europe’. These dynamics are at play in current narratives of economic recovery.

In addition to the broadly conceived gendered dynamics outlined above, EU responses to the financial crisis have deepened intersectional hierarchies between women, intensifying problematic dynamics already set in train through the EU’s flagship gender sensitive labour force activation policies (The Lisbon Strategy for instance). Here, two dynamics have worked in tandem. The EU’s attention to racial discrimination and to women’s specific gendered experiences of it, lags far behind its rhetoric on gender equality (Agustín, 2013) and EU institutions have a long history of confusing ‘working white women’ with all women (Hoskyns, 1996). As a result, EU policies, even before the financial crisis exacerbated social and economic polarization between white middle-class professional women on the one hand and European minority/migrant women, on the other. White middle-class women’s movement into paid employment has increased demand for cheap domestic labour. In parallel, minority women suffering (unaddressed) discrimination in the formal economy, found employment in the causalized home working economy, meeting demands for domestic labour (Williams, 2003). These deepening inequalities between women after the financial

---

1 North American black feminist scholars often use the descriptor ‘women of colour’. In the European context however categories describing racial and migrant groups differ according to national administrative and cultural context. In view of this complexity we follow Bassel and Emejulu (2017) and use the term ‘minority women’ to describe women who experience the effects of racialization, class and gender domination, in instances when we require an umbrella term suitable for the European context.
crisis have been acknowledged by feminist scholars and women’s advocates (Karamessini and Rubery, 2014; European Institute for Gender Equality, 2017). In Greece for example women’s unemployment as a whole fell by 14.3 per cent over the four years 2008–12. Migrant women’s employment however plunged from 50.9 per cent to 38.6 per cent in 21 months between the third quarter of 2010 to the second quarter of 2012 (Karamessini, 2013, p. 171). Eighty per cent of this group are employed in domestic roles in households and this dramatic shift in migrant women’s employment coincided with the implementation of tax increases and wage and pension cuts in 2010 and 2011 which lead to a decline in middle-class households’ incomes (Karamessini, 2013, p.172).

IV. The So-Called Recovery and The Shape of Europe in 2017

Feminist approaches thus furnish us with a set of questions about the narrative of recovery. Does recovery or return to normality, which the Commission and others have sought to portray, mean that the long-term increase in women’s employment, which was halted by austerity policies, has been restored? Is women’s employment now growing at the same speed as before the crisis, so that their labour market participation is increasing in line with trends and flagship targets established in the Lisbon Strategy? Does the recovery mean that the quality of women’s employment has improved to pre-austerity levels? Have intersectional inequalities between women disappeared so that minority women in Europe can expect a quality of life unaffected by patterns of racial discrimination and marginalization? Do women enjoy the same level of access to public services and carers allowances as they did before austerity? In fact, these types of measures are notably absent from the Commission’s pronouncements of ‘recovery’ and return to normality. What kind of recovery then is this and who benefits from it?

This type of silencing and exclusion has profound implications for the character of the EU as a governance regime and emerging state-like entity. The EU’s policy responses to the financial crisis eroded hard-won steps towards a more equitable sharing of reproductive labour between the state, employers and families (where women disproportionately perform reproductive labour) in the European economy. Previous economic strategies such as the Lisbon Strategy indicated some engagement with the relationship between the productive and
the reproductive economy, including commitments to childcare, for example (Galligan, 2017). These kinds of commitments lent a liberal feminist credibility to the EU’s proclamations that gender equality is a flagship EU value, something Frans Timmermans effusively claimed on International Women’s day in 2017 stating ‘The European Union stands by women in Europe and around the globe today, as it did at the time of its foundation’.

In the last ten years though, austerity measures have caused predictable and well-known gendered and racialized economic hardships. During this time, a notion of economic governance as technocratic, incontestable and legitimately immune from progressive critiques has been fostered. This is not a position accepted by critical political-economists, including feminist economists (Balakrishnan et al., 2010). Rather, a feminist lens identifies this as a European version of ‘the strategic silence’ which misrepresents the relationships between the productive and the reproductive economy and which wilfully obscures the deeply entrenched gendered and racialized hierarchies which EU economic policy actively maintains.

In the first years following the onset of the crisis during the atmosphere of ‘fire-fighting’, the absence of intersectional gender analysis was paralleled by the absence of other social or environmental concerns. However, in 2017 as the reforms enacted in response to the crisis are being normalized, this strategic silence remains. Looking at 2017, we can see how in moving to a discourse of recovery, the exclusion of concerns with gender equality, which was previously justified through reference to emergency and crisis, has been maintained. In this light, such exclusions cannot be viewed as a temporary reflection of a heightened focus on particular areas of economic policy during the crisis. Rather, they reflect a broader exclusionary practice within EU economic policy-making that situates concerns with gender and racial equality outside of economic policy. Austerity and the 2017 normalization of the governance mechanisms associated with it are thus intensifying long-standing tendencies within EU institutions. Namely the assumption, that women’s interests are part of the social policy sphere only (EU member state level), or a niche gender equality silo, rather than deeply entwined with EU economic policy. Even before austerity, feminist EU integration theorists pointed out how the EU’s economic/social binary places women’s interests outside the political sphere delineated by the EU (Kronsell, 2005), thus locking them out of an
important part of the reconfigured state within the EU. This reinvigorated exclusion of women’s interests in the dawning of the EU’s new normal and recovery is the first step in the generation of an entrenched imbalance in EU policy-making which has profound and negative gender constitutive effects.

In addition, however, if we turn to institutional attempts to build up a social response to the European Semester we can see that they remain limited, and lag significantly behind. The European Pillar of Social Rights, launched in 2017 to great fanfare, lacks any binding power. The ‘rights’ of the pillar are in fact objectives, with no legal standing. While the recommendations of the European Semester are also not hard law, they do have the potential to influence behaviour in ways that social recommendations, so far, cannot. This is due, firstly, to the potential for hard sanctions connected with the European Semester – while member states cannot be sanctioned for ignoring individual recommendations, if they consistently miss the targets of the Stability and Growth Pact, financial penalties are an option available to the EU. There are no such sanctions connected with social policy. Prior experience has shown that non-binding social policy measures do not reliably produce results. The EU never met the childcare objectives agreed in 2002 for example.

While the scoreboards of both economic and social policy are premised on the idea of social pressure and reputational sanction, the reputational consequences of poor economic scores exert a far more pronounced impact on EU economic policy, than poor scores in social policy. External actors, such as global markets and other financial institutions, pay far greater attention to the Macro Economic Imbalance Indicator, than to the Social Scoreboard. Outrage from, for example, organized female immigrant labour (who may not need a scoreboard to identify their own economic experiences), enjoys no audience amongst economic policy-makers convinced that detrimental racial or gender equality outcomes of their policies are irrelevant to them and should be mopped up in DG EMPL or DG JUSTICE (who have very limited influence on economic policy). The recovery being pronounced by the Commission in 2017 seems therefore to consist more of a recovery of control. Rule-based economic policies and associated co-ordination and surveillance mechanisms are being normalized in 2017. Competency over economic policy has been enhanced at EU level and Macro Economic Imbalance Indicators are producing figures acceptable to markets. We argue that this, rather
than a return to pre-austerity living standards or commitments to gender equality, is what constitutes the European recovery proclaimed in 2017.

Conclusions

The EU’s use of ‘the strategic silence’, which portrays unequal impacts of economic policy on people as irrelevant, also serves to justify the disproportionate power of economic policy, compared to social policy and to deflect contestation of the root-causes of their economic marginalization to ineffective channels. ‘Social’ impacts are addressed at EU level through non-binding aspirational objectives misleadingly named ‘rights’, even though they have no legal standing. This reflects the shadow side of the EU project – its policies often entrench inequalities, not only through the actual policies promoted, such as austerity, but also through the policy-making and integration structure itself. The imbalances we have discussed here reflect a broader asymmetry within European integration, one that favours deregulation and market liberalization over market correction and social regulation (Ferrera, 2017; Scharpf, 2013). Our contribution here shows how intersectional inequalities entrenched by EU economic policies, constitute a key feature of this asymmetry, which since the crisis and austerity, have now become even more acceptable to EU policy-makers and even more protected from contestation and democratic accountability in 2017.

Moreover, as we have shown in this contribution, racialized and gendered dynamics are key to the processes of economic integration. Inequalities are an outcome of economic governance, but they are also constitutive of the system of governance itself. We have shown that it is through the silencing of the experiences of marginalized groups, in particular minority women, that the structures of economic policy-making are maintained. A gendered and racialized underpinning of economic discourse and policy-making is therefore a key factor in the construction of the current process of European integration. So, in order to adequately discuss and understand the changing dynamics of the European Union, and how it is shaping the contours of the state, EU studies must not perpetuate its own silence on the gendered and racialized characteristics of EU integration.
References


