

**Open Crisis, Hidden Opportunity:
Europeanization, the Euro Crisis, and
the Case of Social Policy**

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Declaration

I declare that the thesis is my own work, and has not been submitted in substantially the same form for the award of a higher degree elsewhere.

Hailey Purdue

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Abstract

For many the euro crisis has been a complete disaster for the European Union (EU) with a cascade of crisis from one policy area to another with collapse both imminent and inevitable. This conception of crisis relies on a progressive vision. As Angela Merkel epitomised in 2010, "If the euro fails, it's not only the currency that fails...it's Europe that fails and with it the idea of the European Union". However, what really constitutes a crisis? Can a crisis act as an 'engine' rather than an obstruction for EU policy development?

Crises are not uncommon to the EU nor are they necessarily a hindrance. As the history of the EU demonstrates, responding to crisis is normal. A crisis does not present the end of something or a binary option between a negative or positive eventuality. Rather, this thesis purports that a crisis creates a range of possibilities. To demonstrate this, theories of Europeanization are combined with a novel 'crisis spectrum' concept comprising of three crisis logics; 'crisis progression', 'crisis diversity' and 'crisis stability' and applied to particular areas of British and Irish social policy.

While these crisis logics can be applied to any policy area, this research focuses on the case of social policy. In particular, the British social policy response from welfare policy to the free movement of EU nationals due to the national immigration debate induced by the euro crisis, and the Irish social policy response from activation policy to the unprecedented unemployment crisis due to the euro crisis. Semi-structured interviews combined with an analysis of primary documents reveal which of these crisis logics is occurring, whether independently or simultaneously within the same period. Both the British and Irish case demonstrate how a crisis does not always occur in a progressive, mechanical fashion, uniformly arresting policy development and policy responses, but that it can lead to a range of responses from different policy areas and contexts.

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List of Abbreviations

BTWFD	Back to Work Family Dividend
CBI	Confederation of British Industry
CE	Community Employment Programme
CSF	Community Support Framework
DSFA	Department of Social and Family Affairs
DSP	Department of Social Protection
DWS	Developmental Welfare State
EAPP	European Anti-Poverty Programme
EC	European Commission
ECB	European Central Bank
ECJ	European Court of Justice
EES	European Employment Strategy
EI	European Integration
EMU	Economic Monetary Union

EP	European Parliament
EPC	European Policy Centre
ERDF	European Regional Development Fund
ERM	Exchange Rate Mechanism
ESF	European Social Fund
ESM	European Social Model
ESRI	Economic and Social Research Institute
EU	European Union
FÁS	Foras Áiseanna Saothair (The Training and Employment Authority)
GDP	Gross Domestic Product
HAP	Housing Assistance Payment
HRT	Habitual Residence Test
IBEC	Irish Business and Employers Confederation
ICTU	Irish Congress of Trade Unions
IMF	International Monetary Fund

IPPR	Institute for Public Policy Research
JST	Jobseekers Transitional Payment
LMP	Labour Market Programme
MDSD	Most Different Systems Design
MEP	Member of the European Parliament
MLG	Multi-Level Governance
MoU	Memorandum of Understanding
MP	Minister of Parliament
MSSD	Most Similar Systems Design
NAPS	National Anti-Poverty Strategy
NDP	National Development Plans
NEAP	National Employment Action Plan
NEES	National Employment and Entitlements Service
NESC	National Economic and Social Council
NGO	Non-Governmental Organisations

NHS	National Health Service
NYCI	National Youth Council of Ireland
OECD	Organisation for Economic Co-operation and Development
OMC	Open Method of Co-ordination
OMT	Outright Monetary Transactions
OPFP	One Parent Family Payment
PEX	Probability of Exit Score
PIIGS	The reference to the crisis countries of Portugal, Italy, Ireland, Greece and Spain
PM	Prime Minister
PTW	Pathways to Work
QMV	Qualified Majority Voting
SAP	Social Action Plan
SEA	Single European Act

SIP	Social Investment Package for Growth and Social Cohesion
T2016	Towards 2016 (Ten Year Partnership Agreement)
TUC	Trade Union Confederation
UC	Universal Credit
UKIP	UK Independence Party
WHO	World Health Organisation

Chapter 1

Introduction: Crippling Crisis or Crisis Integration? The Euro Crisis as a Threat or an Opportunity for Social Policy?

"The euro is in danger... if the euro fails, then Europe fails." (Angela Merkel, 2010¹)

"The euro is the heart of Europe. If the euro is destroyed, it's the whole of Europe that goes up in smoke. If Europe goes up in smoke it's the peace of our continent that will be one day or another be called into question." (Nicolas Sarkozy, French President, January 2012²)

"The European Union is an historically unique achievement. It has always been built gradually and it has emerged stronger from every crisis. There is no reason that this time would be different." (Herman Van Rompuy, Brussels, 29th June 2011³)

1.1 Motivation and Contribution

In 2007, a global economic crisis ensued after the American housing bubble burst. The bubble had been instigated by the collapse of the sub-prime mortgage industry in the US. The interconnectedness of the global system meant the crisis swiftly became a global issue. The problem was that Europe itself had participated in the boom-time lending practices, handing out easy loans. Europe unavoidably followed suit in 2009 with Greece, Ireland and eventually even Italy and Spain falling victim to the economic crisis. Many commentators and academics claimed this was the end of not only the euro/Eurozone, but of the European Union (EU) itself.

The quotes above epitomise the two contrasting views of the ongoing European economic crisis. Angela Merkel and Nicolas Sarkozy represent the dominant, classical view that the crisis is the potential death of the EU while Herman Van Rompuy symbolises the growing

¹ (The Guardian, May 2010)

² (The Telegraph, January 2012)

³ (EC Press Release, 2011a)

counter argument that the crisis will see the continuing development of the EU and possibly, a stronger EU from a crippling crisis. It is these two perspectives which this thesis explores.

Crises are not uncommon to the EU nor are they necessarily a hindrance to the EU's development. Traditionally there has always been a debate over the role of crises in the EU, as will be demonstrated in Chapter 3. Some have viewed crises as the beginning of the end for policy development and, ultimately, the death of the EU. Contrastingly, others have viewed crises as 'engines' of progress facilitating the development of the EU. This thesis is focused on this long-standing, lively debate. Intrigued by the most recent crisis in the EU (at the time the research commenced, the euro crisis) I was compelled to explore the most unprecedented, protracted crisis in the EU's history to decipher whether crises really are the death of the EU as many claim or whether we are in fact seeing a 'crisis spectrum' at play.

Accordingly, this research is stimulated to identify the dangerous or expediting effect the crisis had on the integration process and the resultant impact on the process of Europeanization at the national level. In doing so, there are three key contributions this thesis makes to the field of Europeanization theory, EU crisis literature and euro crisis literature respectively. Firstly, the thesis applies Europeanization theory and examines the Europeanization process in a time of crisis. Europeanization theory emerged in a benign context and has primarily been considered in non-crisis times. The euro crisis has initiated a movement in Europeanization research to explore the effect of a crisis on the Europeanization process (see Saurugger, 2014; Triandafyllidou, 2014; Christou and Kyris, 2017; González, 2017; Windwehr, 2017). This thesis is contributing to this new theoretical discussion, taking Europeanization theory further than it has currently been applied by analysing new countries and new policy areas.

Secondly, the thesis explores the impact of the euro crisis through the application of a novel 'crisis spectrum' comprising of three crisis logics 'crisis progression', 'crisis diversity' and 'crisis stability'. These three novel crisis logics employ Europeanization theory to identify the type of crisis pattern occurring, to decipher whether policy is developing because of the euro crisis or is being inhibited by the euro crisis. Furthermore, to identify if and what type of Europeanization is occurring in the euro crisis. The thesis develops these logics on the premise that the EU is flexible and needs to be flexible to survive. Consequently, the thesis provides a new framework with which to examine: the EU system in a crisis; the Europeanization process in crisis times; and Europeanization theory in crisis times. This contributes to examining and conceiving the impact of crises on the EU in a way which has not been done before.

Thirdly, the thesis contributes to widening the euro crisis debate by looking at the crisis from a new and different perspective, namely from the perspective of social policy. Social policy is the instrument which is used to explore the impact of the euro crisis on the Europeanization process. This is a surrounding policy area which has been overlooked by academics due to the scholarly focus on the core crisis area of economic policy, as will be demonstrated in Chapter 3. While the crisis literature on economic policy is important, the other side of the coin to economic policy is social policy. The economic literature is highly significant on account of the nature of the crisis, however it omits this interconnection and interdependence between the two policy areas. Yet, in practice underpinning social policy is monetary policy. As one interviewee stated in relation to the economic and social issues perpetuating in Ireland at the time, “the two are intertwined. It is a false dichotomy conceptualising them as either/or, they are flip sides of the one coin” (Interview 14, November 2015). Accordingly, this research is complimentary to the research already conducted within economics by providing an analysis of the impact of the euro crisis on the other side of the coin.

Hence, it is equally important to look at the surrounding policy areas both for how the crisis has impacted on the rest of the EU system and for what it has demonstrated with regards to European Integration (EI) and European crises overall. After all, even during normal times “European integration has unintended and unanticipated consequences” (Dyson and Goetz, 2003: 7). This is a scholarly opportunity that has been underdeveloped. Thus, the thesis is looking at the euro crisis from a different perspective to the majority, with the euro crisis literature having examined the impact of the euro crisis on the European Social Model and national welfare states as a collective. This is where the thesis fills the gap in the current literature, bridging the literature on EU crises and the euro crisis in particular, with literature on social policy.

There were an array of (European) policy areas that could have been explored. Social policy was chosen due to two key features. Firstly, within crisis countries austerity programmes it was social policy which was being adjusted and regulated, acting as an important shock absorber in the crisis, as had consistently occurred at times of economic crisis. Secondly, in comparison to other policies, the jurisdiction over social policy had been highly contentious between member states and the EU. Thus, social policy is an excellent litmus paper for testing the impact of crises on European policy responses as well as EU and member state policy interactions. Social policy’s treatment within the current crisis is telling for how the EU operates in ‘crisis mode’ and for how member states use Europeanization and/or de-

Europeanization as either an opportunity or a defensive strategy against its debilitating effects. This focus on social policy leads to the two main research questions of this thesis:

- What is the impact of crises within the EU on member states' social policy responses?
- How flexible and adaptable are member states?

1.2 Why Britain and Ireland, and Why Two Different Areas of Social Policy?

Britain and Ireland are the member states under comparative examination. In using two this thesis avoids the pitfalls of studying a single-country and the problems of many-country analysis where there are too many variables and not enough countries when using the qualitative rather than the quantitative approach. Ultimately, this is the most appropriate way to “maximize comparability” (Lijphart, 1971: 689) within the comparative method. On a practical level both countries are English speaking countries. The analyses within the case studies use both primary and secondary sources in the form of semi-structured interviews, primary resources such as government reports, academic literature and newspaper reports.

The cases are also interesting for their contrasting features. Britain is outside of the Eurozone, on the periphery of the current crisis and the ‘awkward partner’ of Europe. Contrastingly, Ireland being inside the Eurozone, was one of the countries at the centre of the crisis and is the ‘faithful son of Europe’. Their historical, financial, and geographical closeness provides another interesting dimension to this comparison. Hence, the nexus between these two EU member states provides an optimum window with which to view the effects of, and responses to, the euro crisis.

Similar to the choice of policy area and member states to be examined, the umbrella of social policy has a wide range of policy areas. This thesis cannot possibly cover them all. The specific social policy areas placed under examination are, firstly, welfare policy in Britain, examining the topical and controversial interplay of the social impact of EU free movement with the British welfare state. This explores how welfare policy mechanisms in control of the state were used to manage welfare entitlement of EU nationals. This was in the context of EU free movement where national immigration policy is invalid and a highly divisive national immigration debate. Secondly, activation policy in Ireland, which examines the interplay of the EU's bailout conditions with Ireland's assistance to their unemployed in response to the unprecedented unemployment crisis. This explores how activation policy was reformed, using pre-crisis national policy proposals, and Europeanized at an accelerated pace due to the euro

crisis. There are two different areas of social policy under analysis as the thesis has followed the crisis trajectory for where the EU has impacted the greatest at the national level.

Respectively, there were no two identical policy areas in Britain and Ireland that were equally influenced by the EU. The British dispute with the EU over the social impact of EU free movement was a topical event at the time of research and the area of British social policy where the EU was impacting and interacting the greatest. Ireland was experiencing unprecedented levels of (youth) unemployment and yet, notably there was no (negative) impact from EU free movement in Ireland. Rather, activation policy was identified as having undergone the biggest change within Irish social policy during the euro crisis, which was not without controversy. From the interviews conducted, it was clear that the positive or negative predisposition with free movement was a matter of conception. One Irish interviewee stated the British questioning of EU free movement was “a terribly un-European question to raise” (Interview 17, January 2016). Ireland’s highly positive indubitable attitude towards the EU combined with the contrasting “cultural reality of emigration in Ireland” when compared to Britain (Interview 14, November 2015) meant the impact of EU mobility did not and could not become a political issue as it had in Britain. Hence, there was little to gain by exploring free movement in the Irish context.

Nonetheless, while there were no two identical policy areas in Britain and Ireland that were equally influenced by the EU, the euro crisis has similarly translated into welfare issues within these two separate social policy areas. These policies were also chosen because they are the crossover areas where politics and economics interact the most. Political, economic logic and social dimensions have always interplayed and been interwoven within the multi-layered composition of the EU and European policy field. There has always existed a political dimension to economic policy, and an economic dimension to social policy. Understanding this interplay of politics and economics is key to this thesis.

1.3 Thesis Aims

The thesis will incrementally analyse the EU system and the case of social policy within the euro crisis, exploring whether there is a threatening or expediting impact from the euro crisis. By implication, this thesis aims to identify the specific crisis patterns at the European, national and social policy levels as well as within specific areas of national social policy. Respectively, motivated by the two research questions above, the focus of this thesis is on the following three core aims;

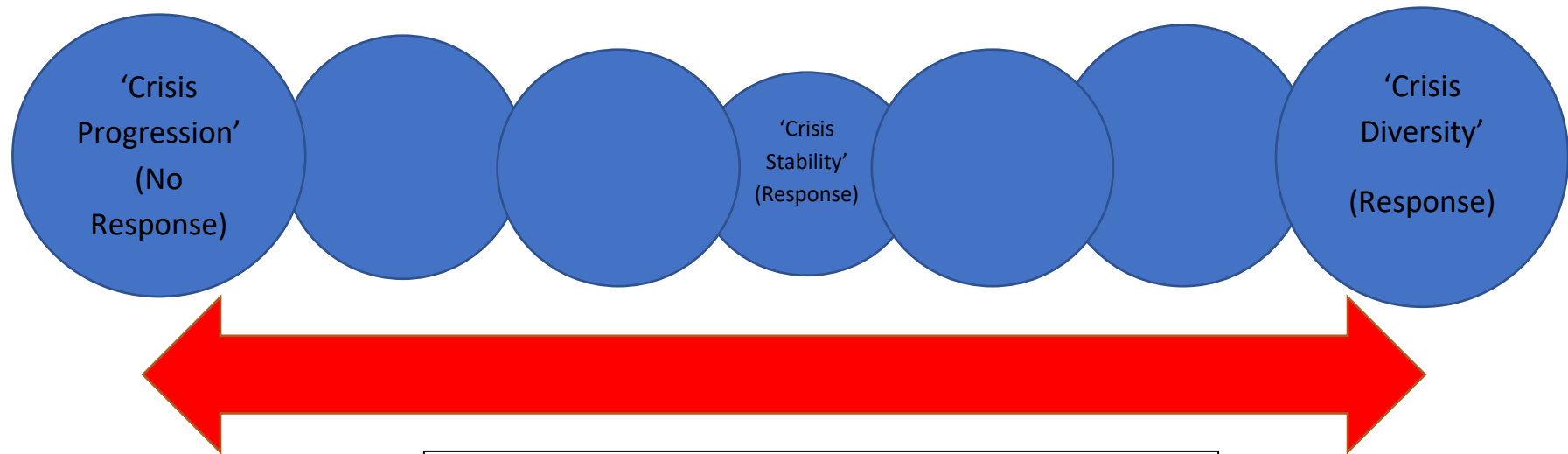
1. To explore if 'crisis diversity' is occurring in the euro crisis, demonstrating the presence of a 'crisis spectrum' which is currently being overlooked;
2. To explore the role of crises in Europeanization and the resulting impact on national social policy;
3. To explore the role of member states in the current euro crisis and by proxy, their role within the EI process.

In order to fulfil these aims this thesis is underpinned by Europeanization theory. Crises within the EI process take two forms, a "crisis of" and "crisis in" integration (Kühnhardt, 2009: 1-2). The former is more substantial in its consequences, by means of contesting the nature and rationale of the integration process. The latter is spoken in relation to difficulties in implementing certain policy objectives without any significant adverse effect to the integration process. Similar to other analysts of EI this thesis conceives three logics regarding the impact of crises (Kühnhardt, 2009; Gehler, 2009; Elvert, 2009) which together comprise the 'crisis spectrum' (see figure 1). This thesis develops the logics of 'crisis progression', 'crisis diversity' and 'crisis stability' on the premise that the EU is flexible and needs to be flexible to survive (see figure 2). These logics are discussed in detail in Chapter 2. The three novel logics will be used and explicitly applied within each chapter to identify the crisis pattern within the pre-crisis (Chapter 5), crisis (Chapters 4, 6-7) and post-crisis (Chapters 6-7) periods for purposes of comparison. This will facilitate deciphering the impact of the euro crisis on peripheral policy areas, which is indicative of the impact of crises on the EU.

From the perspective of 'crisis progression', major crises in core policy areas should spread to other connected policy areas. Hence, the euro crisis should lead to an economic crisis, then a social crisis and continue to spread to other policy areas until the potential collapse of the EU. The protagonists of 'crisis progression' would expect to see events occurring in economic policy mirrored within social policy on account of monetary policy underpinning social policy. For 'crisis progressionists' social policy is so expensive that the crisis in economic policy, in theory, should be undermining social policy. However, do crises occur in such a mechanical fashion? From the perspective of 'crisis diversity', major crises in core policy areas should create policy responses and lead to policy development. By implication, the euro crisis should create a policy response and policy adjustment to the crisis in peripheral areas, leading to policy development within areas such as social policy.

It is important to note at the outset that the thesis acknowledges the clear implications of its findings for Alan Milward's seminal work *The European Rescue of the Nation*

The 'Crisis Spectrum'

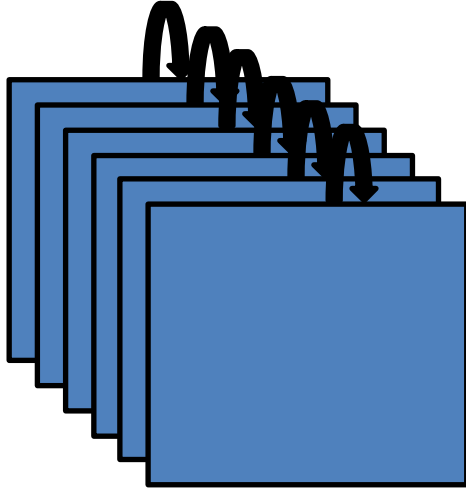


The 'crisis spectrum' demonstrates how a crisis cannot be perceived as solely a threat or an opportunity, rather there is a spectrum of possibilities. The logics of 'crisis progression' and 'crisis diversity' demonstrate the respective ends of the spectrum; two crisis ideals. At present the crisis is being viewed from the 'crisis progression' end of the spectrum without recognition of the continuum it is a part of. At different times in the crisis it will be at different places along this spectrum, its position on the spectrum will be dependent on the dynamics of the time. 'Crisis progression' and 'crisis diversity' are in tension with each other, not opposites of one another, whereby they are mutually dependent.

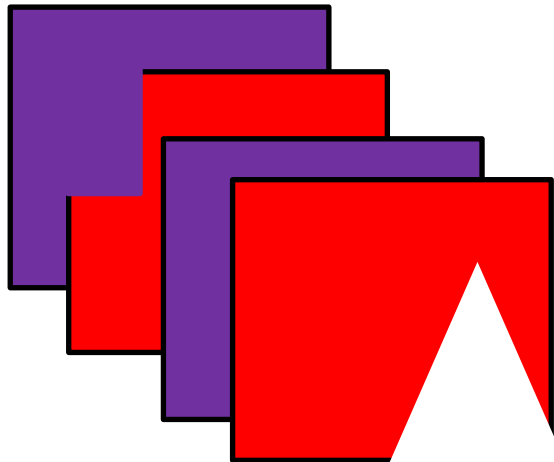
Figure 1

The 'Crisis Logics'

'Crisis Progression': 'Domino' Effect as *all* the blocks fall as they fail to adapt in response to the crisis.



'Crisis Stability' involves some policy areas responding to the crisis but not adapting while other policy areas to adapt and innovate in response to the crisis. This in-adaptation is a response rather than an inability to respond to the crisis. This in-adaptation allows the rest of the system to remain flexible.



'Crisis Diversity' all the policy areas innovate and adapt in different ways in response to the crisis.

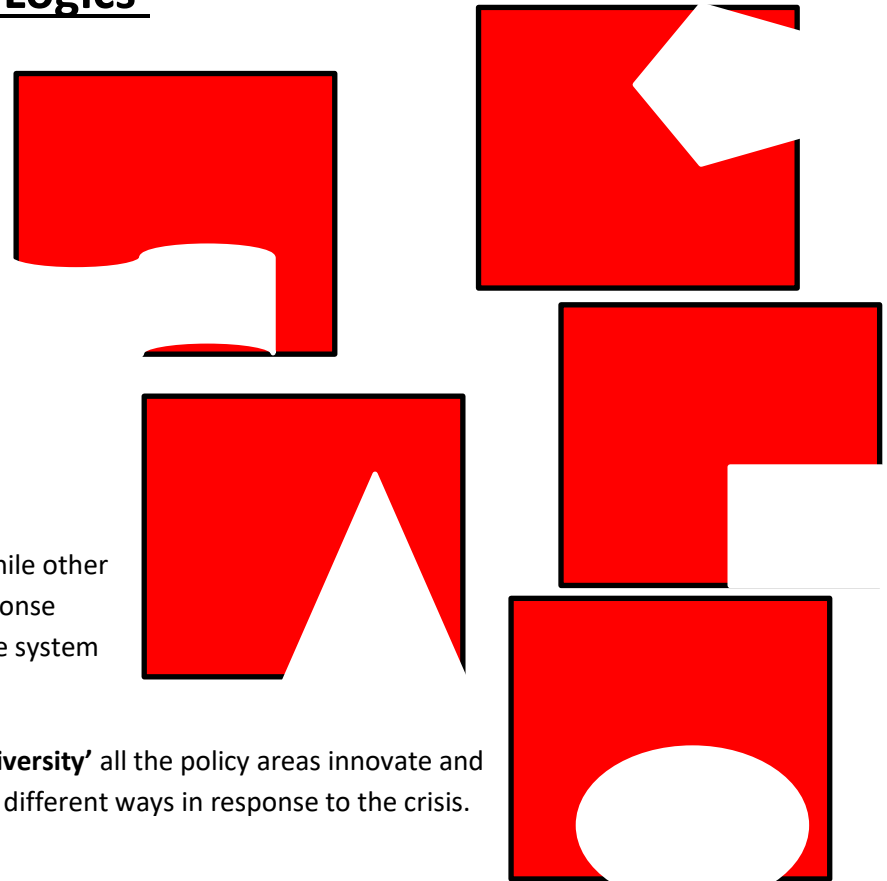


Figure 2

State (1992). Milward argued that the EU was built to 'rescue' the nation states and states perceived integration as the only path to national reassertion after the destruction of two world wars. The findings from this thesis provide evidence to suggest that Britain and Ireland's disparate responses to the euro crisis helped to save the EU from disintegration. Furthermore, that member states drive social policy's development equally as much as the EU. However, it is not an aim of this thesis to explore the impact of the euro crisis on member states social policy responses in relation to Milward's thesis for two reasons. Firstly, the focus of this thesis is on the impact of the euro crisis on Britain and Ireland's social policy responses to the euro crisis, not on whether the EU or the member states themselves were driving social policy's development. Hence, the thesis is unable to accommodate such a significant exploration of Milward's work. Secondly, by implication of the former, these findings are not extensive enough to provide conclusive evidence for a reversal of Milward's thesis. As such, the implications of these findings for Milward's work will be discussed within the conclusion of this chapter as an area which merits further study.

1.4 Methodology

This thesis uses a qualitative, comparative, case-study and policy analysis approach, using the 'Method of Difference' or what is also known as the 'Most Similar Systems Design' (MSSD). It is the aim of this thesis to be a "conscious thinker" (Lijphart, 1971: 685) and limit the weaknesses of the comparative method but exploit the advantages in creating a rigorous methodological comparative study. This thesis will primarily use a 'bi-directional' and 'circular' perspective of Europeanization, albeit more closely aligned to the former, based on an epistemology of Constructivism.

A qualitative approach will be employed due to the complex and disorderly nature of the Europeanization debate which makes quantitative research inappropriate, impractical, and cumbersome. On account of the economics background to this thesis, a quantitative approach will be used to provide supplementary background information to the qualitative analysis in the form of relevant statistics. Furthermore, in order for this thesis to answer its research question, in-depth knowledge is a necessity in unravelling the key interactions and causation of policy development. As such, with qualitative methods being "data enhancers" (Ragin, 1994: 92) these are the most appropriate methods to employ. Mason prescribes a taxonomy of what qualitative research can and should be (Mason, 1996: 5-6), which this thesis satisfies.

The qualitative approach will also facilitate in this thesis taking Europeanization theory further than it has currently been applied, as Peters emphasises, particularly in regard to comparative politics, “theory is a powerful source for ideas that add to the comparative storehouse of knowledge” (Peters, 2011: 39)⁴. In accordance, Ragin argues qualitative research has the power to advance theory through three avenues (1994: 84-85). Firstly, theory is advanced through in-depth knowledge which provides new information that stimulates new thinking. This new thinking facilitates the development of concepts and direct analysis of connections between phenomena. In turn, this helps to develop concepts further. Secondly, theory is advanced through identifying features of greatest significance. This culminates in the elaboration and refinement of original concepts, as well as the creation of new ones. Thirdly, theory is also advanced through an emphasis on commonalities across cases in unexpected contexts which provide the necessary new insights.

1.4.1 The Comparative Method: The ‘Few-N’ Approach

The comparative method, also known as ‘few-N’ studies, has been chosen above other methodology due to the focus of this thesis on comparing two case studies and two areas of social policy. The case studies under analysis are Britain and Ireland; meanwhile the policy areas under exploration are welfare policy and activation policy respectively. For many academics, social science research is comparative research, hence to undertake social research without comparison is impossible (Swanson, 1971; Liberson, 1985; Landman, 2008).

Landman in particular identifies four strengths of country comparisons namely, contextual description; classifications or ‘cognitive simplification’; the ability to conduct hypothesis-testing; and the ability to make predictions in other countries not included in the comparison under analysis, which are based on the initial generalisations made from hypothesis-testing (Landman, 2008: 4-11). All of these co-evolve and are mutually reinforcing, moreover, all are necessary for systemic research as “predictions cannot be made without well-founded theories; theories cannot be made without proper classification; and classification cannot be made without good description.” (Landman, 2008: 21). The logic of inference, through comparing countries, is the key underlying principle in comparative politics

⁴ Peters (2011) argues the primary focus on the individual has lost comparative politics role of being at the centre of theory-building in comparative politics, “comparative politics should be at the centre of theory-building in political science, but that central position has been lost through the emphasis on individual-level behaviour” (48). This thesis aims to contribute to the repositioning of comparative politics back to the centre of the theory-building within political science by building on Europeanization theory, which is also an area researchers are tentative of using within their research.

for Landman, “using facts we know to learn something about facts we do not know” (Landman, 2008: 11-13).

This method is also fitting with this thesis exploration of the euro crisis, a significant contemporary event, as Ragin argues, “the interpretation of important historical events and outcomes...is one of the defining features of comparative social science – one of its special missions” (Ragin, 1989: 23). The method focuses on differences and the differentiation of types which facilitates historical interpretation (Ragin, 1994: 110). In addition, there are a number of significant advantages in using the comparative method (Ragin 1994; Lijphart, 1975; Landman, 2008; Lijphart, 1971; Ragin and Zaret, 1983). In particular, Lijphart argues there are numerous “intrinsic advantages” (Lijphart, 1971: 165) with the comparative method. Firstly, it requires careful selection of cases⁵ that fit the research problem which makes the method highly conducive to subnational cases which allows more similarities of control (Lijphart, 1975: 167-168).

The issues of reliability and validity are smaller in the comparative method because with a smaller number of cases it is possible to analyse thoroughly and there is a greater degree of reliability from data of cases which are intentionally selected (Lijphart, 1975: 171). The familiarity with the cases allows the researcher to know when cases are not truly independent so conclusions are more robust (ibid). Ragin concurs maintaining this is an essential interest of the comparative method (Ragin, 1994: 105). Similarly, Landman claims that by comparing only a few countries allows for a lower level of abstraction which allows concepts to be founded within the specific national contexts of the case studies (Landman, 2008: 25), hence increasing internal validity. In methods where more cases are analysed it is not possible to attain this level of detail or to be familiar with the cases which are being studied.

While ‘case-stretching’ can be as much of a problem as concept-stretching or data-stretching, by using fewer cases and being familiar with these cases there is less chance of these problems arising (Lijphart, 1975: 172). Accordingly, Lijphart contends that the features identified within the comparative method would be overlooked within the so-called respected quantitative methods, such as the statistical method (ibid). Hence, Lijphart concludes that these “are enormous advantages which may well offset the relative weaknesses of the comparative method in handling the problem of control” (ibid). Ultimately, the advantage of the comparative method is the quality of its “descriptive holism” (Landman, 2008: 21),

⁵ Hans Keman refers to cases as ‘the carriers of relevant information’ (Keman, 2011: 54).

providing a focused comparative analysis of a few countries subsequently overcoming the issue of 'too many variables and too few countries' which is frequently found within many-country comparisons. Methodological quality is desired over quantity.

There are a number of recognised weaknesses with the comparative method (Landman, 2008: 29-48; Keman⁶, 2011: 50-61; Lijphart, 1971: 685-691; Lijphart, 1975: 172-173). Those that are of relevance to this thesis and will be minimised include; the issue of too many variables and too few countries (Landman, 2008: 30-33; Lijphart, 1971; see Lijphart (1975: 686-690) for a discussion on solutions to this problem). However, as Lijphart claims, comparative politics is usually an analysis of political systems, an analysis of the macro-level, which by their very nature limit the availability of cases for analysis (Lijphart, 1971: 685). The findings of the comparative method have also been criticised for only culminating in partial generalisations when arguably valid, universal generalisations are required (Lijphart, 1975: 172).

Interpretative issues with the comparative method relate to Galton's problem⁷, which is commonly highlighted when discussing the weaknesses of the comparative method (Keman, 2011: 61; Lijphart, 1975: 171-172; for a detailed discussion see Moses and Kuntsen, 2007). The application of equivalent concepts is also problematic, both theoretical and operational, for creating reliability problems. Specifically, problems arise if there is doubt over the stability and applicability of the meaning within different cases which makes meaningful comparison across different cases problematic (Landman, 2008: 33-36; Keman 2011: 57). This, in turn, leads to concept-stretching (Keman, 2011: 60). Overall, there is a continual cyclical trade-off within comparative politics between the range of countries under analysis, the level of abstraction which effects validity and so the strength of the inferences from the countries compared.

In parallel, the issue of individual and ecological fallacies has also been discussed (Keman, 2011 61; Landman, 2008: 41-45). Despite these issues Keman still concludes that the "comparative method is the best way to go forward" (Keman, 2011: 62) given discussions surrounding the comparative method are focused on *solutions to* its weaknesses rather than an incessant debate over its weaknesses. Contrastingly, Lijphart concludes that rather than the comparative method having more disadvantages than advantages or vice versa, "their suitability as research methods depends on the research problem" (Lijphart, 1975: 173).

⁶ Keman categorises these weaknesses into research design and interpretation of comparative data.

⁷ The problem that observed differences and similarities may well be caused by an exogenous factor that is common to all cases selected for comparison.

1.4.2 MSSD Method

This thesis will apply John Stuart Mill's 'Method of Difference' (1843), what is also termed as the 'Most Similar Systems Design' (MSSD) (Landman, 2008: 70-76; Pzeworski and Teune, 1970; Keman, 2011: 57-59), which aims to compare political and/or social systems that share commonalities. This method is favoured due to neutralising differences while simultaneously highlighting others (Landman, 2008: 70) and being experimental without being statistical in nature (Faure, 1994: 317). MSSD has been chosen over its counterpart 'Most Different Systems Design' (MDSD) because the latter does not provide a framework where negative cases can be incorporated into the analysis (for a discussion on negative cases see Landman, 2008: 77-78). Additionally, nor do the conclusions infer anything more than confirmation and identification of the necessary conditions for a specific outcome (Landman, 2008: 82). Hence, MDSD would not facilitate in answering the research question proposed here.

While Ireland and Britain may not have "every circumstance in common save one" (Moses and Knutsen, 2007: 99) they are similar in the most significant features under analysis. Equivalent to area studies⁸ this thesis justifies the selection of these countries for the MSSD approach by arguing there is something inherently and significantly similar between the two countries given they are both composing the same geographical region of the world and the historical relationship between them before the conception of the EU. As Lijphart acknowledges, comparability is not inevitable within a given area, however it is more likely to be possible and fruitful within the same geographical area than in a randomly selected set of countries (Lijphart, 1971: 689)⁹.

Lijphart argues area studies can be a beneficial contribution to the comparative method if applied in two distinctive ways. Firstly, if it is to facilitate the comparative method and not an objective in itself. Secondly, where it offers the possibility of establishing control within a comparison. Within this thesis using this similarity assumption does both of these, thus proving beneficial to the approach. Furthermore, the more similarities between cases the more straightforward it is to infer the cause. Through choosing states which are relatively similar it is possible to control for contextual variables.

⁸ There are criticisms of area studies and the assumptions used within this research field, see Lijphart, 1971: 688.

⁹ Lijphart argues, "it is not true that areas reflect merely geographical proximity; they tend to be similar in many other basic respects" (Lijphart, 1971: 688).

There are numerous strengths of the comparative method within the MSSD approach (Landman, 2008: 70-76). MSSD uniquely holds similarities constant or 'controlled'. This helps to increase conceptual validity of the comparative method whereby "failing to specify important 'control' or other relevant variables can lead to overestimation of relationships" (Landman, 2008: 46). However, Landman highlights two counter criticisms; firstly, that MSSD leads to "overdetermined outcomes"; and secondly, that "similarities of one researcher may be different for another, effectively lending little value to the approach" (Landman, 2008: 32).

MSSD's strength is also in focusing on those factors which are different that explain the outcome within that country (Landman, 2008: 70). In conjunction with controlling the similarities, this reasonably excludes, or at the very least reduces, the number of possible rival explanations. In addition, it is possible to compare across the presence and absence of a variable which is important for identifying explanatory variables (ibid). As Lijphart concurs, "one cannot be sure that a relationship is a true one unless the influence of other variables is controlled" (Lijphart, 1971: 683). A particular strength of the MSSD, relevant to this thesis, is its ability to generate theory on account of its "specialist knowledge of a few cases" (Landman, 2008: 46).

Moses and Knutsen (2007) criticise the application of Mill's MSSD, claiming that many applications of MSSD are less inductive than what Mill had intended. However, deductive and inductive methods will be used simultaneously within this analysis. Moses and Knutsen argue that this is the comparative method at its most efficient as "...good comparative studies combine deductive and inductive approaches to test hypotheses concerning causal arguments, even when the number of observations is relatively small" (2007: 114). Contrastingly, Ragin argues the comparative method is at its most efficient when it is used within research which is examining diversity. This primary focus on diversity allows for examining patterns of both similarities and differences. It is these patterns which infer causation and highlights the contrasting effects of a phenomenon. Within this thesis there is an equal emphasis on discovering the similarities and differences.

1.4.3 Case Study Approach

The comparative method encompasses a broad-range of approaches consisting of both quantitative and qualitative methods, these are; the statistical approach; the experimental approach and the case-study approach (Lijphart, 1971: 682). The case-study approach is a classic comparative method which will be utilised within this research. This thesis will use a 'cross-section' approach whereby several similar cases of the same time period, will

be simultaneously compared. The fundamental features in each context of each case are considered to be constant. This method is being used as it reduces the likelihood of immeasurable variables affecting the analysis, thus increasing the internal validity of the comparative results. The case study approach is closely connected to the comparative method (Lijphart, 1971: 691); hence the aforementioned weaknesses of the comparative method equally apply here.

Additionally, a significant criticism of the comparative case study method¹⁰ is selection bias which Landman (2008: 36-40) claims originates from the intentional choice of countries (contrastingly, some academics have argued for the benefits of choosing cases based on the dependent variable, see Geddes 1990) as well as the use of historical accounts and sources which favour the theoretical position of the researcher. In turn, a researcher's preference for a method and accessibility to similar cases can dictate the research hypothesis and research aims (Lijphart, 1975: 173). Interrelated to this is the issue of 'omitted variable bias', whereby the choice of cases overlooks an underlying factor which accounts for an outcome (Landman, 2008: 40-41; see discussion under MSSD for Keman, 2011). Over determination (Lijphart, 1975: 172; Keman, 2011: 61) is another significant criticism, with too much significance placed upon negative findings (Lijphart, 1971: 686).

There are two significant strengths in using a case-orientated method which are relevant to this thesis. Firstly, it reinforces the comparative method by making the comparative method more experiment-like (Ragin, 1989: 31). Case selection allows for an element of control within the method, similar to that within an experimental approach subsequently echoing that of the scientific logic (Mosses and Knutsen, 2007: 114). However, there is much debate over the degree to which the comparative method is scientific (see Charles Ragin, 1989: 1-18). Landman advocates that the comparative method is scientific, if it adheres to making inferences from available evidence and uses coherent rules of inquiry (Landman 2007: 21).

Secondly, this method will facilitate in advancing Europeanization theory and (new) understandings of the crisis, as well as enhancing future enquiry into both this economic crisis and future EU crises. Ragin maintains that case-orientated comparison allows for a combination of causal and interpretive analysis which affords it with a naturally occurring 'theory-generative' nature and allows for concept formation (Ragin, 1989: 44). The

¹⁰ For a detailed discussion of the case study approach and selection of cases see Keman (2011: 54-59) and Geddes (1990) respectively.

comparative 'few-N' or 'few countries' method is unique in allowing for case selection rather than a random selection of cases. The cases within this research have been consciously selected due to their contrasting relationships with the EU. The case study comparison will elucidate whether Ireland as a Eurozone member state has responded to the crisis in a different manner to Britain who is a non-Eurozone EU member state (the 'negative' case).

Alternatively, if there is no difference this is equally as interesting and important in answering the research question. Hence, within this thesis similarities will be equally as important as differences. Landman maintains that it is "only by comparing across the presence and outcomes can the importance of explanatory factors be determined" (Landman, 2008: 39). Thus, this method corresponds with Mills Method of Difference (Landman, 2008: 29). In identifying patterns of similarities (also known as 'universals' or invariant properties) and differences in different states and policy areas, pre-existing claims and concepts will be refined and elaborated on; hence, a process of reciprocal clarification¹¹ will ensue.

1.4.4 Interviews

"Qualitative interviewing" (Mason, 1996: 38) provided the primary data to compare British and Irish social policy responses. Interviews were chosen due to the in-depth exploration of understanding and meanings that they access (Arksey and Knight, 1999: 32). 24 interviews were conducted with relevant actors from non-governmental organisations (NGO), government departments, and other relevant experts in the social policy field in Britain and Ireland. Participants were recruited through a combination of email and telephone. There were difficulties in accessing higher level participants, such as ministers and members of parliament (MP), as at the time of conducting interviews a general election was imminent. Prior to the general election in Britain a number of MP's agreed to participate in interviews however after the general election they were unavailable to partake in the research. Irish MP's were simply unattainable due to their electoral commitments. A semi-structured interview was employed due to its "versatility" (Galletta, 2013: 46) and accommodating both "open-ended and more theoretically driven questions, eliciting data grounded in the experience of the participant" (Galletta, 2013: 45). The questions posed were not easily categorizable questions nor were they simple yes or no questions hence interviews were chosen over other

¹¹ A process involving the researcher's image of the research subject, on the one hand, and the concepts that frame the investigation, on the other. Images are built up from cases, sometimes by looking for similarities among several examples of the phenomenon that seem to be in the same general category. These images in turn are related to the relevant concepts. This process is on-going and culminates in the researcher's conclusion of the study (Ragin, 1994: 82-83).

methods, such as a survey¹². The questions posed were thematic so to more easily compare participants' responses across the two case studies.

The interviews were conducted one-to-one through telephone interviews and Skype due to both financial and time constraints. There is a burgeoning interest in the methodological implications for using modern technology rather than in-person face-to-face interviews (Chen and Hinton, 1999; Bampton and Cowton, 2002; Denscombe, 2010; Stephens, 2007; Evans et al: 2010; Holt: 2010; Sullivan, 2012; Deakin and Wakefield; 2014; Hanna, 2012; Oates, 2015; Iacono et al., 2016). The evidence overwhelmingly demonstrates the benefits of using Skype and telephone interviews. These include, the "much richer text" produced as a result of needing to articulate their answer fully within telephone interviews (Holt, 2010: 116); more responsive interviewees and quicker rapport when using Skype (Deakin and Wakefield, 2014: 610); additionally, the flexibility of time, location and re-scheduling for both interviewers and interviewees (Evans et al., 2010: 10; Holt, 2010: 116-117; Deakin and Wakefield, 2014: 613). There was also greater control over ensuring confidentiality for the interviewee with many of the participants choosing to conduct the interview at home rather than at their location of employment.

Respectively, this method is cost-effective in terms of both time and money (Chen and Hinton, 1999; Bampton and Cowton, 2002; Hanna, 2012, Deakin and Wakefield, 2014). The advancement of technology combining real time visual with audio has eradicated those early concerns over limited communication online (Denscombe, 2010; Evans et al, 2010). The principal negative of this method is an increase in the likelihood of interviewees not attending the interview (Deakin and Wakefield, 2014: 612). However, this challenge did not arise as a problem within the interviews conducted for this research. Interviewees provided positive feedback in conducting the interviews by Skype and telephone highlighting the convenience of them in fitting with their work schedule. There were only two instances where actors approached were unwilling to conduct the interview remotely. Ultimately, it is possible to conclude that the benefits of interviewing over Skype "definitely outweigh the drawbacks" (Sullivan, 2012: 59), substantiated by more recent research conducted by Iacono et al. (2016), and telephone interviewing is certainly not considered "a 'second-best' option" (Holt, 2010: 120).

¹² Survey's do not provide in-depth information and provide more quantitative results rather than qualitative results in quantifying how many of the population asked provided a certain response to a certain question. This was not in fitting with eliciting the information required for the qualitative exploration of British and Irish social policy responses to the euro crisis that this thesis conducts.

The data attained from these interviews supplemented and verified observations from secondary data analysis. It is acknowledged that the information attained contained only the information the participants wanted to share, as is the case with all interviews. Nevertheless, this was the most suitable method for achieving a fair and comprehensive representation of their perception of the role of the euro crisis in national social policy developments. Furthermore, this was information which could not be attained through any other form of analysis or from any other resource. As Landman argues, in-depth interviews “strive to uncover a deeper level of information in order to capture meaning, process, and context, where explanation involves describing and understanding people as conscious and social human beings” (Landman, 2008: 21).

1.4.5 Newspapers

There are methodological challenges when using newspaper reports as data in qualitative analysis, as Ortiz et al. (2005) states “newspaper content is not created for the purpose of conducting social scientific research” (2005: 397). As a result, issues of reliability and validity are common place, as Franzosi stated in the earliest research on using newspaper reports as data “the problem with using the press as a source of event data is that the validity of newspaper information is questionable” (Franzosi, 1987: 6). Ultimately, there is a principal issue of selection bias within media data (Ortiz et al. 2005; Barranco and Wisler, 1999; Woolley, 2000; Earl et al., 2004; Myers and Caniglia, 2004; Mueller, 1997; Oliver and Myers, 1999; Snyder and Kelly, 1977; Danzger, 1975; Franzosi, 1987).

The thesis has acknowledged and considered this methodological weakness and countered it through three strategies. Firstly, newspaper reports were carefully selected from reputable sources focusing on the primary national news sources namely in the case of Britain: BBC News; The Telegraph; The Guardian; The Independent; The Daily Mail; The Daily Express; The Financial Times; The Spectator; and The Economist. In the case of Ireland: The Irish Times; The Journal.ie; The Irish Examiner; and The Irish Independent. As Barranco and Wisler (1999) claim, “a careful selection of newspapers will minimize the validity problems associated with using media data” (1999: 319). Similarly, Franzosi (1987) advocates that using multiple newspaper sources “helps the researcher be less subject to idiosyncrasies of any individual source” (Franzosi, 1987: 11).

Secondly, there was no single source that was relied upon to analyse the euro crisis or its constituent events, as the list above attests to, there were a number of resources utilised within the research, providing a comparison between newspaper reports on the same events

in the euro crisis and of the euro crisis itself. This therefore counteracts any bias including political persuasion within the newspaper reports. As Woolley (2000) claims, this comparison between sources reporting on the same event facilitates in identifying “some of the sources of bias and error” (2000: 157). Thus, increasing the reliability and validity of those newspaper reports employed within this thesis. Similarly, Danzger (1975) provides evidence showing that inaccurate reports become more accurate as events are observed by others within the American context. The same principle can be applied to the context of the United Kingdom. While the quantity of reports and newspaper articles has been highlighted as another methodological issue with using newspaper data (Franzosi, 1975; Deacon, 2007), this extensive reporting is on the other hand a benefit with newspapers acting as a check on each other. Danzger claims, “errors of fact appearing in a given news report will be contradicted by other reports in the network. Such differences are likely to be re-examined so that these errors will be corrected in subsequent reports. Utilizing a sequence of reports, one is likely to have accurate facts” (1975: 582). He calls this “a network of careful evaluators of fact” (ibid).

Thirdly, all information from newspaper reports was cross-referenced and corroborated with non-media sources namely primary sources including government reports and interview data within the case study analysis, as Barranco and Wisler (1999) advocate in order to neutralise validity problems (1999: 319-320). Academic scholarship was used to cross-reference events as and when it was published. This ensured that all events and the details of the events discussed within newspaper reports were authentic.

Fourthly, it is important to note that the methodological issues highlighted within social sciences research are discussed in research fields where media resources are used in a significantly different manner to this research. The majority of literature discusses the challenges and solutions to these challenges of utilising newspaper reports from the perspective of (protest) event analysis within social movement research and collective action research on account of the prolific use of this data source within these fields. The majority of this research has been conducted in America where protest events are more prevalent. There has been a lesser number of publications within the field of history (Nicholson, 2013¹³) as well as comparative and international politics (Hazlewood and West, 1974). Within these fields content analysis is performed and media data is analysed in-depth to identify for example,

¹³ Notably, Nicholson’s account is highly positive of the use of newspapers in historical research, focusing on newspaper databases he views the ‘digital turn’ as an opportunity with significant but currently undefined benefits and claims “it is crucial that researchers – and media historians in particular – start to unpack these methodological possibilities” (2013: 72).

relationships between the nature of protest events and media coverage of the protest and which protest events received or were excluded from media coverage to name a few, largely comprising of quantitative analysis.

Consequently, issues of reliability and validity will be more prominent and more of a concern within these fields of research than in comparison to the research conducted within this thesis. Contrastingly, this thesis has used newspaper data and only utilised, what is referred to in the literature as, the 'hard facts'. This means methodological issues of reliability and validity are still prominent but not to the extent that they would disproportionately impact the findings of this research. As Franzosi (1987) argues, the "hard facts" are significantly unlikely to be open to interpretation and bias such as the action involved, location and general identity of the participants of the events in comparison to where reasons are stated or responsibility is assigned to actors' actions (1987: 7). It is these 'hard facts', including statements and interviews with actors, which this thesis draws from newspaper reports rather than where responsibility has been assigned to particular states or officials or reasons for actions. Although it is noted that some statements given by officials or politicians can be manipulated by the media, this is counteracted by the use of multiple media sources to verify the exact comment or statement made. As Franzosi states "the type of bias likely to occur in mass media consists more of silence and emphasis rather than outright false information" (1987: 7).

Similarly, Danzger (1975) discusses such 'hard facts' as being "indisputable data" (1975: 577) seen as they are "observable facts" (ibid), such as if a case is brought to a court. Such a 'hard fact' is discussed in Chapter 6 with the European Commission taking Britain to court over the Right to Reside test. As he claims, "there is no evidence that "hard" facts are affected by bias, i.e., are distorted...bias affects placement and display, but does not produce distortion" (ibid). Accordingly, it is these elements of a newspaper report which are most reliable for Danzger hence it is important for a researcher to "avoid dealing with bias and to accept only the facts" (ibid), namely identifying information which is not "open to question" (ibid). For him they are distinct as he claims, "researchers may use specific facts or hard facts in contrast to interpretations of the facts. The two are distinguishable" (ibid).

Nonetheless, it is important to note that all sources have varying degrees of reliability and validity issues, as Franzosi concurs, "no data source is without error, including officially collected statistics. In the absence of systematic and comparative validation, there is no *a priori* reason to believe that data collected from newspapers would be less valid than other

commonly used sources” (Franzosi, 1987: 7). This thesis uses newspaper reports in Chapter 4 and Chapter 6 for two key reasons. Firstly, it is possible to access what was happening at the time the euro crisis broke and during its initial evolution, enabling this analysis to capture the sense of ‘crisis progression’ and urgency which characterised the initial period of the euro crisis and to identify other events that were occurring at the time. The reflectiveness of academic scholarship would prohibit such a current examination of emergent crisis events.

Secondly, due to the rapid development of the euro crisis this early period is best captured by media reports with academic scholarship unable to keep abreast of events. This is one of the benefits of using newspaper data, as Franzosi advocates, “despite the limitations of newspapers as a source of historical data, they often constitute the only available source of information...exclusion of newspaper data would prevent research in fields where no alternative data are available” (Franzosi, 1987: 6). Ultimately, while there are challenges in using newspaper data if these are recognised and addressed there are significant benefits to be drawn from its use. As Woolley concludes, “there is every reason to seek to use media data” (2000: 171). Earl et al. (2004) concur claiming “researchers can effectively use such data...newspaper data does not deviate markedly from accepted standards of quality...although not without its flaws, it remains a useful data source” (2004: 77).

1.5 Definitions

A number of definitions need to be specified from the beginning of the thesis, starting with the definition of the term ‘crisis’. Despite the high frequency of its use, as Henderson claims “crisis seems to be everywhere” (Henderson, 2014), the term ‘crisis’ is notable for the absence of a shared interpretation (Boin, 2004: 166). There is even disagreement “over whether or not such a consensus should be a goal” (Dayton et al., 2004: 165). Arguably, this array of definitions is due to the “ill-defined” nature of the research field which exists as “a hodgepodge quilt of specialist academics that are scattered over many disciplines” (Boin, 2004: 167). There is crisis literature involved in the fields of sociology (Hay, 1996; Jessop, 2010; 2015; 2017), management in relation to crisis management (Pauchant and Mitroff, 1990; Hermann, 1963; Weick, 1988; Seeger, Sellnow and Ulmer, 1998; Pearson and Clair, 1998; Pearson and Mitroff, 2017¹⁴), public relations relating to crisis communication research and crisis management in organizations (Coombs and Holladay, 1996; 2010; Coombs, 2007; Kent, 2010; Murphy, 1996), health (Estes, 1983; Beck and Worthen, 1972), law (Henderson, 2014),

¹⁴ Of note, Hermann (1963); Pearson and Clair (1998); Seeger, Sellnow and Ulmer (1998); and, Weick (1988) all discuss crises within the sub-field of organizational crisis research.

and politics (Boin, 2004; Rosenthal and Kouzmin, 1997; 't Hart and Boin, 2001; Henderson, 2014; González, 2008; Offe, 1976) to name merely a few.

All of these fields define a crisis differently. Some define a 'crisis' in purely negative terms relating to a significant threat such as Pauchant and Mitroff who define a 'crisis' as "a disruption that either affects or has the potential to affect a whole system, thus threatening the very core of its social identity" (Pauchant and Mitroff: 121). Others define a 'crisis' in more positive terms such as "devices of change" (Hermann, 1963: 63) and "occasions for decision" (Rosenthal and Kouzmin, 1997: 279). In relation to organizational crises Seeger, Sellnow and Ulmer define a 'crisis' as "part of the natural organizational process, purging elements of the system that are outdated and inappropriate and creating new, unexpected opportunities for growth and change" (Seeger, Sellnow and Ulmer, 1998: 233).

Hence, this positive conception of crises views their occurrence in processual terms rather than as a static, external shock which induces processes; in other words, the crisis itself is a process. As epitomised by 't Hart and Boin's definition which conceives crises as "episodes during which essential features of the institutional status quo in society are delegitimized...They [crises] are dynamic forces in ongoing processes of legitimization, delegitimization, and relegitimization of the social order, in particular the prevailing patterns of political and administrative authority" ('t Hart and Boin, 2001: 28).

Contrastingly, there are those that view a 'crisis' as a social construct rather than an objective, observable phenomena such as Rosenthal, Boin and Comfort who claim, "crises are culturally and politically defined events that contain levels of conflict and arouse strong emotional responses. They are, at least partially, the outcome of organizational or societal sensemaking" (2001: 8). Similarly, Hay maintains that a 'crisis' "is subjectively perceived and hence brought into existence through narrative and discourse" (Hay, 1996: 255). Estes concurs stating, "crises are socially constructed as a consequence of social perception and definition: that is, a crisis may be said to exist if it is perceived to exist. Conversely, a crisis does not exist if people do not act as though it exists" (Estes, 1983: 445).

There are also specific definitions for 'organizational crises' within the field of management (see, Hermann, 1963; Seeger, Sellnow and Ulmer, 1998; Murphy, 1996; Weick, 1988; Coombs and Holladay, 1996). Meanwhile, there are more general definitions of 'crisis' which view a crisis as, "a period of discontinuity, marking the breaking point in a patterned process of linearity" (Boin, 2004: 167) or as disrupting "regularities, rendering normal conceptual anchors and rules of thumb quite useless, if not counterproductive" (Rosenthal,

Boin and Comfort, 2001: 7). These are not applicable to the EU system as it is not linear, as will be discussed further in Chapter 5, and crises are a regular occurrence within the union.

Accordingly, the term 'crisis' has an array of meanings. Respectively, there is a challenge for this thesis to identify a single definition of 'crisis' to apply for the purposes of this research. There is an additional layer of difficulty when settling upon a definition due to a 'crisis' being a continually evolving event, ultimately no one (economic, political or social) crisis is the same. Hence, the target for conception is continually a moving one as Rosenthal, Boin and Comfort concur, "the changing nature of crisis poses conceptual and theoretical problems to the crisis researcher" (Rosenthal, Boin and Comfort, 2001: 6).

The thesis will thus adopt the frequently cited definition of a 'crisis' by Rosenthal, 't Hart and Charles (1989) for three key reasons. Firstly, due to, arguably, its generalizability across different contexts. Secondly, on account of the definition reflecting the novel 'crisis spectrum' within this thesis, namely conceiving a 'crisis' as comprising both a threat and response. Thirdly, the authors treat a 'crisis' as an objective phenomenon thus simplifying its application within this thesis by removing the necessity to discuss how the euro crisis is socially constructed which would not facilitate the thesis in answering the two central research questions. Consequently, the definition of 'crisis' by Rosenthal, 't Hart and Charles which will be used within this thesis specifies a crisis as,

"a serious threat to the basic structures or the fundamental values and norms of a social system, which – under time pressure and highly uncertain circumstances – necessitates making critical decisions" (from Rosenthal, 't Hart, and Charles 1989: 10 in Rosenthal and Kouzmin 1997: 280).

Intriguingly, the term 'crisis' has changed over time. The original meaning of a 'crisis' specified a bifurcation in the course of an illness, signalling either recovery or death. The source of the term is from the Greek *krisis* which means 'a decision' taken from *krinein* 'to decide, judge', or *kriōis* 'judgement' (Bauman and Bordoni, 2014: 1). Its more general sense means a 'decisive point'. As Koselleck and Richter¹⁵ states, "in classical Greek, the term was central to politics" meaning 'decision' "in the sense of reaching a crucial point that would tip the scales" (2006: 358).

¹⁵ See Koselleck and Richter (2006) for a comprehensive, historical discussion on the meaning and usage of 'crisis'. Also see Koselleck (1988).

Thus, in contrast to modern day, the Greeks meaning of 'crisis' provided "relatively clear demarcated meanings in the spheres of law, medicine and theology" (Koselleck, 2006: 358) with the concept commanding "choices between stark alternatives" (ibid). Over time the term has lost its original meaning, attaining a solely economic connotation. Nonetheless, it is today used in numerous contexts, subsequently replacing the term 'conjecture' which was typically used to mean a "painful but necessary transition in order to reach a new phase of prosperity" (Bauman and Bordoni, 2014: 2).

This 'conjecture' was a short period of adjustment where strategies would be redefined and recharged so to "regain strength and security and negotiate bargain deals as soon as things stabilized" (ibid). Bauman and Bordoni maintain,

"crisis, in its proper sense, expresses something positive, creative and optimistic, because it involves a change, and may be a rebirth after a break-up. It indicates separation, certainly, but also choice, decision and therefore the opportunity to express an opinion...In short, it is the predisposing factor to chance that prepares for future adjustments on a new basis, which is by no means depressing." (2014: 3).

Respectively the term 'crisis' does hold positive connotations historically, however as Bauman claims "I get the impression that the idea of 'crisis' tends to drift nowadays back to its medical origins" (Bauman and Bordoni, 2014: 7). In reviewing the European crisis literature in Chapter 3, it became apparent that there was a transfer of crisis management terminology from crisis diplomacy literature where a 'crisis' is defined as "a brief phase in which the breakdown or transformation of a system (a pattern of relationships) is threatened" (Richardson, 1994: 10).

A second important definition to specify from the outset is that of Europeanization. Europeanization here is not a synonym for EI theory; it is a theory in its own right. Rather, Europeanization is the consequence of EI, referring to the transformation of the domestic level in response to EU membership (i.e. the integration process). This thesis will be using the term 'Europeanization' instead of 'EU-ization' (Bulmer and Burch, 2005: 863) because the latter presumes the continual presence of EU involvement. Bulmer and Burch (2005) understand Europeanization to be an additional pressure(s) deriving from the EU level, prompting domestic adjustment. In contrast, within this thesis the EU is not a permanent feature in the Europeanization process with Europeanization occurring in the presence and absence of adaptational pressures and/or EU involvement, rather than it being a pressure in itself.

Accordingly, Radaelli's (2003) definition of Europeanization, the most commonly used definition within Europeanization literature, will be used throughout this thesis due to its conceptualisation of Europeanization as an "interactive process, and not a simple process of uni-directional reaction to 'Europe'" (Radaelli, 2004: 4). His definition emphasises the transformation of domestic politics as EU policies and politics becomes incorporated into the nation state but without an EU bias incorporating: individuals and organisations; 'hard' EU law and 'soft' EU regulations; and, is applicable to (non) member states alike (Radaelli, 2003: 30-31). Radaelli defines Europeanization as,

"Processes of (a) construction, (b) diffusion, and (c) institutionalization of formal and informal rules, procedures, policy paradigms, styles, 'ways of doing things', and shared beliefs and norms which are first defined and consolidated in the making of EU public policy and politics and then in the logic of domestic discourse, identities, political structures, and public policies" (2003: 30).

In anticipation of the discussion on the historical development of EU and national social policy in Chapter 5 it is important to set out at the onset what is meant by 'policy progress' and 'policy innovation', the implications of either occurring, and their relation to one another. By 'progress', this encompasses new policy developments and a new set of core parameters. The outcome would be radically *new social measures* within *new policy areas*, a new focus and composition to social measures, and a potential change in which governance level the jurisdiction lies. By 'policy innovation', this refers to a transformation of *pre-existing policy areas* and *pre-existing policy measures* attaining legal deepening and broadening. Respectively, new methods such as Qualified Majority Voting or the Open Method of Co-ordination rather than non-binding, informal measures. 'Policy innovation' ensures that 'policy progress' continues and 'policy stagnation' or 'eurosclerosis' does not become embedded within the policy process, hindering 'policy progress' and bringing EI to a halt.

Another important definition for the purposes of Chapter 5 is EU social policy. In contrast to national social policy, EU social policy has an extensive remit, permitting a free choice of subject matter. However, Grahl and Teague's (2013) definition will be adopted within this chapter in order to confine the area under analysis, which consists of;

"a wide definition of social policy, including not only social security but also employment and labour market regulation together with labour market interventions, when these are intended to counter unemployment or to improve the welfare of

workers rather than promote purely economic objectives, such as wage flexibility” (2013: 679).

For the purposes of analysing the Irish case study of activation policy in Chapter 7, it is important to define what activation policy is as “the notion of activation refers not to one thing, but to many” (Pascual, 2004: 227). Activation policy started with a focus on active labour market programmes and individuals. This incrementally evolved to encompass the politics of activating social protection systems and an increasing number of policy areas within these systems, in addition to the activation of individual(s) target groups (Barbier, 2004b: 236; Bassanini and Duval, 2006 and 2009; OECD, 2013). Respectively, the term is innately elastic, capable of being utilised within both a narrow and broad conception (Clasen and Clegg, 2006; Barbier, 2005). Hence, in light of such a contested concept and multiple attempts at a definition (Jørgensen, 2004; Barbier, 2004a and 2005; Barbier and Ludwig-Mayerhofer 2004; Classen and Clegg, 2006; Eichhorst and Konle-Seidl, 2008; OECD, 2013) this chapter will be adopting Barbier’s (2004b) broad definition which comprises of;

“an increased and explicit dynamic linkage introduced between (i) on the one hand, social, welfare, assistance etc. programmes (including pensions – particularly early retirement programmes – family benefits etc.) and on the other hand (ii) employment/labour market programmes/policies” (2004b: 236).

1.6 Clarification on the Euro Crisis

One feature of this thesis also needs to be clarified from the beginning, namely the timeframe of the euro crisis. The main aspects of the euro crisis have subsided since 2013/2014. However, there are still crisis elements persisting and ongoing concerns over the Eurozone. Consequently, this thesis will discuss the euro crisis as the living crisis that it is, except for when examining past events where the crisis will rightfully be discussed in past tense. It is not possible to discuss the crisis as a historical event for three reasons. Firstly, the impact of the crisis is continuing to be felt in Italy and Greece with debt remaining high and weak growth. Significant economic divergences also remain within the Eurozone (IMF, July 2017). In 2017 the Eurozone crisis was reignited with Italy once again taking centre stage, as will be discussed in Chapter 4.

Secondly, the recent political crisis in Spain is a source of renewed economic concern along with ongoing political instability across Europe with right-wing political parties remaining resilient and the significant uncertainty over the consequences of ‘Brexit’ are

creating both political and economic pressures. Thirdly, there are ongoing concerns over the Eurozone with the signs of an economic recovery presenting an opportunity for further reforms rather than signalling the end of the crisis (ibid). The European Central Bank warned the Eurozone area continued to be in a “fragile” state with government debts remaining out of control and the banking sector “not yet in good health” (The Telegraph, May 2017).

Meanwhile, the International Monetary Fund warned in their latest World Economic Outlook report that the recovery was not complete and could be short lived (IMF, October 2017). Thus, it is not implausible that the Eurozone crisis could become headline news once again. Accordingly, it would be premature to treat the crisis as over with such significant uncertainty persisting. As De Grauwe concurs, arguing the future of the Eurozone “remains in doubt. The euro crisis is not over” (2016: 155). Ultimately, there are no neat endings to crises and no one announces the end of a crisis rather, as ‘t Hart and Boin concur, “crises are fuzzy and indeterminate...[hence] deciding when they are over is not a self-evident, unproblematic act” (2001: 29). Kent concurs claiming, “an event that is a crisis for one public is not necessarily a crisis for another” (2010: 709). Hence, there is an ongoing debate over whether the crisis has reached a conclusion or not.

1.7 Thesis Structure

The thesis is structured as follows. *Chapter 2* will conduct a theoretical review of the literature on Europeanization theory which underpins the discussion throughout this thesis and within which the novel ‘crisis spectrum’ is positioned. The purpose of the chapter is to provide an outline of the different approaches to Europeanization theory and critically analyse the Europeanization debate. Furthermore, to introduce the novel ‘crisis spectrum’ and delineate how Europeanization theory is employed through this new crisis framework. The chapter will begin by critically analysing the debate over the meaning and definition of Europeanization.

This is followed by an analysis of the taxonomy of Europeanization theory which discusses the different approaches to examining the process of Europeanization, illustrating their differing analytical functions and purposes, while also highlighting the scholarly debates over their use. Within this section the chapter identifies the gap where the thesis is making an original contribution to Europeanization theory literature. Specifically, the chapter states how the thesis is novel for contributing to the new theoretical discussion of the Europeanization process in crisis times by analysing new member states, Britain and Ireland, and new policy

areas, examining British welfare policy and Irish activation policy. Hence, the thesis is contributing to constructing a holistic picture of how a crisis impacts the EU system.

The debate over the usefulness of Europeanization theory is critically analysed, followed by a comparison between Europeanization theory and traditional integration theories to explore whether the theory goes further than these earlier theories as its protagonists' claim. Before concluding, the chapter introduces the novel 'crisis spectrum' discussing each crisis logic respectively and positions the traditional integration theories on the 'crisis spectrum' to elucidate how they conceive the impact of EU crises in comparison to Europeanization theory. The chapter argues that Europeanization theory does matter and those academics deeming Europeanization theory as being useless have been too hasty to discount its utility, with this analysis showing the theory is useful. Thus, supporting the consensus amongst academics. This is substantiated by the theoretical literature reviewed and the fact Europeanization theory is shown to surpass EI theory as it claims.

Chapter 3 will conduct a literature review of the European crisis debate on EU crises. The chapter applies the two extremes of the novel 'crisis spectrum' to explore where scholars from the field of economics and politics lay on the 'crisis spectrum' in relation to these extremities. Positive comments surrounding the conclusion of the euro crisis are difficult to locate, thus portraying the image that sceptics are dominating the crisis debate. The chapter aims to identify whether the sceptics are dominating the crisis debate, with EU crises and the euro crisis in particular viewed as a threat to EU policy development and the EU system, aligned to 'crisis progression'. Alternatively, the review explores whether this image is a falsity and of equal significance in the crisis debate are those viewing EU crises and the euro crisis as a catalyst, accelerating EU policy development and providing an opportunity for the EU system to strengthen, aligned to 'crisis diversity'. While the economic literature on the euro crisis is included within this literature review due to the dominance of the discussion on economic policy which makes this literature important to include, the chapter provides an explanation for why the economic field is disregarded for the purposes of this research.

Accordingly, the chapter initially conducts a brief review of the economic literature on the euro crisis in relation to the two crisis extremes identifying economic 'crisis progressionists' and economic 'crisis diversifiers'. This is followed by a review of the political literature in relation to the two crisis extremes, identifying political 'crisis progressionists' and political 'crisis diversifiers'. It is within this analysis that the chapter identifies the gap this thesis is filling and identifies the literature most closely aligned to this thesis. In particular,

economic and political literature scarcely focuses on social policy instead focusing on the European Social Model and national welfare states as a collective. Subsequently, the thesis aims to fill this gap and bridge the literature on EU crises and the euro crisis in particular with literature on social policy, namely exploring the implications of the euro crisis for the EU through an examination of two distinctive areas of social policy in Britain and Ireland respectively.

The thesis will provide an in-depth analysis exploring whether the crisis is providing opportunities for national social policy responses or inhibiting such policy development. The analyses by Lefkofridi and Schmitter (2015) and Kühnhardt (2009) are identified as being most closely aligned to this thesis, and thus are built upon by this research. The chapter concludes that over time there has been an increasing number of academics in the crisis debate who are 'crisis diversifiers' rather than 'crisis progressionists'. Hence, despite appearances, the traditional view of crises is not dominating the crisis debate.

Chapter 4 analyses the peak of the euro crisis from its inception in 2010 to 2013, identifying the crisis pattern at the EU and national levels. The purpose of the chapter is to explore, with the benefit of hindsight, whether the 'crisis progression' narrative within the national press at the time was an accurate portrayal of the euro crisis or whether 'crisis diversity' was being overlooked, and by proxy the presence of a 'crisis spectrum', due to the prevalence of the traditional, mechanical vision of crises. The chapter is divided into two sections to mirror the separate European and national governance levels.

The European section identifies a crisis pattern of 'crisis progression' through charting the course of the euro crisis from the collapse of Greece to the fall of Cyprus and an analysis of the subsequent German-dominated European crisis response. This is followed by a special analytical focus on the Fiscal Compact and Banking Union as these measures are the most significant developed in response to the euro crisis in this early period, entailing significant Europeanization of national policies. To conclude, this section is brought up-to-date with a brief overview of the latest crisis events since 2013 accounting for the economic and political issues persisting in Portugal, Spain, Greece and Italy, illustrating how 'crisis progression' has continued to prevail after the crisis reached its peak.

The national section analyses the Irish variant of the euro crisis and Britain's role in the crisis as a non-Eurozone member state, conversely identifying a crisis pattern of 'crisis diversity'. This section of the chapter highlights how flexible and adaptable member states were, and their imperative role within crises and the wider EI process. Additionally, it

highlights the inherent interconnection and interaction between European economics and national politics which motivates this thesis. The examination of the Irish crisis charts the collapse of the Celtic Tiger and analyses the national and European crisis responses. The national response details the Irish resistance to an economic bailout, the national attempts to gain control through fiscal policy and the inevitable political crisis which ensued as Ireland finally assented to a bailout which was perceived as poorly negotiated by the state's public.

The European response accounts for interstate disagreement over Ireland's low corporation tax and the politics around Ireland's bailout package as the EU attempted to stop contagion of the euro crisis. The analysis of Britain's role in the euro crisis follows, examining the political controversy around the state providing aid to its neighbouring member state Ireland; the states' prominent role within the Eurozone policy response to the economic problems of the euro crisis through the enactment of the 'Brown Plan', despite being a non-Eurozone member; and, an examination of the political tensions surrounding the negotiations for the EU budget which led Britain to become the scapegoat for a lack of European cohesion as the euro crisis started to shape the wider political affairs of the EU.

The chapter finds a 'crisis spectrum' was in operation during the peak of the euro crisis which has been overlooked as evidence by a pattern of 'crisis diversity' at the national level and the two differing crisis patterns, hence different crisis responses, occurring at the European and national levels respectively. The chapter regards the media perception of the euro crisis as a simple story of 'crisis progression' a media creation due to an EU-centric focus overlooking national activity. The chapter argues that these two different crisis responses facilitated a role reversal between the member states and the EU as a 'crisis cushion' formed whereby national responses resolved national issues, unconsciously, in conjunction with the EU structure. These national responses allowed the EU to continue to operate and exist thus helping to save the EU from the euro crisis by prohibiting the perpetuation of 'crisis progression'. Respectively, a 'bi-directional' process of Europeanization is argued to be occurring in the EU system at this time with the processes of 'top-down' Europeanization and 'bottom-up' Europeanization being indistinguishable.

Chapter 5 will analyse the development and interaction of EU and national social policy in Britain and Ireland. The aim of the chapter is to identify the crisis pattern within the historical development of EU and national social policy in Britain and Ireland. The chapter identifies whether social policy has traditionally followed a pattern of 'crisis diversity', with social policy developing because of EU crises. On the other hand, if a pattern of 'crisis

progression' has typically transpired, where periods of crisis have faltered the development of social policy. Alternatively, whether a combination of these scenarios has occurred, thereby moving up and down the 'crisis spectrum' in different phases of social policy's development and demonstrating the historical presence of a 'crisis spectrum'.

Furthermore, this analysis provides the foundations upon which it will be possible to analyse the British and Irish social policy responses to the euro crisis. The crisis pattern and interaction between EU and national social policy identified within this chapter will serve as a comparison to the crisis pattern and interaction between the EU and national social policy during the euro crisis period within individual areas of British and Irish social policy. The chapter is, identical to Chapter 4, divided into two sections to mirror the separate European and national governance levels under analysis.

The chapter will begin with an analysis of the EU level, identifying a crisis pattern of 'crisis diversity' which is conceptualised within four developmental phases from the 1950s to 1970s through to the euro crisis in present-day. The first phase from the 1950s to 1970s examines the establishment of the core parameters of EU social policy and the notable inactivity which characterises this phase. Thus, demonstrating the necessity of a political or economic challenge for EU social policy progress to occur. This is followed by the second phase from the 1970s to early 1990s which will chart the significant positive impact EU crises had on EU social policy's development. This phase illustrates how periods of 'crisis progression' were followed by 'crisis diversity' as successive economic crises brought national social policy issues to the fore, leading to a strengthening of social policy. It is within this phase that EU social policy becomes established as the 'step child' of EU policy due to the persistence of British opposition.

The subsequent phase from the 1990s to 2007s will chart the peak of EU social policy development under the Amsterdam, Maastricht and Lisbon Treaties as an environment of high unemployment, declining economic growth and economic crisis acted as a catalyst, further consolidating the development of EU social policy. The final phase from 2008 to the present-day context of the euro crisis will account for the absent crisis in EU social policy, demonstrating how EU social policy operated unaffected by the euro crisis due to EU social policy's structure being vastly different to economic policy. The national section will then follow, examining British and Irish social policy development, identifying an identical crisis pattern of 'crisis diversity'. This section will highlight the significant difference between EU and national social policy whereby national social policy is dependent upon economic policy for

providing significant funding; ultimately, national economic policy underpins national social policy.

The chapter subsequently analyses Britain, illustrating the highly political environment in which national social policy developed. This section will begin with documenting the development of a comprehensive welfare state and an extensive role for the state from the 1940s to 1970s, in the context of unprecedented crisis, which renders EU social policy a supporting role. This supporting role varies depending on the political party in government. The following phase from the 1970s to 1990s will document the beginning of the tug of war between Britain and the EU over the jurisdiction of social policy, examining the successive rejections of EU social policy. Conversely, it will demonstrate how national social policy continued to be revitalised through concepts 'downloaded' from the EU level despite this confrontational relationship. The third phase from the 1990s to 2007s will account for the significant shift in Britain's interaction with EU social policy as the election of Tony Blair's New Labour creates a non-threatening conception of EU social policy, leading to Britain reversing roles with the EU. For the first time Britain drives EU and national social policy's development from within the EU.

The final phase from 2008 to the present-day returns to a familiar tug of war over social policy. This phase will explore how Britain views the euro crisis as an opportunity to radically reform the national welfare state and increase the dependency of EU social policy on the national level as once again EU social policy developments become conceived as a threat. At the national level, social policy becomes the fall guy for the economic crisis. The revitalisation of the EU and national levels is found to be opposed in both directions. Thereafter, the chapter conducts an analysis of Ireland which depicts a very different, contrastingly unpolitical, story of national social policy. The initial phase from the 1930s to 1970s illustrates the lack of national demand for social policy which is exacerbated by the minimal role for the state. The following phase from the 1970s to 1990s will account for how EU social policy takes up this role and becomes the driving force for Irish social policy.

This expansion of social policy's development is shown to be initially hindered by the 1980s national economic crisis which leaves Ireland financially challenged to implement EU social policy, highlighting the difference between EU and national social policy. Nonetheless, this phase will discuss how 'crisis diversity' is borne out of this 'crisis progression' as EU social policy developments combine with the economic crisis to accelerate the modernisation and Europeanization of the Irish state. The 1990s to pre-crisis 2007 phase will explore the reversal

of roles between Ireland and the EU within the non-crisis period of the Celtic Tiger. For example, Ireland's National Anti-Poverty Strategy provided a template for the EU's approach to social exclusion. This revitalisation is found to be a two-way process as the European Employment Strategy reinforced the national trajectory of employment policy leading to significant national social policy development.

The final phase from 2008 to the euro crisis will demonstrate the interdependency between national economic and social policy as the economic crisis mechanically spills over into national social policy, with social partnership bearing the cost of the economic crisis. This phase will analyse how 'crisis diversity' emerges from significant 'crisis progression' as welfare benefits were reformed and Ireland drove EU social policy through its presidency of the European Council, thus filling the policy void at the national level. The chapter finds, in contrast to the present euro crisis (Chapter 4), the two governance levels are exhibiting the same crisis pattern and this has facilitated the development of EU and national social policy. Specifically, at different times out of 'crisis progression', 'crisis diversity' has been borne, demonstrating the historical and continual presence of a 'crisis spectrum', which is currently being overlooked within the euro crisis debate.

The chapter also finds, due to the identical crisis patterns, Britain and Ireland recurrently reversing roles with the EU and becoming the 'pace-setter' for the development of EU and national social policy, as in Chapter 4, at times when EU social policy is stifled, thus ensuring policy progress for both governance levels. Additionally, the chapter finds that while Britain and Ireland share the same crisis pattern they have interacted with and been impacted by EU social policy developments differently. Respectively, the chapter argues that the euro crisis is unable to be an existential crisis ('crisis progression') as there is no uniform structure at either the EU or national level.

Chapter 6 will analyse the first of the two case studies within this thesis, starting with Britain and the British response to the free movement of EU nationals during the euro crisis within the state dispute with the EU. This chapter accounts for the path which led to 'Brexit'. The chapter will, filling the current gap in the literature identified in Chapter 3, examine the social debates and social policy developments which emerged from the immigration debate in response to the significant rigidity at the EU level. The purpose of the chapter is to identify the crisis pattern within British welfare policy, deciphering whether a 'crisis spectrum' is at play or whether the EU in 'crisis mode' does mean the end of the EU as the classical view of crises

contends. The crisis pattern identified in this chapter serves as a point of comparison for the analysis of the second case study in Chapter 7 on Irish activation policy.

Immigration policy is referred to within the chapter but it is not the focus of the analysis. Immigration policy is purely of contextual importance within the chapter. The references to immigration policy merely serve to provide the important context in which the social policy responses were operating. Furthermore, to facilitate exploring the focus of this chapter. Specifically, how Britain used those social policy mechanisms which were in control of the state to manage welfare entitlement of EU nationals in the context of EU free movement where national immigration policy is invalid.

The analysis will examine how the euro crisis had notably no effect on the process of Europeanization with British attempts to de-Europeanize, so to keep EU social policy out of the British welfare model, ultimately failing due to the EU's rigid defence of the principle of free movement. It will be shown how this defence of free movement created an equal defence over the process of Europeanization with both the policy area and the process left untouched by the euro crisis. The chapter achieves this through an examination of three-time periods, documenting how Britain used its national welfare state to counter the social impact of the EU's principle of free movement.

The first period from 2010 to 2011 will identify how the immigration debate has its origins outside of the euro crisis and how the social tensions over EU nationals' access to British welfare benefits were borne. This section will account for the introduction of the Right to Reside test, designed to counter the broad definition of a 'worker' at the EU level and thus control EU nationals' access to national welfare benefits. This test was to become a significant source of conflict between the EU and Britain, acting as a significant strain on political relations.

The second period will chart the height of the free movement debate between 2012 and 2014 accounting for the significant development of British social policy to exclude EU nationals from the British welfare state with the introduction of a new single welfare payment Universal Credit and other welfare initiatives. This section will also document how the dispute over the Right to Reside test reached its peak with the EU referring the case to the European Court of Justice, despite the Supreme Court supporting Britain's contention that free movement was connected to an EU national's employment status and financial independence.

Accordingly, it is within this period the chapter will document how 'crisis stability' played out at the EU level and how the path was created for 'Brexit' as both Britain and the EU remained immovable over their respective policy stances as the British welfare model clashed with the conception of EU citizenship. The third period from 2015 to 2016, up to when the British EU referendum campaign began, will document the triggering of 'Brexit' as 'crisis stability' continued within the EU's first and only response to Britain's concerns within the renegotiation package, with only minimal policy reforms pledged in relation to the EU's regulation on social security co-ordination.

The chapter finds that 'crisis diversity' at the national level was met with significant 'crisis stability' at the EU level, substantiating the findings so far within the thesis for a 'crisis spectrum' at play. The chapter will also substantiate the claim made hitherto, building upon those findings from Chapter 4 and Chapter 5, that the euro crisis is not an existential crisis as evidenced by free movement remaining untouched. Hence, the crisis pattern of 'crisis diversity' in British welfare policy is found to mirror national social policy's historical development (Chapter 5) and the national level within the euro crisis (Chapter 4). Similarly, the chapter finds Britain's crisis interaction with EU social policy accords with its negative historical interaction (Chapter 5). It also finds, in contrast to Britain's interaction with the EU historically (Chapter 5), that Britain is unsuccessful in reversing roles with the EU due to the EU's rejection of the national policy the state was attempting to 'upload' to the EU level. This suggests that revitalisation occurs not only both ways but along a spectrum. Ultimately, the chapter concludes that the British case demonstrates, against the traditional view of crises, that the EU in 'crisis mode' does not mean the end of the EU.

Chapter 7 will analyse the second and final case study, the use of Irish activation policy in response to the unprecedented unemployment crisis. This chapter will follow an identical structure to Chapter 6, further filling the current gap in the literature identified in Chapter 3. The purpose of the chapter is to identify the crisis pattern in Irish activation policy to decipher whether a 'crisis spectrum' is at play, like the British case study, or whether the EU in 'crisis mode' does mean the end of the EU, as the classical view of crises contends, with Irish social policy inhibited by the euro crisis. The case study acts as an interesting comparison to the British case on account of Ireland's Eurozone membership and being one of the first member states to collapse in the euro crisis.

The chapter will explore how the euro crisis positively impacted on the state's ability to exercise and develop activation policy, and identify how the euro crisis had a similar

expediting effect on the process of Europeanization at the national level during the euro crisis. The chapter executes this through an examination of three-time periods, this time from 2009 to 2017. The analysis will document how Ireland reformed its activation policy to address the unprecedented unemployment crisis as the euro crisis made Ireland's customary strategy of using welfare benefits to support the unemployed unenforceable. The first period from 2009 to 2011 will document how 'crisis progression' initially dominated Irish activation policy with the state lacking funds to develop a social policy response as the economic crisis spilled over into national social policy. This section will identify how pre-crisis "the logic of the reform was there" (Interview 19, February 2016) and, in particular, four pre-crisis policy proposals become enacted at an accelerated pace due to the euro crisis. This meant in the crisis there was remarkable agreement between the EU and Ireland over activation policy reforms under the Memorandum of Understanding with the Troika as the national strategy became accepted and enshrined within the conditions of the financial bailout. Hence, it was not the Troika which dictated Irish welfare to work policy during the crisis.

The second period will chronicle how 'crisis progression' was transformed into 'crisis diversity' from 2012 to 2014 as the crisis fostered "a sea change in the approach" (Interview 15, December 2015) of Ireland's activation system. This section will account for the significant development in activation policy which was motivated by an attempt to integrate the placement and benefit functions of the welfare system, namely through a new activation strategy Pathways to Work. Accordingly, it documents how 'crisis diversity' occurred at an accelerated pace at the national level as social policy development occurred based on pre-crisis ideas, drawing upon experiences in other EU countries, as Ireland converged with EU activation practices, thus similarly accelerating the Europeanization process. This section will build upon those findings in Chapter 6 which demonstrated that the euro crisis is not inhibiting national social policy development. It will also account for how EU social policy was accelerated as Ireland undertook the presidency of the European Council and enacted a rapid adoption of the EU's Youth Guarantee.

The third period will account for Irish activation policy development outside of the Troika agreement in the present period of financial recovery from 2015 to 2017, exploring how 'crisis stability' ensued coupled with ongoing incremental policy innovation. It will demonstrate how the crisis had facilitated policy development with some policy practices, such as the activation conditionality on welfare payments to lone parents, having been reversed to their pre-crisis model outside of the Memorandum of Understanding. However, structural changes fostered by the euro crisis, such as the new mixed 'worker-mother-regime'

and the new Europeanized, coercive Pathways to Work activation strategy, are shown to have become firmly embedded into the landscape of Irish activation policy.

The chapter finds that there was a policy response and significant policy development during the crisis period in Irish activation policy. The case of Ireland demonstrates how a 'crisis spectrum' is at play with Ireland moving up from 'crisis progression' at one end of the 'crisis spectrum' to 'crisis diversity' at the other end over the course of the crisis period. Hence, the crisis pattern of 'crisis diversity' in Irish activation policy is found to mirror national social policy's historical development (Chapter 5) and the national level within the euro crisis (Chapter 4). Similarly, the chapter finds Ireland's crisis interaction with EU social policy is consistent with its positive historical interaction (Chapter 5). The chapter also finds, in contrast to the British case, that Ireland was successful in reversing roles with the EU, according with Ireland's interaction with the EU historically (Chapter 5), through the presidency of the European Council, subsequently accelerating EU social policy development. This further suggests that revitalisation occurs along a spectrum, as claimed in Chapter 6, and substantiates the finding in Chapter 4 for the presence of 'bi-directional' Europeanization. Ultimately, in accordance with the British case and against the traditional view of crises, the chapter finds the EU in 'crisis mode' does not mean the end of the EU.

Chapter 8 will conclude the thesis by conducting a comparison between the British and Irish case studies in answering the two research questions stated at the beginning of this thesis. The chapter will summarise the main conclusions from each chapter demonstrating how the thesis reached its main conclusion. Ultimately, it is concluded that while there are elements of 'crisis progression' in the euro crisis, this is not the domineering crisis pattern as many media and political commentators purported. Instead, 'crisis diversity' has featured significantly in the euro crisis, borne out of the threat from 'crisis progression'. Hence, rather than being opposed to one another these two perspectives are in tension to one another with a spectrum of possibilities between them. Academics and political commentators alike are merely seeing one end of the spectrum, one part of a highly complex and interdependent picture of the crisis. The chapter concludes what these findings demonstrate in reference to the impact of a crisis on the EU system and the nation state, as well as the crisis responses respectively. The chapter discusses the implications for Europeanization theory and the crisis implications from the research findings before outlining research areas which merit further study.

1.7.1 Events Beyond the Thesis: The 'Brexit' Crisis

This thesis commenced in 2012 before the events that have followed from the British EU referendum and subsequent process of Britain leaving the EU, which has become commonly referred to as 'Brexit'. Consequently, this thesis has retained its focus on the euro crisis with the majority of research conducted prior to both the EU referendum and announcement of an EU referendum being held. During the latter stages of conducting interviews for the British case, the Prime Minister (PM) of the time David Cameron announced a British referendum on EU membership was to be held. It was not practical or feasible to attempt to re-interview the respective actors after this announcement or in the aftermath of 'Brexit' occurring. 'Brexit' has subsequently become the next crisis to hit the EU.

Accordingly, this thesis will briefly discuss and account for these dramatic events within the postscript located at the end of this thesis. Within this postscript, the novel crisis logics are applied to this new crisis discussing how the crisis logics explain 'Brexit' and what they expect to happen next. While acknowledging the period of ongoing transition for Britain, for the purposes of this thesis it will discuss Britain as a member of the EU due to the state technically remaining a member of the EU while negotiations are conducted for two years over the type of relationship between the EU and Britain after the state has left the EU in March 2019.

Chapter 2

Europeanization vs. Traditional Integration Theory

“This is the Great Glass Wonkavator...an elevator can only go up and down but the Wonkavator can go sideways and slantways and longways and backways and squareways and frontways and any other ways that you can think of...” (Willy Wonka and the Chocolate Factory, Gene Wilder, 1971¹⁶)

“The spillover hypothesis seemed to suggest that integration was a linear, progressive phenomenon; that once started, dynamics would be set in place to continue the momentum.” (Rosamond, 2000: 63)

These quotes represent two conceptions of reality. These are two ways of perceiving the EI process. These quotes demonstrate the contrast between the two theoretical perspectives of the traditional EI theory and the contemporary theory of Europeanization. The Wonka quote illustrates the potential diversity of impact, (in)direct effects and responses innate within the process of integration on the domestic sphere which is epitomised within Europeanization theory. In contrast, Rosamond (2000) discusses the common assumption that underlies traditional EI theory, which perceives integration merely capable of going backwards and/or forwards within an EU-centric approach. For this reason, Europeanization theory has become popularised for its capacity to understand how the EU has become “a natural part of” domestic politics, whether this occurs in the form of opportunities or constraints (Vink and Graziano, 2008: 4).

This chapter will conduct a theoretical review of the literature on Europeanization theory, within which the novel ‘crisis spectrum’ is positioned. The chapter will outline the different approaches to Europeanization theory and critically analyse the Europeanization debate. The chapter will conduct a comparison between Europeanization theory and

¹⁶ (R.Dahl and M. Stuart, 1971)

traditional EI theories to analyse whether it fulfils its claim in going beyond these traditional theories. The chapter also identifies the gap where the thesis is making an original contribution to Europeanization theory literature namely, the new theoretical discussion of Europeanization in crisis times, analysing new member states and new policy areas. The novel 'crisis spectrum', discussed in Chapter 1, will also be introduced. The Europeanization process refers to the transformation of the domestic arena in response to EU membership. Additionally, this thesis examines the impact of Eurozone membership on nation states.

Respectively, the chapter will be structured as follows. The first section critically analyses the debate over the meaning and definition of Europeanization. This is followed by an analysis of the taxonomy of Europeanization theory discussing the different approaches to analysing the process of Europeanization which all serve a different analytical function and purpose. The chapter then continues to critically analyse the debate over the usefulness of Europeanization theory examining those academics who have attempted to define Europeanization conceptually and those who have relegated it as being a useless concept. Critics such as Olsen (2002) argue Europeanization is useless as an organizational concept while Vink and Graziano (2008) along with Bulmer (2008) highlight the weaknesses of Europeanization without relegating it a useless concept. Europeanization is a multifaceted and much contested concept. The EU's messy structure is epitomised within the messy debate of Europeanization theory.

The chapter then conducts a comparison between Europeanization theory and the traditional EI theories to explore whether it goes further than these earlier theories, providing a more comprehensive depiction of the EU and its operation as its protagonists' claim. Finally, the chapter introduces the novel 'crisis spectrum' explaining each crisis logic in turn and positions the traditional EI theories on the 'crisis spectrum' to decipher how they conceive the impact of EU crises in comparison to Europeanization theory. The chapter argues that Europeanization theory does matter and those academics deeming Europeanization theory as being useless have been too hasty to discount its utility, with this analysis showing the theory is useful. Thus, supporting the consensus amongst academics. This is substantiated by the theoretical literature reviewed and the fact Europeanization theory is shown within this analysis to surpass traditional EI theory as it claims.

2.1 Academics on 'Europeanization' and the Definitional Contest

"[Europeanization] It is neither a new theory, nor an ad-hoc approach. Rather, it is a way of orchestrating existing concepts and to contribute to cumulative research in political science.

Europeanization does not provide any simple fix to theoretical or empirical problems...it can deliver if approached as a set of puzzles. A problem in search of explanation – not the explanation itself.” (Radaelli, 2004)

Europeanization theory fully emerged from the success of EI during the mid-1990s. If EI explains the process of integration, Europeanization theory queries the impact of what is going on inside the process. There are two principal understandings of the Europeanization process; firstly, entailing a transfer from the EU level to other areas of policy, institutions, beliefs and norms alike and secondly, the construction of the EU's faculty (Bulmer, 2008: 47). “Europeanization’ is...a matter of degree” (Featherstone, 2003: 4). The process of Europeanization does not occur in all member states, in all sectors or to the same extent nor intensity, thus, the Europeanization process can mean many things to many different nation states. The degree to which a country is ‘Europeanized’ depends upon pre-existing conditions, expectations, criteria, definitions placed upon it and the domestic area being considered. Therefore, the challenge from the outset is to settle upon a workable definition of the concept of Europeanization, as this thesis did in the introduction (see Chapter 1).

There is no singular definition of Europeanization and this, in parallel to EI theory, is mirrored within the Europeanization research field itself which is similarly expansive and multifaceted,

“There is no single grand theory of ‘Europeanization’ that can help us understand how institutions co-evolve through processes of mutual adaption. Nor is there a single set of simplifying assumptions about change, institutions and actors that will capture the complexity of European transformations” (Olsen, 2002: 944).

The problem with conceptualising Europeanization is that the ‘object’ under analysis is not static.

However, there are some common themes regardless of the criteria and approach used. Europeanization in respect to the three dimensions of domestic impact and change consisting of policy, politics and polity involves: diversity and harmonization; divergence and convergence; positive and negative integration; institution-building and identity formation; and, interactions and socialization. Europeanization is considered to be a process rather than an end-state. Europeanization is also perceived as having an enduring character, moreover involving the transformation of the domestic and European levels alike. With such eclecticism, it is clear to see how it has become accused of re-branding a pre-existing concept.

As academics unremittingly contest over its precise meaning and definition there is an increasing danger of the concept becoming confused even with its own possible outcomes. Bulmer (2008) claims Europeanization is not a theory rather a “phenomenon which a range of theoretical approaches have sought to explain” (2008: 57). Contrastingly, for Radaelli (2004) Europeanization is a theory and is defined by three features namely, taking an interest in member states adaptation to Europe without making any bold predictions; viewing domestic institutions as malleable to varying extents but not weakening or retreating; and, convergence is not assumed when analysing the convergence and/or divergence within policy areas and historical conditions (2004: 3). Unlike traditional EI theories, there is an absence of automaticity within Europeanization theory.

Respectively, adaptational pressure does not signify the process of Europeanization, nor an inevitability that Europeanization will occur. Likewise, an absence of adaptational pressure does not mean that Europeanization cannot or will not occur. Hence, emanating pressures for adjustment can be seen as a necessary but not a sufficient condition for expecting domestic change (Börzel and Risse, 2003: 57). Moreover, Europeanization as a process and a concept does not necessarily entail the involvement of the EU. As Vink and Graziano (2008) maintain, “Europeanization is more than and different from EU-ization” (2008: 12). The concept of Europeanization can also mean policy transfer between member states themselves. For Bulmer (2008) the largest debate in the literature is over the Europeanization process being “exclusively a top-down phenomenon or whether it is in part horizontal” (2008: 51). Additionally, the concept of Europeanization can also refer to more intangible developments such as European identity and culture. Accordingly, many academics view the concept as fluid and ambiguous.

The ‘Europeanization’ turn has ultimately led to a focus upon identifying the mechanisms through which the EU impacts upon member states. However, Europeanization does not produce unilateral change. There is no single dominant and deterministic causal relation, “causal chains are often indirect, long and complex...Interactive processes of feedback, mutual influence and adaption are producing interpenetration between levels of governance and institutions.” (Olsen, 2002: 942). Featherstone and Radaelli (2003) argue, in rejection of many traditional EI theories, that the Europeanization process is not producing a coherent, homogenous or harmonized Europe, rather “diversity is inbuilt in Europeanization” (2003: 336). There is a consensus amongst academics that the process of Europeanization produces divergence more than it produces convergence.

Nonetheless, there is a desperate need for the concept of Europeanization to have its boundaries defined, without such limitations in situ a precise and comprehensive definition of Europeanization is unfeasible and the debate is inept. Unlike policy studies, impact studies are less able to isolate the causation from the EU. As such, Bulmer and Burch (2005) argue that it could be discovered that Europeanization is simply reconciling the underlying developments within the transformation of the global economy or alternatively that developments are being constructed in such a way to make the consequences of globalisation more domestically appealing. For some academics there is only one thing that is definite, “Europeanisation is not a new theory” (Radaelli, 2004: 15).

A taxonomy of Europeanization theory involves four different interpretations. Europeanization can be understood as a broad phenomenon of ‘top-down’ approach examining the impact of the EU upon member states; alternatively it can be a ‘bottom-up’ approach with analytical primacy on the member states; on the other hand it can incorporate both of these approaches with an examination of the feedback processes within the ‘bi-directional’ approach; lastly, there is the less commonly used ‘horizontal’ approach involving a non-EU centred analysis with change occurring from member state to member state with no, or at the very most little, intervention by EU institutions. The ‘top-down’ approach for Featherstone and Radaelli (2003: 337) is a theoretical relic with its proposition of a clear cause and effect hierarchal chain of causality. The ‘horizontal’ mechanism of Europeanization demonstrates that the effects of Europeanization can be uncertain.

The main contributors to the Europeanization debate are positioned within two camps. Those who approach Europeanization from a ‘top-down’ approach and those from a ‘bottom-up’ approach. The majority of literature has been written from a ‘top-down’ approach with the ‘bottom-up’ approach coming to the fore much later. The most recent analysts perceive Europeanization as a ‘bi-directional’ or circular’ process, as is the predisposition of this thesis, as it is increasingly acknowledged that Europeanization is not merely an external force, but a product of member states influence from the initial stages of policy or institutional formations.

2.1.1 ‘Top-down’ Approach

The 1970s and 1980s saw the initial development of Europeanization in the form of a ‘top-down’ approach, constituted by Dyson and Goetz as a ‘first generation’ analysis (Bache and George, 2006: 60-61). This initial approach was able to bring the analysis of traditional EI theories into the new enquiry of the EU’s influence at the domestic level. Using a formal,

observable and hierarchal framework there is an analytical starting point at the European level, tracing down to the domestic arena. The approach assesses the impact of pressures stemming from EU membership onto the domestic level. It examines changes to political-administrative structures and policy content.

Olsen (2002) was one such 'top-down' academic. For him, there are 'many faces of Europeanization' which complement each other, referring to different but still related phenomena. In particular, Olsen identifies five 'faces' of Europeanization (2002: 923-924). 'Europeanization' as a term is a new and unique concept, for Olsen as a process it is not unique (2002: 922). The dynamics of Europeanization remain understandable in terms of ordinary processes of change that are well known within other institutionalized systems of governance (2002: 923). He perceives the EU as a case study of many within Europeanization theory, the uniqueness of the EU lies in demonstrating how mundane processes can produce extraordinary outcomes (ibid).

Börzel and Risse (2003) argue that traditional EI theories conducted a 'bottom-up' perspective exploring how to account for the emergence of a European polity (2003: 57). For them, Europeanization theory provides a much needed 'top-down' process with primary analytical focus on the domestic arena providing a fully comprehensive account of how both Europe and the EU matter. Regardless of the area under analysis, Börzel and Risse argue there are two circumstances where domestic change is highly likely in response to Europeanization. Firstly, Europeanization has to be 'inconvenient' to the member state where a degree of 'misfit' between the processes, policies and institutions at the European and domestic levels leads to adaptational pressures (2003: 58). Secondly, there are facilitating factors, actors and institutions, which respond to this pressure prompting change.

Referring to the two strands of new institutionalism, rational choice and sociological institutionalism, they conceptualise adaptational responses to Europeanization through a 'logic of consequentialism' and 'logic of appropriateness' combined with a process of persuasion respectively (2003: 58-59). These either act simultaneously or simply characterise different phases of adaptational change (2003: 59). In the former, change is mediated by multiple veto points and formal institutions (2003: 58). In the latter, "change agents" or "norm entrepreneurs" and political culture conjoined with informal institutions affect the extent to which the 'misfit' between the European and national levels produces change (2003: 59).

For the authors, this model explains the reason for Europeanization creating more divergence than it does convergence. Firstly, the 'goodness of fit' between EU and member

states varies radically meaning those states with similar national structures, at best, experience similar adaptational pressures to one another (2003: 73). Secondly, individual states have numerous actors and institutions mediating between adaptational pressures and the mechanisms of transformation which facilitate or alternatively inhibit a response to Europeanization (ibid). Accordingly, they conclude, as many other academics have (Radaelli, 2003 and 2004; Goetz, 2006; Dyson, 2002 and 2000), that only partial or 'clustered convergence' should be anticipated (2003: 73).

Börzel and Risse prescribe a taxonomy of domestic change; 'absorption'; 'accommodation' and 'transformation' (2003: 69-71). The first sees a low degree of domestic change as European policies and/or ideas are incorporated without changing pre-existing national processes, policies or politics (2003: 69). 'Accommodation' entails only a modest degree of change as pre-existing policies, processes and institutions are adjusted without altering the core fundamental features or beliefs with new EU policies assimilated into national models (2003: 70). 'Transformation' comprises of the highest degree of change with pre-existing national policies, processes and institutions either replaced with new ones or radically altered changing both their core fundamental features and beliefs (ibid).

Risse et al.'s (2001) 'goodness of fit' model depicts one mechanism through which domestic change occurs in response to Europeanization, by means of a three step, linear process of Europeanization, adaptational pressures and mediating factors (2001: 6). Domestic structures are a permanent feature determining the outcome of integration. Risse et al. argue that Europeanization is characterised by "domestic adaptation with national colours" (2001: 1), underlining the limited co-operation and resilient distinctiveness of member states. Europeanization generates adaptational pressures upon participating states. The amount of adaptational pressure emitted is determined by the 'fit' or 'misfit' existing between the national and European institutions.

The more incompatibility, 'misfit', between the two levels the higher the adaptational pressures created, hence the more chance there is of Europeanization occurring. As a consequence, a more profound and noticeable change occurs at the domestic level in comparison to cases of lower adaptational pressure where changes are more subtle, going unnoticed even by those within the nation state. High adaptational pressures are costly to the nation state both financially and culturally, challenging the identity, core structures and practices of national institutions (2001: 8). While change under these circumstances is more

noticeable it is more difficult to achieve as nation states defend their national interests and distinctive national structures (ibid).

The degree of change is at its height when adaptational pressure falls between these two extremes (Radaelli, 2003: 45). Risse et al. distinguishes between two causal pathways namely, indirect “policy misfit” between EU rules, regulations and national policies which creates adaptational pressure on national administrative and political structures (2001: 7); and direct pressures upon institutional structures at the national level which challenge administrative styles and historical understandings of national identity (ibid). While Radaelli (2004) illuminates the important features of this logic (2004: 9-10), many more academics have been highly critical of the model (Radaelli, 2003, 2004; Featherstone, 2003; Buller, 2006; Jordan, 2003; Börzel and Risse, 2003, Saurugger, 2014). The principal weakness being that it is applicable only when an EU model is prescribed to member states (Featherstone, 2003: 16; Radaelli, 2003: 44).

Contrastingly, Knill and Lehmkuhl (1999) identify three mechanisms through which the EU instigates domestic adaptation. Firstly, “positive integration” where the EU directly stipulates an institutional model for domestic alignment (1999: 1). Secondly, “negative integration” which sees EU legislation subtly alter “the domestic rules of the game” without prescribing a model for the form of these changes, instead there is a redistribution of power and resources alike between actors (ibid). Thirdly, what they term “its weakest form” (1999: 2), “framing integration” (1999: 3) or “facilitated coordination” (Cini, 2007: 409) where understandings and expectations, the “cognitive logic” of domestic actors, are indirectly changed (Knill and Lehmkuhl, 1999: 2-3).

They connect these three mechanisms to three corresponding models of integration. The first mechanism is associated to “new regulatory policy” such as the environment, health and particular areas of social policy. The second mechanism is related to “old regulatory policies” comprising the functioning of the single market. The third mechanism is connected to those policies which aim to “change the domestic political climate by stimulating and strengthening the overall support for broader European reform objectives” (1999: 2-3). The authors maintain there is “no unique approach” to explain the Europeanization process, instead there is a need “to consider highly different explanatory factors in order to account for the change and persistence of domestic institutions in the light of European requirements” (1999: 3).

Radaelli (2003) promotes a four-fold taxonomy of domestic change in contrast to Börzel and Risse (2003). Firstly 'inertia', comprising of an absence of adjustment due to significant divergence between the EU and national level (2003: 37). Secondly 'absorption', implying adaptation to the EU level as domestic structures and policies prove to be both resilient and flexible, absorbing some developments while maintaining their essential features (ibid). Thirdly 'transformation', involving significant "paradigmatic change" due to the change in "the fundamental logic of political behaviour" (2003: 38). He distinguishes between 'accommodation' and 'transformation' with the former not automatically implying the latter (2003: 37).

Fourthly, 'retrenchment' whereby national policy becomes increasingly "less 'European'" (ibid), or at the very least is resilient to becoming more Europeanized. As pressure is applied to the state its actors become more resilient to change, strengthening national interests and their defence of them. However, these domestic coalitions will only be able to oppose for a limited period of time. How this occurs depends upon the type of Europeanization occurring and mediating factors (ibid). In accordance with Knill and Lehmkuhl (1999), another distinction that Radaelli argues could be provided is 'negative' and 'positive' integration, as 'positive' integration leads to the creation of a European model which member states are required to adapt the national level towards.

Meanwhile, 'negative' integration sees the amalgamation of European markets removing national obstructions to such features as trade and investment, without the formation of European models, leading to regulatory competition (2003: 42). Radaelli argues that Europeanization and convergence are not synonymous, even in cases where convergence does occur (2003: 33). He argues, like Goetz (2006), that the Europeanization process creates 'clustered' convergence. For the most part it is difficult to generalize the effects and outcomes of the Europeanization process as even countries with similar structures differ in which actors and resources are available at the time.

Bulmer and Burch (2005) refer to the Europeanization process as "EU-ization" (2005: 863). They utilise Risse et al.'s (2001) 'goodness of fit' model while recognising the importance of agency within national adaptation, conceiving national actors as active participators in the Europeanization process in inducing and/or facilitating change rather than being passive recipients. They conceive national adaptation as "a process of aligning institutional logics" (2005: 866) and, in contrast to Risse et al. (2001), comprising of a two-step process namely, "translator devices" are employed at the national level by institutions to administer EU

activity; and, in turn, institutions adapt in order that the state government contributes effectively to the EU (2005: 866).

Through their analysis of Britain's adaptation to the EU, they identify two response apparatuses termed "reception" and "projection" (ibid). The former sees national policy incorporate a European dimension, meanwhile the latter is where nation states create and, in turn, exploit mechanisms to attain a presence and maintain "an effective voice" (2005: 867) in the EU's policy making process. Hence, states come to learn "the EU game" (ibid) which largely diverges from the political system at the national level. Projection itself has two elements, one concerning appropriate translator devices to contribute to EU policy making, and two, in turn exploiting these devices so using the EU as "an opportunity structure for resolving domestic policy problems" particularly those which are similarly occurring within the international and global sphere (ibid).

Consequently, projection has to be used systematically so to influence EU action (ibid). The only caveat is such a use of the EU is dependent upon the broader political environment (ibid). If the political environment is unfavourable to integration, the Europeanization process induces a "quiet revolution" (2005: 885) as attention to changes is kept to a minimum and opportunities are disregarded. By implication, those member states where integration is perceived more favourably fosters a political consensus and a more favourable environment for Europeanization to operate in, thus producing a more substantial state 'revolution'.

2.1.2 'Bottom-up' Approach

The second generation analysis emerged in the 1990s, with an analytical starting and end point at the domestic level, it expanded the analysis of domestic change to include the impact on ideas, discourses and identities. Unlike the 'top-down' approach, the 'bottom-up' approach is not considered to be "a new form of theorisation with its own vocabulary" (Radaelli, 2004: 5). Rather, Europeanization theory within this approach is conceived as an "'orchestration' of existing concepts and theories" incorporating other areas of social sciences, including both vertical and 'horizontal' Europeanization (ibid).

In contrast to the 'top-down' approach, domestic actors are capable of using the EU in many inexhaustible ways discursively producing impacts, treating the EU as a resource without any pressure from the EU itself. Adjustment at the national level is viewed as more than a mere reaction. In opposition to realist theorists who perceive the state as an impenetrable 'black-box', 'bottom-up' Europeanization theory views the state as more of an open 'jack-in-

a-box' where the state at any time can adapt, react and correlate policies with those on the European level.

Radaelli (2003) advocates a move away from the 'top-down' approach and towards the 'bottom-up' approach. For Radaelli, the former "creates an artificial separation between events" (2003: 51) namely, the formulation of EU policy and domestic adaptation due to the hierarchical reasoning that this perspective is underpinned by. Instead, he purports for the exploration of national choices within specific policy areas in order to decipher if, when and how the EU impacts on the national level (ibid). In later work, Radaelli further develops this argument. Europeanization theory for Radaelli (2004) is more useful when approached from beyond a narrow, linear, 'top-down' approach incorporating those more creative practices by member states. He maintains that analyses of the Europeanization process should not become isolated to merely analysing effects of Europeanization as this makes an initial presumption that there are effects emanating from the EU (2004: 50).

For Radaelli, the defining feature of 'bottom-up' research is its ability to inform whether domestic change is the result of adaptational pressures or an autonomous decision made by the member state itself (2004: 11). As with the 'top-down' approach, socialisation nor formulation of EU policy is necessary for the Europeanization process to occur (ibid). However, cause and effect within the Europeanization process is difficult to identify with it being an incremental process which evolves alongside domestic processes of policy reform hence Radaelli specifies that, "if Europeanization is to produce domestic change, it must precede change" (2004: 9).

Ultimately, he maintains that the Europeanization process is 'bottom-up', driven by domestic politics and activated by the EU which aims to create convergence (2004: 15). Respectively, within this framework Radaelli argues for a need to bring politics back into the studies of Europeanization (2004: 16). He claims that Europeanization theory is able to go further than traditional EI theories due to its focus on contestation and dynamics of conflict which can "penetrate the nature of EU politics" (2005: 15).

Constructivists approach Europeanization research from a 'bottom-up' perspective, with its focus on norms, identities and beliefs. For constructivists, political actors "follow socially defined rules and norms" even when it is not in their own interest (Eilstrup-Sangiovanni, 2006: 393). Furthermore, through social interactions institutions shape political actors and vice versa through "an on-going process of mutual constitution" (Eilstrup-Sangiovanni, 2006: 396). Respectively, constructivists have analysed the Europeanization

process in reference to “how interactions with or within European institutions socialize domestic actors, incrementally altering their behaviour” (Eilstrup-Sangiovanni, 2006: 397).

Constructivists fundamental argument is that integration has a transformative affect upon the EU and its member states alike (Eilstrup-Sangiovanni, 2006: 399). The interaction between national actors and EU institutions creates new identities and interests which are assimilated into the national level where they “interact with and socialize agents” (Eilstrup-Sangiovanni, 2006: 397). Accordingly, when pre-existing national identities and interests are in flux socialization is at its height hence times of crisis and/or policy failure are optimum opportunities to create new EU norms as old beliefs become re-evaluated (ibid). Checkel perceives the EU as an institutionally dense environment with repeated interactions creating a “socializing effect” on actors (ibid). Checkel argues as the EU advances into a fully-fledged political union, so its goals are more appropriately comprehended within constructivism (Eilstrup-Sangiovanni, 2006: 399).

Jordan (2003) advocates opening the ‘black box’ of the nation state within his analysis on Europeanization of national structures, exploring whether states are resilient or transforming through challenging the distinction between supposedly ‘deep’ Europeanization of policy and the ‘shallower’ impact on the corresponding institutions. Notably, Jordan widens the definition of structure to include an institutions culture to demonstrate the complete impact of the EU on the Department for Environment in Britain.

Jordan argues national institutions face two options when a state joins the EU. Firstly, to innovate and adapt to the new environment so to grow further; or secondly, to retain national processes and policy (2003: 270). In this case, the latter was preferred but ultimately the former came into fruition. He claims institutions experience ‘organizational learning’ highlighting the importance of agency and national actors, similar to constructivists as well as Bulmer and Burch (2005). Jordan claims that in the case of the Department for Environment “double loop learning” occurred (2003 280) as the department had to unlearn shared beliefs of the EU as “errors” occurred forcing the institution to adapt to EU level policy. This challenged these pre-existing beliefs which, in turn, led national actors to challenge and overcome opposition to this adjustment (ibid). He concedes that the EU was not the only force for change, as the EU intensified national and international pressures to adjust national environment policy (2003: 280).

For Jordan the institution experienced a “cognitive leap” (2003: 279). Specifically, negotiation guidelines and tactics; the language used; institutional objectives; and, most

importantly, shared organizational beliefs all changed in response to the Europeanization of national environmental policy (2003: 278). Jordan highlights the important role of crises, due to a 'misfit' between the EU and British levels, in "unfreezing existing practices and cultural assumptions" (2003: 279) to change the culture of the institution. That is, its predisposition and perception of the EU from unimportant to "a means to improve domestic environmental protection" (2003: 278-279). Aligned to Bulmer and Burch's (2005) analysis, he concludes that the department has adapted so to possess a "greater ability to play the Brussels game" (2003: 288).

2.1.3 'Bi-Directional' Approach

The unidirectional approach to studying Europeanization is now a thing of the past as academics increasingly acknowledge the mutual adaption and co-evolution between the domestic and European levels. In practice it is not possible to distinguish between these two processes. Vink and Graziano (2008) purport using a "bottom-up-down" approach to Europeanization (2008: 9-10) as this is the only approach where the EU is not considered as the only explanation for change (2008: 10) moreover, they claim "there is nothing inherently 'top-down' about Europeanization research" (2008: 9). Börzel and Risse (2003), despite their 'top-down approach', acknowledged the importance of analysing the feedback loops to attain "a more comprehensive picture" of the EU (2003: 57). This thesis will be primarily operating a 'bi-directional' approach.

Wincott (2003) answers Radaelli's call and introduces national politics within his analysis of the European Social Model (ESM). He claims complexity lies in the EU itself, instead of being an external force, whereby the EU is "always still in formation, built through political contests and struggles, in which every protagonist is likely to have some success, each of which will leave a trace of some sort" (2003: 300). For Featherstone and Radaelli (2003), Wincott's analysis demonstrates the lack of order and coherence at the EU level and as such is "yet another nail in the coffin of the top-down approach" (2003: 337). In contrast to both Radaelli as well as Knill and Lehmkuhl (1999), Wincott (2003) distinguishes between 'positive' and 'negative' integration concurring that the former produces a European model.

However, the latter for Wincott relies on "social and economic agents" in the nation state to create the Europeanization process from the bottom (2003: 279). Thus, implying a 'bottom-up' Europeanization process within 'negative' integration and a 'top-down' Europeanization process in 'positive' integration. He concludes, that the ESM has its roots in member states rather than being a prescribed EU model per se, "based on an idealization of

some characteristics of certain national policy regimes” (2003: 289). Instead, reversing Knill and Lehmkuhl’s (1999) categorisation of policy associated with ‘framing integration’, at the EU level this national derived project was “used to motivate a political project at the EU level and to recruit supporters from among Europe’s political, policy and intellectual elites” to coordinate and promote the ESM project (2003: 289).

Buller (2006) is another academic who fulfils Radaelli’s request from a ‘bi-directional’ approach. Buller argues that since the re-launch of the integration process in the 1980s the impact of the EU upon domestic politics of member states has become more relevant (2006: 390). For Buller, distinctions of ‘top-down’ and ‘bottom-up’ were necessary in Europeanization theory’s infancy however it is now obsolete with the two processes in practice collapsing into one, as shown by the British case of monetary policy (2006: 406).

In concurrence with Bulmer and Burch (2005), he recognises the importance of agency within national adaptation, also conceiving national actors as active participators in the Europeanization process of British monetary policy, which became politically contested and resisted. Within his analysis he identifies three reasons why the Europeanization process causes political tensions. Firstly, the process is voluntary (2006: 395) which provides political space for debate and thus for divisions to occur. Secondly, national actors endeavour to use the EU for “strategic advantage over each other” implicating national actors’ power, interests and autonomy (2006: 390). Thirdly, as a result of the former, adaptational processes and the Europeanization process alike become “socially constructed in different ways by different groups” leading the process to be subjected to competing discourses and subsequently politicised (2006: 404).

These competing discourses in Britain were Eurosceptics and Euro-enthusiasts. The latter viewed the Europeanization process and EU as a solution to the state’s domestic problems (2006: 395). Meanwhile, this ‘bottom-up’ approach was resisted by the former (ibid) who viewed the significant ‘misfit’ between the EU and national institutions constituting a threat to Britain’s “institutional fabric” (2006: 399). Respectively, rather than national actors being passive recipients of and responders to the Europeanization process, Europeanization is or “can be the outcome of an intensely political process reflecting strategic conflict between actors with different interests and beliefs” (2006: 405).

Accordingly, it is arguably the ‘bi-directional’ approach which provides the most valuable analytical tool of Europeanization theory, providing a new, vigorous challenge for European studies rather than a re-invention of the wheel with further descriptions and

explanations for the 'nature of the beast'. Buller's study concurs with Radaelli, demonstrating how "Europeanization provides a fascinating perspective on how governance is changing" (Radaelli, 2004: 16). Featherstone (2003) argues that Europeanization research stresses the core changes in contemporary politics, such as the broad adaptation of institutional settings as the various political levels respond to the dynamics of EI respectively, or policy transfer and imitation between national and sub-national levels (2003: 20). For him, "the study of 'Europeanization' is central to an understanding of the contemporary politics of the continent" (ibid).

Börzel (2002) states explicitly "Europeanization is a two-way process. It entails a 'bottom-up' and a 'top-down' dimension" (2002: 193). She claims one way to connect the two disparate approaches to Europeanization research is to examine the role of member states in the EU policy decision-making and implementation processes (2002: 195). She maintains that member states 'upload' their policies to the EU level, thus increasing the match between the two governance levels in order to minimise the costs of adaptation (ibid). Member states are "cost sensitive" (2002: 196) in regard to EU policy. She claims member states compete to 'upload' national policy with all having a "general incentive to upload" their policy (2002: 196) due to three reasons. Firstly, it minimises adaptation within law and administration. Secondly, national industry is better serviced with minimising the possibility for competitive disadvantage. Thirdly, member states can resolve national issues which are unable to be resolved by national actors (ibid).

For Börzel, member states respond in three different ways. One way is "pace-setting", comprising of the "active shaping" of EU policy to the national level (2002: 197). Alternatively, member states can respond by "foot-dragging" which entails member states obstructing or constricting each other's ability to 'upload' their national policy (2002: 203). Lastly, member states can also respond by "fence-sitting" where member states are impartial to EU policy or alternatively, depending on the EU policy, they participate in various coalitions with 'pace-setting' or 'foot-dragging' states (2002: 206). The strategy implemented is contingent on their economic development with the wealthiest, the most economically deficient and medium-developed states implementing these strategies respectively. She does caveat that this taxonomy is subject to change with states' strategies subject to alteration over time, policy area and issue (2002: 209). Börzel claims national responses to Europeanization in the area of regulatory policy are shaped by policy preferences first and foremost, and "action capacity" secondary (ibid).

Lee-Ohlsson (2008) similarly employs a 'bi-directional' approach highlighting the theoretical irrelevance of the 'top-down' and 'bottom-up' dichotomy maintaining,

“it is only by combining these two dimensions of Europeanisation that we can actually better apprehend the complex relationship between the ESDP [European Security and Defence Policy] and member states' foreign policies”¹⁷ (2008: 6).

He identifies Bulmer and Burch's (2005) 'projection' response in action with Sweden as the state was being forced to adapt the European Security Defence Policy by other EU member states, despite their resistance to EU policy in this domain. The state gained a voice in the EU policy process, “playing a pro-active role and obtaining influence going beyond its size” (2008: 19) in order to influence the shape of the ESDP.

2.1.4 'Circular' Approach: Europeanization and Crises

The euro crisis has initiated a movement in Europeanization research to explore the effects of a crisis on the Europeanization process. Saurugger (2014) has attempted to build upon existing Europeanization theory in expanding the 'top-down' approach, and arguably developing another variant of 'bi-directional' Europeanization, through this new exploration. She maintains that Europeanization is a circular rather than a linear process (2014: 184). Consequently, she critiques Risse et al.'s (2001) 'goodness of fit' model in particular for its linear, three staged process of national adaptation to the EU level and for conceptualising the mediation of the Europeanization process through national institutional fit alone (2014: 191).

Saurugger's 'Circular Europeanization' identifies three key factors which have a key role in the (non)adaptation of member states, particularly at crisis times, namely timeframe, at the national and EU level; salience of the issue; and the degree of politicisation of the public and political actors alike (2014: 184). The increased salience and politicisation of an issue leads to increased resistance and renegotiation of EU policies (2014: 185). For Saurugger “Europeanization inevitably turns more political over time” at the EU level, across and within member states (2014: 190). The model accounts for the influence of the national level on EU policy through its adaptation to the EU level, in addition to the EU's influence on the national level, thus assuming an automatic renegotiation and adjustment of EU policy when rejected by member states. She claims, “domestic change is induced by European norms, and this change then influences the revision of exactly these norms at the EU level” (2014: 184).

¹⁷ There is a large amount of literature on the Europeanization of national foreign policy, for an overview see Tonra (2013).

Ultimately, she maintains that Europeanization can only be of conceptual use in analysing crisis times “if it takes feedback loops stemming from the impact of EU policies at the domestic level seriously” (2014: 191).

Meanwhile, other research has examined particular policy areas in (crisis) countries illuminating the heterogeneity of crisis responses to the Europeanization process within different national policy areas during the euro crisis. Thus, mirroring the divergence in responses during non-crisis times analysed hitherto. Triandafyllidou (2014) analyses Greece’s immigration and asylum policy during the euro crisis, identifying a process of de-Europeanization within national citizenship law and the conversely increased process of Europeanization in irregular migration and asylum policy. Christou and Kyris (2017) identify further Europeanization of national foreign policy in Cyprus. Meanwhile, González (2017) similarly purports an “acceleration of Europeanization process in Spanish politics” (2017: 29) from 2010 to 2012 with the euro crisis politicising Spanish politics.

Windwehr (2017) explores the crisis reform of pension policy in Germany, Sweden, Poland and Italy. Only in the case of Italy is the euro crisis a “game-changer” creating a “qualitative leap” (2017: 1312) in the Europeanization process of national pension policy. European influence decreased in the case of Germany and, consistent with non-crisis times, remained insignificant in Sweden. Ultimately those hit hardest from the crisis were deemed to have undergone the greatest policy reform. Notably, in all cases anti-Europeanization forces developed in both the political and public spheres including those with a historically positive predisposition to the EU such as Greece and Cyprus. The only exception is Spain where political elites retained an overwhelmingly positive discourse. Respectively, this thesis is novel for both the countries and policy areas under analysis, thus contributing to constructing a holistic picture of how a crisis impacts the EU system.

2.1.5 Concept and Debate: The Controversy of Usefulness

Europeanization is post-ontological (Radaelli, 2003: 33) with an assumption that the process of EI is a continual, present and enduring process. Its focus upon the domestic arena has provided an opportunity for the development of new European theories, enabling a new and more in-depth perspective on a more mature EU system. As Vink and Graziano similarly claim, “Europeanization research has at least enriched the study of European politics by providing new empirical data on previously under-researched questions related to domestic politics in an integrating Europe” (2008: 5). Through using Europeanization theory, the researcher can immediately access a broad range of developments which are both current and

complex, “it is precisely the breadth of application and the demanding explanatory framework needed that attests to the value and importance of the term” (Featherstone, 2003: 19).

Europeanization theory is both unique and useful in having both converging and diverging tendencies, while simultaneously being asymmetric and diverse. Though it overlaps with the concepts of European regional integration and convergence, it is not simply a reinvention of the wheel of EI, nor is it a synonym for previous terms that have gone before it. However, it is precisely this breadth and complexity that has seen Europeanization theory receive heavy criticism and become subjected to significant scepticism.

Vink and Graziano (2008) contend there are two key weaknesses of Europeanization theory, namely “failure to feed back to the traditional integration theories” (2008: 13) and, “over-determination of the European factor, when explaining domestic change” (2008: 16). Contrastingly, Bulmer (2008) identifies four key limitations in Europeanization theory namely, prioritising “hierarchy over coordination” when theorising the process of Europeanization; underutilising themes from historical intuitionism (2008: 55); the persisting “gaps of theoretically informed studies of Europeanization” (2008: 55-56); and, the methodological issue of knowing for certain that research findings are accredited to the Europeanization process (2008: 56).

Radaelli (2003) similarly identifies three potential risks in the development of Europeanization as a concept; firstly “concept misinformation”; secondly, “conceptual stretching”; and thirdly, “degreeism” (2003: 28). The primary flaw in the concept of Europeanization for Radaelli is the indefinability of its boundaries, as increasing knowledge does not correspond to discovering its specific features (Radaelli, 2003: 31-32). The lack of cohesion amongst academics over Europeanization as a concept and a process has seen the term attacked for being “unwieldy” and “futile” as an organizational concept (Olsen, 2002: 921). However, Marciacq (2012) attributes the weaknesses in the concept of Europeanization within the field of Europeanization itself for continuing to use Europeanization as a phenomenon rather than “an embryonic would-be theory” (2012: 69).

Europeanization theory is compatible with other disciplines of politics and international relations alike making it difficult to discern the theory’s usefulness as an independent framework. Like globalization, the Europeanization process can be used as a scapegoat for unexplainable developments at the domestic level. Respectively, it is important to define what the process of Europeanization is equally as much as to define what it is not (Vink and Graziano, 2008: 10-11; Radaelli, 2003: 33-34). In this regard, Marciacq (2012) supplements

Radaelli's criticisms of the theory, maintaining, in contrast to Vink and Graziano (2008), that the concept of Europeanization suffers from conceptual stretching due to its connection, namely being premised, within EI which she argues constrains its development as a concept and creates the EU-bias found in many studies (2012: 67), as Vink and Graziano (2008) critiqued. Rather, she advocates Europeanization would be better premised within governance theories which would provide "a more fertile ground" and "better account for the conceptual diversity characterising Europeanization research" (2012: 68).

Conversely, Europeanization theory is useful for equally the same attributes namely, its compatibility with other disciplines, its extensive boundaries and understandings as both a concept and a process which affords its unique eclecticism. As Radaelli (2003) maintains, the inability of academics to agree on a single definition is beneficial to the field of Europeanization and a sign of strength, "an indicator of a vibrant debate" (2003: 28). He concludes that Europeanization theory is not simply an up-to-date re-invention as some academics' claim. Europeanization theory produces specific questions about Europe and the integration process in comparison to traditional EI theories (ibid).

Nevertheless, Radaelli claims for the concept of Europeanization to be ascribed a precise meaning, the term must be narrowed down to addressing specific rather than general aspects of the processes and impacts from the EU (2003: 27). This is a similar weakness within traditional EI theories thus presenting an opportunity for Europeanization theory to comprehensively and simultaneously contend with the various elements which comprise the Europeanization process in isolation from one another. Marciacq (2012) similarly calls for conceptual clarity claiming it is both desirable and attainable despite Europeanization being a contested concept as "all conceptions of Europeanization are not equally good" (2012: 69).

Subsequently, as aforementioned within the introduction of the thesis, Radaelli concludes that Europeanization can be defined as,

"Processes of (a) construction, (b) diffusion, and (c) institutionalization of formal and informal rules, procedures, policy paradigms, styles, 'ways of doing things', and shared beliefs and norms which are first defined and consolidated in the making of EU public policy and politics and then in the logic of domestic discourse, identities, political structures, and public policies" (2003: 30).

In spite of the criticisms and scepticism, there is a consensus amongst academics that Europeanization theory is useful, the ongoing application of the theory to a wide-range of

policy and political contexts despite the aforementioned weaknesses and criticisms is testament to and verification of its usefulness. Featherstone and Radaelli argue Europeanization will be far from a “passing fad” given the subject matter of its analysis (2003: 331). Featherstone agrees that Europeanization would have little value if it merely repeated an existing notion. However, it does not, “it is a process of structural change, variously affecting actors and institutions, ideas and interests” (Featherstone, 2003: 3). At its most extreme, domestic adaptation is isomorphic of European structures. At its weakest it encompasses a response in some shape or form to European policy developments (ibid).

Featherstone and Radaelli (2003) argue that if Europeanization theory is to remain useful avoiding the ‘academic isolation’ EI theory encountered, it should draw and provide feedback on previous traditional findings and disciplines; either rectifying or adding knowledge, “Europeanization is not so much a theory as a distinct set of processes in need of explanation. These processes establish foci for research” (2003: 333). Olsen (2002) is cautious over the significance and potential future of Europeanization, as it may “turn out to be less useful as an explanatory concept than as an attention-directing device and a starting point for further exploration” (2002: 943). Like the EU itself, it may be an unrelenting process rather than an end-point.

Olsen predicts that Europeanization as political unification may transpire to being of most interest because it encompasses both internal and external aspects of European dynamics (2002: 943). However, Buller (2006: 390) disputes this presumption of the EU achieving such unification, concurring with the idea of the EU being simply “cooperative federalism without a state” (Featherstone, 2003: 11). Hence, if Olsen is correct Europeanization theory could suffer from a crisis in interest and value.

Ultimately, Europeanization theory can refine analyses to a set of complex changes demonstrating the diverging intensity and breadth not previously exposed. Europeanization theory is sensitive to both the application and adaption of pre-existing theories. It reveals new processes and indicators for transformation, while remaining sensitive to the complex reality that Europe is both converging and fragmenting within the same process. Previously these occurred separately (neo-functionalism provided an account of convergence; while intergovernmentalism analysed fragmentation as an outcome of the integration process), now they are occurring simultaneously.

2.2 Europeanization Theory: Going Beyond the Traditional Integration

Theories¹⁸?

The 'Europeanization' turn provides the other side of the coin to EI within European studies, "Europeanization would not exist without European integration" (Radaelli, 2002: 33). It has clearly been able to supersede the boundaries in which traditional EI theories have been constrained in, rectifying the mistakes previously made. Europeanization theory goes further than EI theory, explaining the effects of EI at the European level *and* domestic level. It specifically analyses the role of domestic institutions during adaptation and examines individual state responses to the Europeanization process. In contrast to traditional EI theories, Europeanization theory perceives integration as a process rather than an end product, taking divergence and convergence as equal possible outcomes.

Europeanization has an understanding which is the same as traditional EI theory but diverges on analytical focus by concentrating on the "central penetration of national systems of governance" (Bulmer and Burch, 2005: 863). In this sense Europeanization theory is an evolutionary new way to approach European studies, theorizing EU events from a more comprehensive perspective in attempting to discern causality. Particularly in the area of politics, Europeanization theory is proving innovative in highlighting original and new insights by showing "the evolution of new layers of politics that interact with older ones." (Risse et al., 2001: 3). Within traditional EI theory the nexus of debate was between neo-functionalists and intergovernmentalists. In Europeanization theory it is between the 'top-down' and the 'bottom-up' approaches.

2.2.1 Neo-functionalism vs. Europeanization

Europeanization theory has been described by some as being merely warmed up neo-functionalism, while there are overlaps this thesis would argue this statement goes too far. Both its authors Haas and Lindberg believed integration to be a process rather than an end state similar to Europeanizationists, regarding more than just the member states as relevant actors. Olsen argues akin to a neo-functionalist, that the Europeanization process cannot be analysed without acknowledging the tensions within the integration process (2002: 928). Likewise, actors within both theoretical schools of thought are rational, self-interested actors who retain the ability to learn and change their preferences. However, from this point onwards

¹⁸ See Ioannou et al. (2016) and Börzel and Risse (2017) for EI theory applied to the euro crisis.

a distinction needs to be drawn between neo-functionalism characteristics and Europeanization's features.

The Europeanization process has a dynamic quality; its structural effects are not necessarily permanent or irreversible, this is why 'Europeanization' is not a new label for 'neo-functionalism' (Featherstone, 2003: 4). A discrepancy must be recognised between the socialisation process of elites within neo-functionalism and that of governmental and non-governmental actors within Europeanization theory. Furthermore, neo-functionalism 'spill-over' presumed the integration process to be of a linear, progressive nature which once started would be facilitated by the unrelenting commitment of member states. However, Europeanization theory has been able to demonstrate that the integration process involves as much regression as it does progression.

2.2.2 Liberal Intergovernmentalism/Intergovernmentalism vs. Europeanization

In a direct challenge to the automaticity within neo-functionalism's 'spill-over' Europeanization theory like intergovernmentalism demonstrates how nation states can dictate the integration process, bringing it to a halt when state resilience persists in defence of their national interests. In correspondence to liberal intergovernmentalism, Europeanization theory and the 'goodness of fit' model provides an answer to the traditional dividing question of the role of states within the integration process. Europeanization theory overlaps with the idea of conferring different levels of politics, 'high' and 'low', with distinguishing between different institutional logics.

In a similar setting to that of the Single European Act (SEA) where liberal intergovernmentalists argued the treaty was only achieved through states aligning their concerns of 'low' and 'high' politics to allow for the formation of EU policy, so within Europeanization theory aligning the EU institutional logic with that of the nation state (Bulmer and Burch, 2005) leads to domestic change. When adaptational costs are too high, either financially or politically, member states fall back upon their pre-existing national strategies, safeguarding their domestic interests. Europeanization theory implies that states are driven by 'issue-specific' interests creating a flexible and 'positive-sum' outcome akin to that of intergovernmentalists.

However, rather than supranational institutions providing the framework for co-operation, within the process of Europeanization it is the EU itself which is providing the arena for convergence. Similar to intergovernmentalists, who argue that states' national governments are the 'gate-keepers' of the EI process, so within Europeanization theory

institutions are the interface between the EU and domestic levels of governance. Brözel and Risse (2003) argue in concurrence to Featherstone (2003), that to differing degrees, all member states including the big three are Europeanized. This conversely challenges liberal intergovernmentalists who imply that bargains are made on the lowest common denominator by the powerful member states, thus excluding them from the effects of the Europeanization process.

One of the criticisms of liberal intergovernmentalism was for ignoring the endogenous effects of being an EU member state and for neglecting the ways in which pre-existing EU institutions shaped and constrained intergovernmental policy-making. Arguably, Europeanization theory fills the void on both these accounts.

2.2.3 Multi-level Governance (MLG) vs. Europeanization

MLG is the theory sharing most common ground with the Europeanization debate. Academics such as Mike Goldsmith (2003) have accounted for this commonality in-depth. The MLG framework has been incorporated into the Europeanization literature by multiple academics, such as Buller who argues “the EU is a complex organisation where the national and European levels are increasingly intermeshed in a pattern of multi-levelled governance” (Buller, 2006: 390). States within both theories can simply observe as power becomes dispersed and they become displaced as the primary actors driving the integration process. The “fluidity” (Rosamond, 2000: 111) and “open-endedness” (Marks, 1992: 221) of the EU system in MLG is similarly depicted by Europeanization theory with there being no permanent area possessing power.

Likewise, both are interested in exploring the EU without making any explicit predictions. Radaelli (2004) identified this as a defining feature of Europeanization theory, meanwhile MLG went only as far to say that the boundaries between the various levels of governance would become increasingly indistinguishable. Similarly, within both, complexity is depicted as the fundamental feature of the EU. Again, both are of a pluralistic nature with the EU relegated from a decisive actor to a decision-making arena. Furthermore, state sovereignty is indirectly challenged within both as the state becomes superseded by other actors within other levels of governance. Both view EI as a simultaneous vertical and horizontal process involving “a system of continuous negotiation” (Marks, 1993: 392) across multiple levels of governance moreover, engaging “a multiplicity of politically independent but otherwise interdependent actors – private and public” (Schmitter, 2004: 49).

Fundamentally, both view the EU as a diverse system with MLG advocating that “policy diversity is a fundamental and enduring characteristic” (Marks, 1992: 223) of the EU. Within this thesis, Europeanization theory will go further demonstrating how this characteristic endures even at times of crisis.

2.3 The ‘Crisis Spectrum’ and Integration Theories: The Impact of Crises

In the proceeding chapters, this thesis will be employing three crisis logics namely, ‘crisis progression’, ‘crisis diversity’ and ‘crisis stability’. The logic of ‘crisis progression’ believes that crises are a threat to the EU, capable of arresting, and ultimately ending, the European project (see figure 3). It has been a long-standing assumption within early, traditional EI theories that crises are ‘progressive’ creating a ‘domino’ effect where a crisis at the core spills over into surrounding interconnected policy areas which become crippled one by one subsequently impeding European development and creating significant periods of ‘eurosclerosis’.

The logic of ‘crisis diversity’ perceives crises within a positive framework whereby crises ensure the EU’s survival (see figure 4). These academics believe that crises are a catalyst for EI, facilitating the EU’s development. This is a more ‘evolutionary’ and ‘organic’ process whereby policy areas respond flexibly and autonomously rather than uniformly falling which results in a ‘crisis cushion’ allowing the rest of the European system to operate as normal (see figure 5). For them, more progress is made at crisis times than in non-crisis times. These two crisis logics constitute the two extremes of the spectrum.

It is the difference between dropping a pebble in the water and watching the subsequent ripple effect, to someone belly flopping into the sea creating an enormous splash where water cascades randomly making mini splashes in the surrounding area. ‘Crisis progression’ is always in the background of ‘crisis diversity’; the opportunity of an action is always occurring in the context of a threat. Respectively, rather than being in opposition, the two logics are in tension with one another. Paradoxically, one cannot exist without the other but they are mutually exclusive logics within a single policy area.

The logic of ‘crisis stability’ purports that core (policy) areas, which are the foundations to other policies and for the whole system, defend against policy change where such a transformation would be damaging, is unnecessary or is simply not desired (see figure 6).

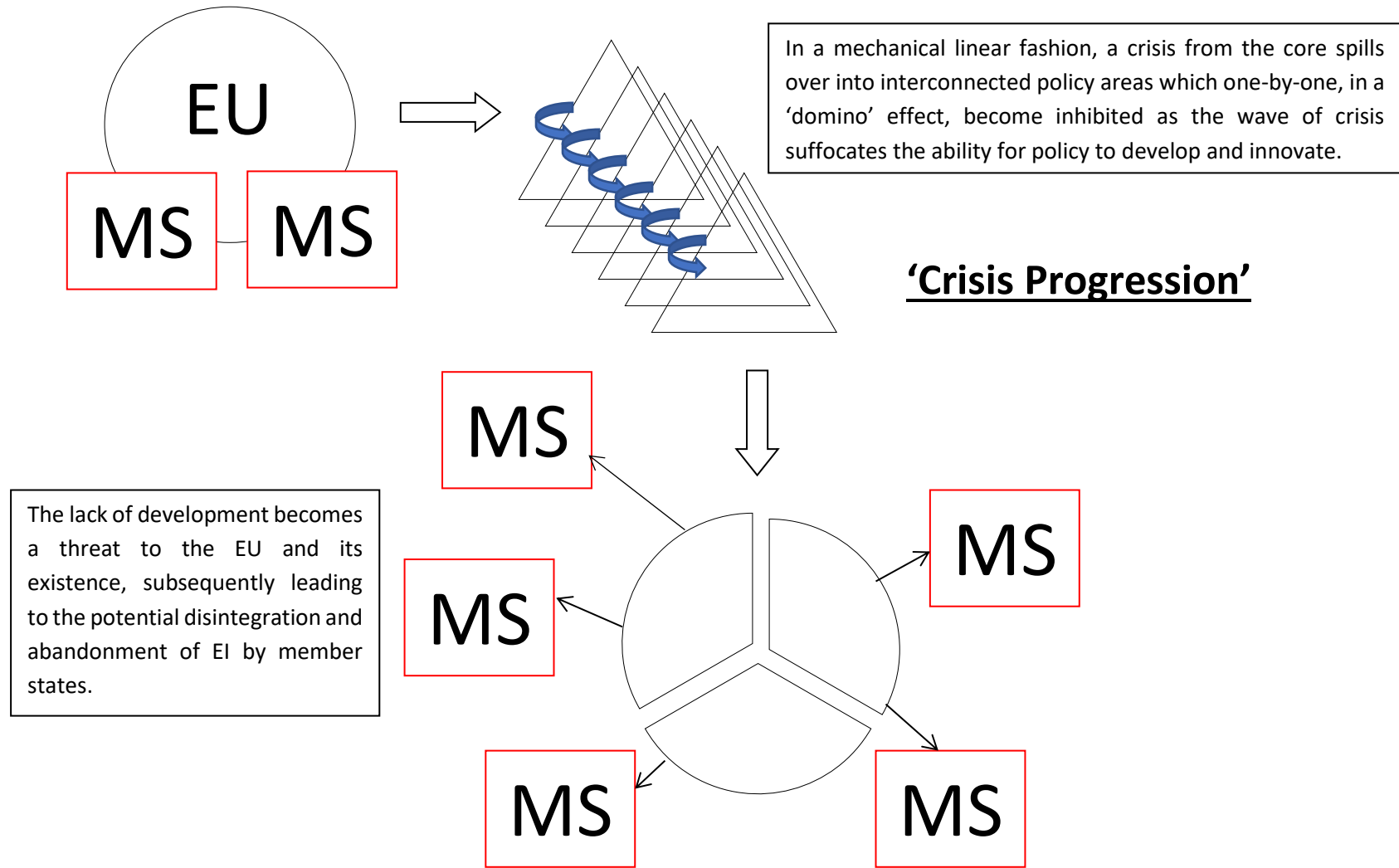


Figure 3

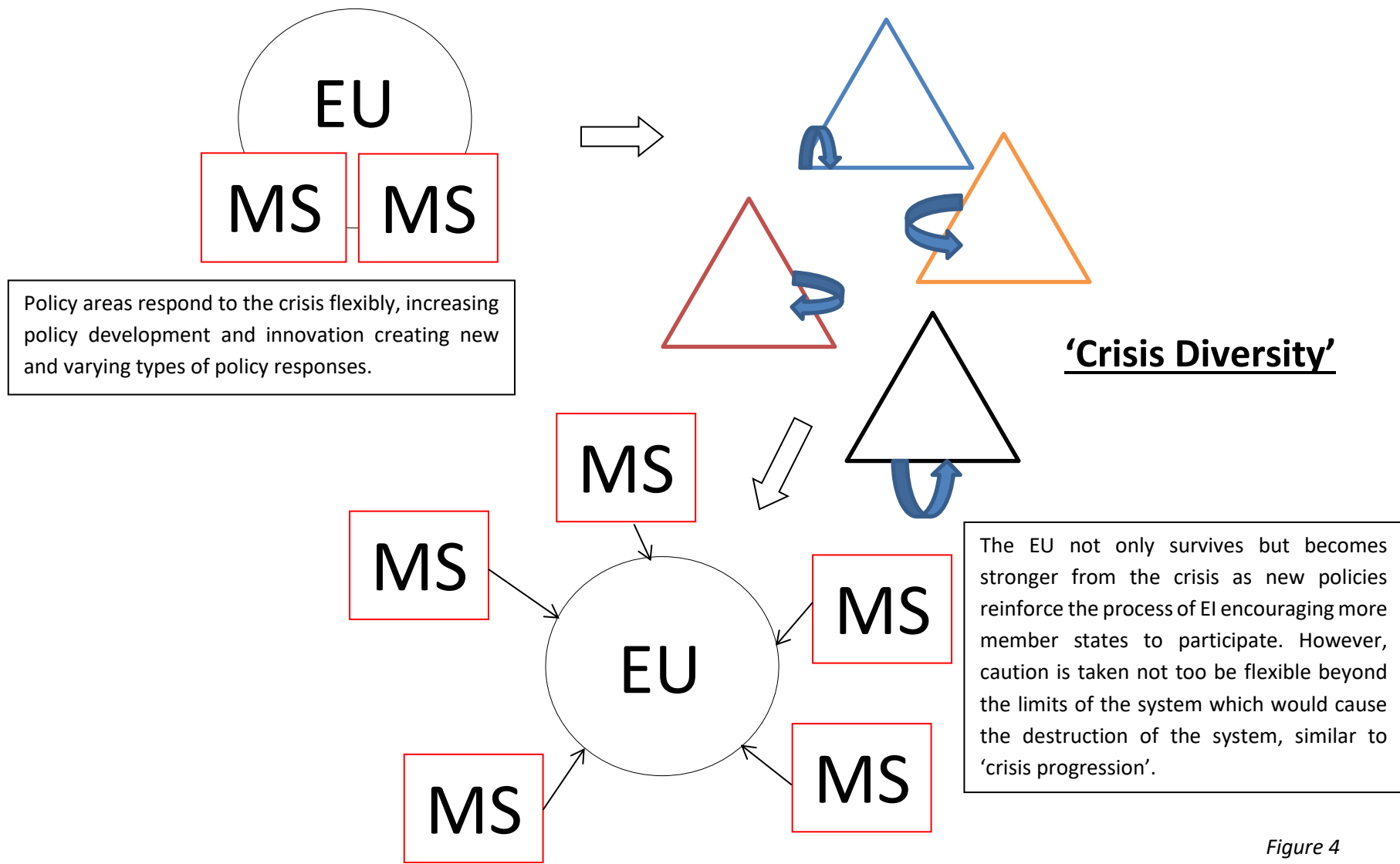


Figure 4

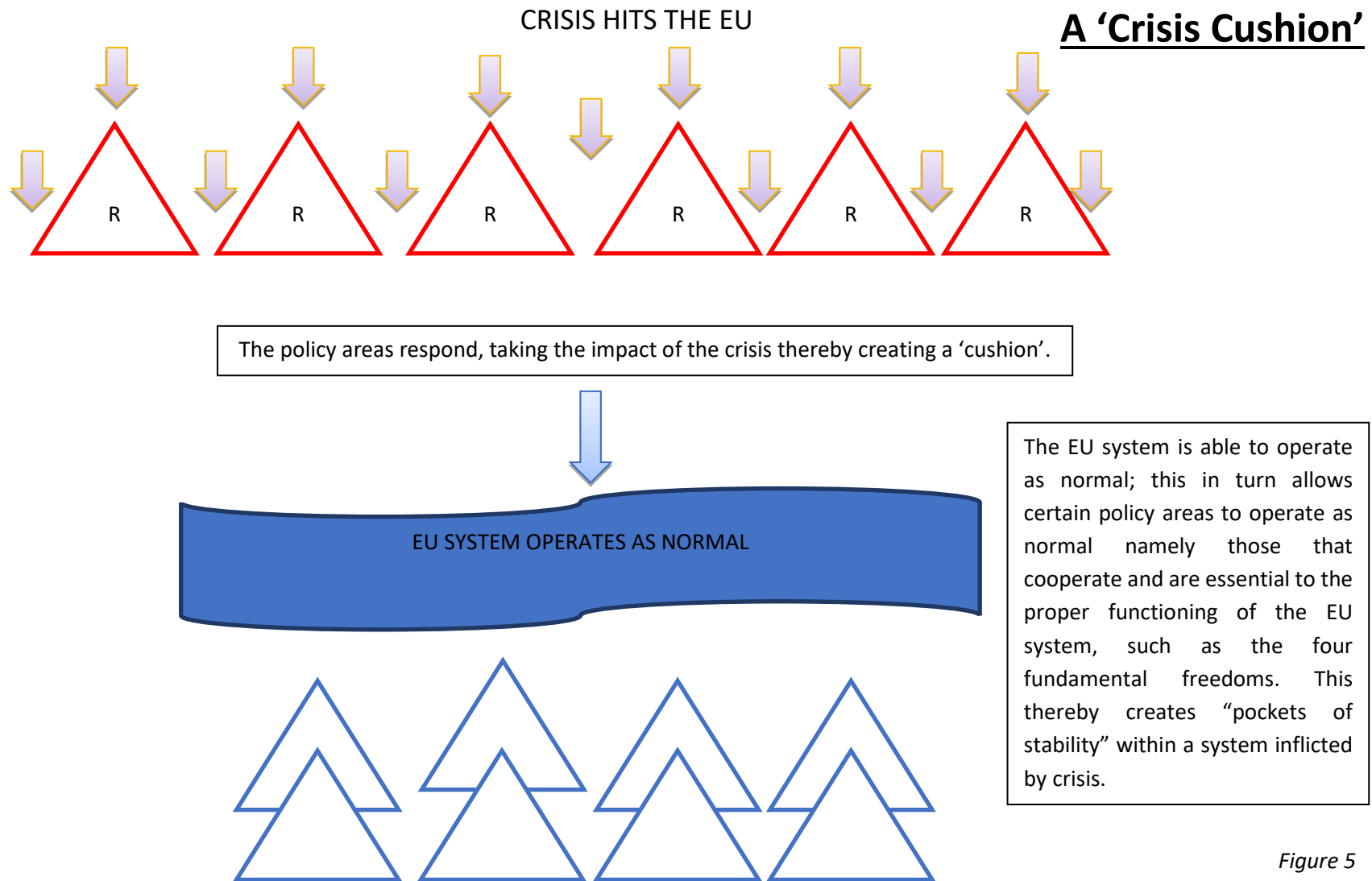
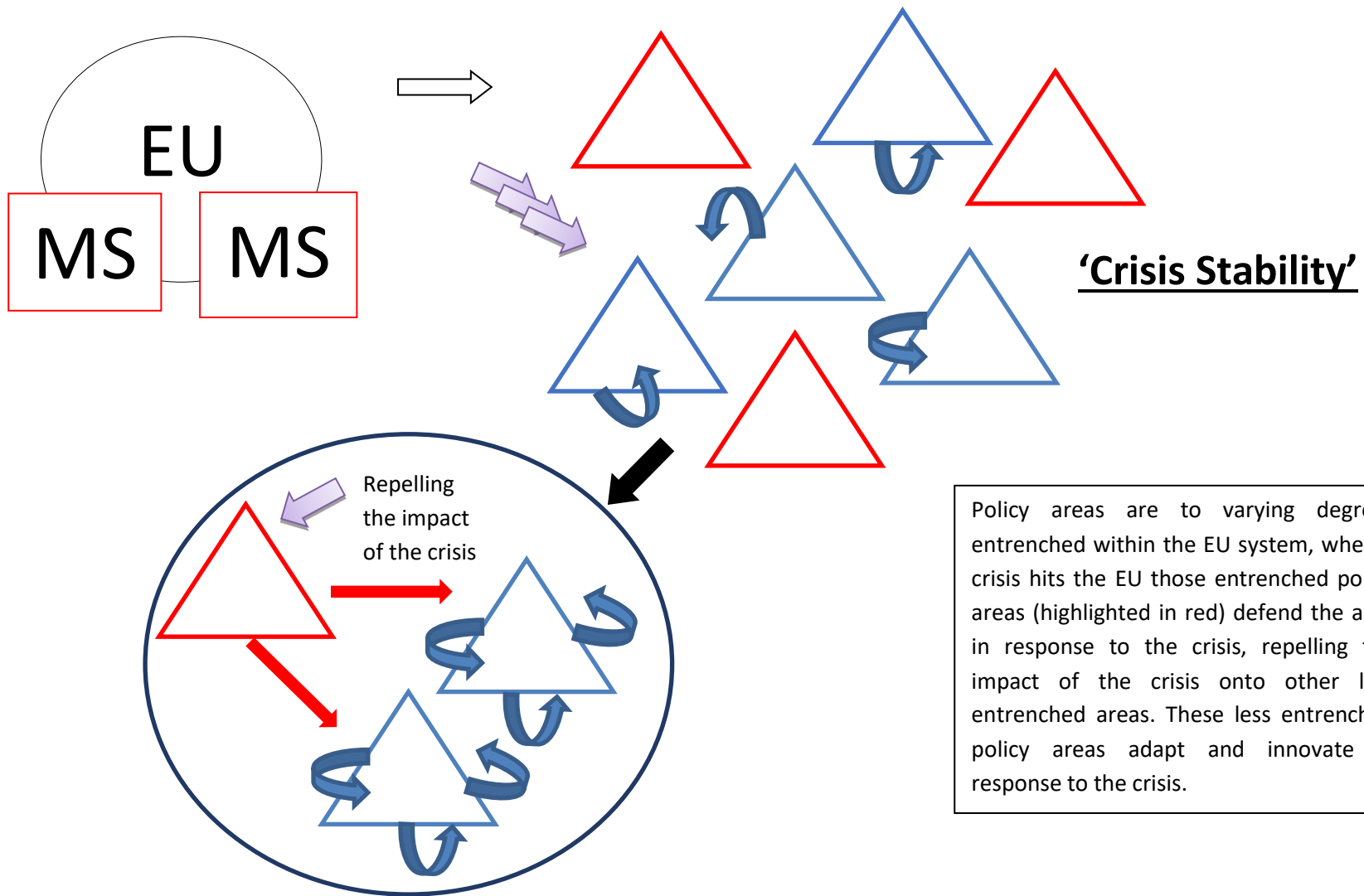


Figure 5



Policy areas are to varying degrees entrenched within the EU system, when a crisis hits the EU those entrenched policy areas (highlighted in red) defend the area in response to the crisis, repelling the impact of the crisis onto other less entrenched areas. These less entrenched policy areas adapt and innovate in response to the crisis.

Figure 6

'Crisis stability' is imperative in order to anchor the system down so to allow surrounding policy areas to react flexibly and for the system to be amenable. All crisis logics are simultaneously potential threats and opportunities to the EU, excluding 'crisis progression'. There is a tension between 'crisis stability' and 'crisis diversity', namely between too much rigidity and excess flexibility.

Correspondingly, 'crisis progression' impedes the Europeanization process with the potential of fostering a process of de-Europeanization as the crisis mechanically spreads throughout the EU system overwhelming the mechanisms for policy development. De-Europeanization occurs when the EU system is overwhelmed, spreading to the national system which, as a result, can no longer service the Europeanization process due to intervening factors at the national level. 'Crisis diversity' encourages the Europeanization process as a crisis comes into being organically, acting as a catalyst for policy development.

Thus, such a crisis has the potential to expedite the process of Europeanization and provides an opportunity for the process of Europeanization to occur which is necessary, at times essential, for the survival of the EU due to the continual presence of 'crisis progression' in the background. Conversely, 'crisis progression' creates the conditions upon which the Europeanization process is necessary, at times essential, for survival of the EU on account of 'crisis progressions' mechanical 'domino' effect. 'Crisis stability' leaves the process of Europeanization untouched by a crisis with nothing gained and nothing lost in such a crisis.

When applying these logics to leading EI theories, a divide emerges between the old and new theories. Traditional integration theories (neo-functionalism, intergovernmentalism and liberal intergovernmentalism) possess a classical view of crises ('crisis progression') viewing the EU as a linear, rational organisation, with a mechanical view of EU responses (the system either moving forwards or backwards in an orderly, linear fashion) (see Appendix).

Contrastingly, new EI theories (constructivism, multi-level governance and Europeanization) view the EU as a complex system, with more subtle processes occurring in countless directions mirroring the expansion of the EU at the time (see Geyer, 2003), and conceive policy responses as autonomous and non-linear (see Appendix). The advocates for 'crisis diversity' demonstrate a move away from intergovernmentalism and towards Europeanization theory therefore, once again, rejecting the criticism that Europeanization theory is simply warmed up neo-functionalism.

2.4 Conclusion

This chapter has demonstrated the strength and versatility of Europeanization theory showing that those academics deeming Europeanization theory as being useless have been too quick to discount the usefulness of Europeanization theory. Thus, this analysis supports the consensus amongst academics. While the Europeanization debate is messy, it is able to acknowledge complex processes of governance occurring simultaneously. Its eclecticism allows it to make unique and original contributions to other areas of political science, such as policy analysis and comparative politics. It adds novel, stimulating moreover, intriguing questions to the debates surrounding the evolution of the EU. Above all, Europeanization theory has added to the 'theoretical relic' (Radaelli and Featherstone, 2003) of EI theory, adding the detail omitted by previous EI theories while contributing innovative ideas and insights previously undiscovered.

Europeanization theory underpins the discussion in this thesis. In the following chapters the novel crisis logics of 'crisis progression' and 'crisis diversity' will be employed to identify the type of crisis pattern, ascertaining whether a 'crisis spectrum' is at play, if and the type of Europeanization process that is occurring in the ongoing euro crisis. These logics will be employed in: a review of the European literature on EU crises (Chapter 3); an analysis of the ongoing euro crisis at the EU and national level (Chapter 4); an examination of the development of and interaction between EU and national social policy (Chapter 5); and, an analysis of specific areas of national social policy in Britain (Chapter 6) and Ireland (Chapter 7) respectively.

This research will contribute and build upon existing Europeanization theory, in particular the 'bi-directional' and 'circular' approaches. It is the aim of this thesis to contribute to the latest theoretical discussion on the Europeanization process in the context of the euro crisis. The thesis will take Europeanization theory further than it has currently been applied by analysing new countries and new policy areas, exploring whether a crisis: is an opportunity for the Europeanization process; expedites the process of Europeanization; is an obstruction to the Europeanization process; or, a combination of all these scenarios. Furthermore, whether there is a uniform effect from a crisis on the Europeanization process and response to the Europeanization process in a crisis, or a disparate impact as this theoretical review would suggest.

The proceeding chapter will review the literature on EU crises and the European crisis debate in particular, exploring where scholars from the field of economics and politics lay on

the 'crisis spectrum'. It will examine whether they lay towards 'crisis diversity', perceiving the euro crisis as an opportunity and catalyst for policy development, or closer to 'crisis progression', conceiving the euro crisis as a threat which is inhibiting policy development and ultimately leading to the potential collapse of the EU.

Chapter 3

Europe in Crisis: The Disunion of the European Union

“For the past six decades, steps forward to greater European Union have taken place at moments of incipient crisis. None, though, has been taken in a time of disaster. The next leap in integration looks set to change that.” (The Economist, May 2012)

“Since the start of Europe’s debt crisis in 2009, there has been a steady drumbeat of predictions that the euro is doomed...the risks are rising that the debt crisis is slipping out of Europe’s control and the weight of the combined threats to the euro is becoming overwhelming...The more time slips away, the more likely the euro will too.” (Time, May 2012)

These quotes epitomise the scepticism and domineering consensus that the euro crisis is signalling the end of the EU, not simply the Eurozone. Positive comments surrounding the conclusion of the euro crisis are difficult to locate. Nonetheless, the initial quote demonstrates that there are those who believe the EU will survive the euro crisis; that crises are not the end of the EU but signify the strengthening and advancement of the European project to new, previously uncharted territory. However, are the sceptics really dominating the crisis debate? Is this really the crisis to end all crises?

This chapter reviews the literature on EU crises and the European crisis debate in particular. The review serves to explore where scholars from the field of economics and politics lay on the ‘crisis spectrum’ in relation to the spectrum’s two extremes. This identifies whether the sceptics are dominating the crisis debate, with EU crises and the euro crisis in particular viewed as a threat to EU policy development and the EU system, aligned to ‘crisis progression’. Alternatively, the review explores whether this image is a falsity and of equal significance in the crisis debate are those viewing EU crises and the euro crisis as a catalyst, accelerating EU policy development and providing an opportunity for the EU system to strengthen, aligned to ‘crisis diversity’. The chapter identifies the gap in the literature which

this thesis is filling, namely the euro crisis literature currently only examines the impact on the ESM and on welfare states as a collective. Hence, the thesis is bridging the literature on EU crises and the euro crisis literature with social policy literature.

The chapter will be structured as follows. The economic literature is initially reviewed in relation to the two extremes of the 'crisis spectrum', identifying those economic 'crisis progressionists' and economic 'crisis diversifiers'. The economic arguments on the euro crisis are briefly reviewed on account of the dominance of the discussion on economic policy which makes this literature important to include within this literature review. This is followed by a review of the political literature in relation to the two extremes of the 'crisis spectrum', similarly identifying those political 'crisis progressionists' and political 'crisis diversifiers'. It is within this section that the chapter identifies the gap this thesis is filling and identifies the literature which is most closely aligned to this thesis and thus will be built upon, namely Lefkofridi and Schmitter (2015) and Kühnhardt (2009). Underlying this literature within both these fields, as will be seen, is a debate between 'more' or 'less' Europe. The chapter argues that despite the dominant image emanating from the EU and the media of 'crisis progressionists' dominating the crisis debate this is a falsity with 'crisis diversifiers' appearing prominent within the crisis debate as the euro crisis is increasingly being viewed within a positive framework as the crisis continues.

This chapter highlights the intrinsic connection between economics and politics which is key to this thesis. The majority of the crisis literature focuses on the field of economics due to the important scholarly focus on the core crisis area of economic policy. However, the economic field is disregarded for two key reasons. Firstly, this is a saturated field where an extensive volume of discussion on the euro crisis has already taken place; hence any additional research is obsolete or contributes little impact. Secondly, as will be shown, there are a minimal number of economists who view the crisis from a broad spectrum, inclusive of the opportunities the crisis is creating. Respectively, on account of the core research aims and questions of this thesis, this literature adds little to this research.

3.1 Economic Crisis Literature: 'Crisis Progression' vs. 'Crisis Diversity'

3.1.1 The 'Dominant' Economic 'Crisis Progressionists'

The majority of economists view the euro crisis as an existential threat for the euro and in some instances the EU too. The causes of the euro crisis are highly contested within economic literature. Nevertheless, economists are in accordance that the EU/Eurozone requires reform and are similarly sceptical of the degree to which any reforms will be

competently implemented by the EU. However, reflecting the debate within the EU itself of how to save the euro (Copsey and Haughton, 2012: 2), the type of change involved is widely debated with an array of recommendations for the most appropriate way reform could be achieved and by what means. Respectively, there are five key strands to the economic literature on the euro crisis. The first of these strands is the popular recommendation of creating Eurobonds (Begg, 2012; De Grauwe, 2011a; Pisani-Ferry, 2012; Frankel, 2015).

A second strand is the debate over an EU level supervisory institution which retains a significant role for national authorities (Wolf, 2008; Begg, 2009). There is a sub-debate over this issue of dividing responsibilities between the national and EU level discussed by scholars from the perspective of new member states (Spendzharova, 2012); and those who argue for a European Financial Agency in tandem with national financial supervisors, taking into account both those host countries authorities involved and the interests of depositors (Schoenmaker and Oosterloo, 2008).

Within this strand there is a second sub-debate over whether the European Central Bank (ECB) should be fulfilling such a role with discussions over the current role of the ECB in the crisis and its future role in the EU (Begg, 2009; Carmassi, Gros and Micossi, 2009; Gros, 2012; Wolf, 2008; Giavazzi and Spaventa, 2010; Eijffinger, 2012; Smaghi, 2009; Mazinotto, Spair and Wolff, 2011; Pisani-Ferry, 2012; Veron, 2011; Goodhart and Schoenmaker, 2005; Gros, 2012; Drudi et al., 2012; De Grauwe, 2011b; Frankel, 2015; Schlosser, 2015). The third strand debates the need for EU level supervision without the involvement of member states (Lanoo, 2009; Obstfeld, 2013). Against both of these groups is a fourth strand where economists disagree with such proposals, instead advocating for a new supervisory institution separate of EU institutions, that have arguably played a part in fostering the crisis (Giavazzi and Spaventa, 2010).

The fifth major strand comprises of a debate over whether the crisis is the result of an economic failing (Begg, 2012; De Grauwe and Ji, 2012; Eijffinger, 2012; Carmassi, Gros and Micossi, 2009; Krugman, 2013) or political weakness (De Grauwe, 2011a; Stockhammer, 2012; Veron, 2011). Contrastingly, there are economists who combine both perspectives, claiming the issue is with both economics and politics, as European economics is in tension and conflicts with European politics, and vice versa (Daianu, 2012; Pisani-Ferry, 2012; Pauly, 2009). In addition, there is a more minor strand of the economic debate over where to place blame for the crisis, the EU structure or member states' national policy actions (Giovazzi and Spaventa, 2010; Gros, 2012; Davras, 2008; Thorhallsson and Kirby, 2012). Daianu (2012) and Begg (2012)

maintain that one of the consequences of the crisis is a division between northern and southern member states as well as between non-Eurozone EU members and Eurozone EU members respectively. Daianu sums up the economist attitude towards the Eurozone when he states, “the design of the EMU [Economic Monetary Union] needs to be thoroughly remade” (2012: 27).

In contrast to these economists there are those who go as far to claim that a resolution of the sovereign debt crisis is insufficient for saving the euro (Koskinen et al., 2014). There is also a view that renationalisation of currencies is inevitable (Klose and Weigert, 2014) and there are ways to resolve the crisis without drastic treaty or policy changes (Polito and Wickens, 2014). Krugman (2013) intriguingly poses the question of whether the euro should be saved given its inherent weaknesses and policy faults from its inception. He concludes that it should be saved on political grounds, while there would be high economic costs, politically the disintegration of the euro “would amount to a huge defeat for the broader European project” (2013: 447). Krugman implies that this defeat could be fatal for the European project stating the EU has “done a vast amount of good, and...no citizen of the world should want to see [it] fail” (ibid).

3.1.2 The Economic Perspective of the EU’s Hidden Opportunities

There are only a handful of economists who view EU crises and the euro crisis in particular as an opportunity for EU (policy) development. Hagen (2009) is one such economist from the wider crisis literature who is of relevance to this thesis asserting a crisis incites further co-operation from member states. Hagen claims a crisis fosters the EU’s development and that the EMU has been created explicitly through crises, with the EMU used in turn to encourage further, deeper integration by raising “the expected benefits from economic cooperation in Europe to preserve the existing cooperation among the member states” (2009: 64). The EMU as an instigator of further integration has been spent according to Hagen, respectively “future crises will need expansions of the scope of European integration in other areas to fulfil that role” (2009: 67). Thus, suggesting that ‘crisis diversity’ within peripheral policy areas will be necessary. For him, the EMU “emerged from a series of crises” and it will “be completed through a crisis” (2009: 76).

This crisis would either be political or economic in nature, namely; a political crisis outside of the EU, which increases the benefits of closer political co-operation in the EU; or, an unprecedented economic crisis which de-incentivises member states’ fiscal integration, but in turn sees a political union replace the EMU as the instigator for continued integration,

subsequently ensuring member states benefit from their continued commitment (ibid). Hagen claims “neither political nor fiscal integration in Europe is likely to proceed in small steps” (2009: 62). Significantly, to this thesis, Hagen concludes “if it is a crisis, it may well push the EU forward a long way toward fiscal and political union” (2009: 76). The only caveat to Hagen’s argument is that a large development in political or fiscal integration will not occur unless EU member states can see sufficient benefits from doing so (ibid).

In relation to the euro crisis debate specifically, there are only a handful of economists who similarly view the crisis as creating an opportunity for a new international system (Smaghi, 2009; Helleiner, 2010). Helleiner (2010) is critical of those who are terming this crisis moment as ‘a new Bretton Woods moment’ claiming that it is a long process to create a new system (2010: 636). Nonetheless, Helleiner maintains this rhetoric could lead the euro crisis to be a catalyst for policy development, stating “if it encourages bold and ambitious politics, the transition from the current interregnum to a more constitutive phase could be accelerated” (ibid). Smaghi (2009) expresses concern that there is growing complacency which increases the chances for the reinstatement of “nationalistic tendencies and institutional jealousies” (2009: 12), and for a growing consensus to develop in support of maintaining the status quo. He claims, “if these forces are not firmly counteracted, this crisis could turn out to have been a wasted opportunity. And the next crisis could move closer” (ibid). After all, as Lannoo (2009) entitled his contribution, “a crisis is a terrible thing to waste”.

Darvas (2008) purports that bailout conditions, while a high price to pay for domestic policy mistakes, facilitate new EU member states adopting the euro. For Darvas there are two reasons for this. Firstly, “the single currency has gained new appeal for outsiders since the global financial turmoil intensified” (2008: 1) on account of the solutions the Eurozone can provide for states’ national economic crises. Lane (2008) concurs with this assertion within his study of the Icelandic recovery. Latvia’s accession to the Eurozone in January 2014 also supports such suggestions (The Guardian, December 2013c). Secondly, states such as Hungary were expected to meet the Maastricht criteria sooner than anticipated due to these new provisions hence expediting their euro membership.

There are those who conceive the euro crisis as a blend of the two crisis ideals, viewing opportunities and the threat of collapse as inextricably connected. Drudi et al. (2012) conclude that governance within the EU is changing because of the threat of the crisis driving policy decisions and actions (2012: 896). They maintain that these changes were needed long before the crisis hit Europe however, “it could be argued that the current crisis in the Eurozone has

accelerated the process of strengthening EU-wide institutions as well as fiscal co-operation” which are necessary for the “stability and success of the EMU” (2012: 896). They emphasise the opportunity arising from the destruction of the EU’s economic structure to resolve the fundamental weaknesses and ‘incompleteness’ of the EMU.

Similarly, Lane (2012) views the euro crisis as beneficial for the EU with it providing “an opportunity to implement reforms that are necessary for a stable monetary union but that would not have been politically feasible in its absence” (2012: 65). He traces EMU developments historically from the pre-crisis, crisis and post-crisis periods, concluding that the collapse of the EU is “no longer unthinkable” (2013: 65). Nonetheless, he retains an optimistic predisposition that “the unfolding reform process will deliver a monetary union that can survive” (ibid). In accordance, Buti and Carnot (2012) conceive the crisis as a catalyst for policy development over long-standing and long-debated issues of economic weaknesses. For them, the EU was not equipped to manage a crisis (2012: 906). Nonetheless, they suggest that from the threat posed by the crisis the current reforms could lead to significant policy development asserting, “with hindsight, the decisions started by the recent crisis may come to emerge as a decisive stage on the road to ‘ever closer union’” (2012: 910).

Of particular note, Stockhammer (2016) accords with those fellow economists arguing the crisis has both economic and political origins, namely a political choice of following neoliberal policy which has been exacerbated by the economic structure of the EMU. However, he maintains that the neoliberal agenda has meant “political forces in Europe have built half a European state” while simultaneously deconstructing “the ability of nation states to counter an economic crisis (and by implication to underwrite social comprises)” (2016: 373), intentionally. He claims a complete shift away from neoliberalism is required comprising of, along with a re-think on wage policy and finance, a European social security system which is tantamount to establishing a European welfare state. For Stockhammer, “this could give a new life to the project of European integration. And it would make economic sense” (2016: 376).

Boyer (2013) takes account of both ends of the crisis spectrum, with both the potential death of the EU and its survival as equal potential outcomes from the euro crisis. Boyer states “the future of the euro is open” (2013: 566). The collapse of the euro is still a plausible consequence of the euro crisis, as is the complete renationalisation of the economic project. However, for Boyer EU citizens may demand revitalisation of EU democracy which will entail either retention of democracy at the national level or, at long last, the emergence of a fully-fledged European democratic state. In contrast to Stockhammer, Boyer asserts that when it

comes to the euro an assessment of the weaknesses of EI are needed however, “polity still matters more” (2013: 562). His “prognosis” concludes that “the euro crisis is here to stay and it will likely bring many surprises” (2013: 566).

Similar to Boyer, Bresser-Pereira and Rossi (2014) conceive both ends of the crisis spectrum and rejects the proposition that the euro crisis means the potential termination of the EU. Rather, for them the threat is coming from within the EU. Similar to Stockhammer, who viewed neoliberalism as a threat to the EU, so they view the ongoing policy of austerity as a threat to the EU due to the stationary position it places the economy. For Bresser-Pereira and Rossi, “discontinuing the Euro is a way to consolidate the political union” (2014: 14), hence the collapse of the euro could save the EU rather than being a threat to the EU. They maintain that a retreat in economic EI is necessary rather than damaging, namely through renationalisation or the creation of a ‘common currency’ area where the euro exists alongside national currencies (2014: 13). They conclude “history has examples to offer where the pursuit of utopia led to disaster, but there may also be the case where disaster can be prevented with utopias” (2014: 14); a Federal EU with the euro as a fully-fledged European currency is the utopia they advocate aiming for.

In accordance with this argument purported by Boyer (2013) together with Bresser-Pereira and Rossi (2014), Honkapohja (2014) analyses those policies and reforms already implemented and “stimulated by the crisis” (2014: 269), namely the banking union and the Stability and Growth Pact. He maintains that both need strengthening, with greater integration occurring in general so to avoid a future crisis. He is a sceptical diversifier however, in accordance with his economic colleagues, viewing competent implementation as essential for these new EU structures to be resilient against similar economic shocks in the future stating, “the past record of the EU is not good in this respect” (2014: 270).

Schlosser (2015) analyses the new fiscal policy measures of the Six-Pack, the Two-Pack and the Fiscal compact, providing evidence against the traditional view that “the closer a policy issue lies to the core of state sovereignty, the least likely it is for integration to occur in that domain” (2015: 1). In opposition to this contention, Schlosser follows the processes involved during the euro crisis. He discovers that EU norms were “spilling out of the central level” (2015: 26) and “exported to the domestic level” (ibid) in order to ensure a buttressing of the EMU’s surveillance of national fiscal policies. What Schlosser terms “vertical institutionalization” (2015: 26) of the EU’s fiscal regime is ‘top-down’ Europeanization discussed in the previous chapter.

There was a divide amongst EU actors over whether to export norms to the national level or retain control at the EU level. However, flexible coalitions saw the European Commission (EC), the European Parliament and ECB all actively shape the policy processes and subsequent corollary (2015: 23). For Schlosser, “the euro crisis has resulted in a substantial revamp of Europe’s fiscal surveillance regime” (2015: 26). Of particular importance for this thesis, his analysis demonstrates how the euro crisis is turning conventional processes upside down.

3.2 Political Crisis Literature: ‘Crisis Progression’ vs. ‘Crisis Diversity’

3.2.1 The Political ‘Crisis Progressionists’

In contrast to the economic field, political scholars are in accordance that the structural weaknesses of the EMU have caused the euro crisis and the majority of scholars within the political sphere view the euro crisis more optimistically. However, there is a minority who view EU crises and the euro crisis in particular, as a potential threat to the survival of the EU¹⁹. Elvert (2009) analyses EU crises through a critical, historic evaluation to identify the role of crises within the EI process and the wider implications for the EU. He analyses from the premise that crises have a destructive effect on EI. Curiously, he defines the term ‘crisis’ on the premise of its original usage in a medical context to mean a “very decisive moment” where a bifurcation occurs between a patient surviving or dying, which he equally applies to institutions (2009: 50). Hence, for Elvert, ‘crisis’ in his analysis means “to identify “a severe or existential crisis,” threatening the EEC’s, EC’s or EU’s very existence.” (ibid).

He claims that “the idea that crises reinforced integration should better be considered a rather provocative working hypothesis” (2009: 51) on the premise that the EU process is an “intellectual construction” (ibid). His historical analysis of EU crises proceeds with the purpose to test this theory. Within the analysis he identifies three phases and crises within each of these phases which are subjected to his test namely, ‘implementation’, ‘reconciliation’ and ‘Europeanization’ with each comprising of a different outcome for the development of EI (2009: 54-56). For Elvert Europeanization is defined as the following;

“a significant fusion of national and European politics, which did not replace the traditional nation state by a European federation but has created a mixture of national and European resources, competences, and responsibilities, set up in a multilevel system of growing complexity and opacity” (2009: 53).

¹⁹ See *The Journal of Democracy* (2012) comprising of a series of articles on European Disintegration.

In spite of where his analysis begins, on the premise of crises being a negative occurrence, Elvert concludes the opposite stating a crisis can alter the direction of EI, for the betterment of the EU project (2009: 59-60).

Quaglia et al. (2009), argue that the euro crisis has highlighted the intrinsic weakness of EU policy co-ordination between member states. For them the core of the problem is with weak European institutions which fail to adequately incite EU co-operation, or as they term it the “semi-public good” (2009: 84). Quaglia et al. perceive the crisis spilling over in a mechanical fashion, spreading from one policy area to another. For instance, they claim it is spill-over from the international domain which led to the liquidity crisis in Europe. In turn, the crisis of liquidity led to a solvency crisis within the European financial system whereby banks sold illiquid assets to rebuild liquidity but a decline in asset prices diminished the capital of banks.

Quaglia et al. claim “co-operation between national governments, central banks and financial supervisors” (2009: 71) is and ought to be most important to the EU and that suitable policy making is possible when a shared framework is in place. However, crisis prevention and crisis management are divided between the national and EU governance levels making co-operation between member states at a time of crisis highly challenging (Quaglia et al., 2009: 70-73). In the EU, crisis prevention is divided between the multiple levels of governance, namely, financial regulation is performed at the EU level and financial supervision is executed at the national level (Quaglia et al., 2009: 70).

It is this divide which is implicitly highlighted by Quaglia et al. as causing problems in the EU’s financial responsibilities, as nation states are responsible to their national authorities rather than their European counterparts. Compounding such weaknesses, the EU has the foundations for crisis management through a series of “vague and non-mandatory” (Quaglia et al., 2009: 72-73) Memorandum of Understandings. The absence of united action is what is allowing the crisis to become a threat to the EU. Hence, it is the internal response to the crisis causing a threat to the EU rather than the economic crisis itself. Ultimately, they claim the EU’s response to the euro crisis demonstrates how the union is able to “respond quickly and collectively, but not necessarily adequately, to an unexpected crisis” (2009: 84). Arguably, Quaglia et al. are suggesting a bigger crisis is needed for the EU to learn how to adequately form a unified EU crisis response. Their analysis is suggestive that the ongoing euro crisis is not existential as perceived and conveyed as there has been latitude for a muddled crisis response from the EU that has, so far, successfully staved off disaster.

In accordance, Schuknecht et al. (2011) view both the ambiguous framework in which member states operate and inadequate reforms as the dual weaknesses that are prohibiting the defence of the EU system. Similar to economists Buti and Carnot (2012), Schuknecht et al. view the EU as being unprepared for the euro crisis. They claim the first years of the Eurozone to 2007 are “best characterised as “wasted good times” during which the foundations were laid for the present crisis in EMU” as “almost as soon as the euro had been introduced, consolidation fatigue set in” (2011: 10). For Schuknecht et al. this has resulted in the Eurozone fiscal policy today being “at a crossroads” (2011: 17).

They maintain what is necessary to take the correct road is a “quantum leap” (2011: 5) within the framework for EU fiscal governance. They make recommendations themselves as well as analysing those reforms already suggested. In regard to those suggested reforms they conclude, “it is questionable whether the revised governance framework will be implemented in a rigorous manner” (2011: 16) leaving great uncertainty around the stability of EU finances (ibid), and a pathway for history to repeat itself. The one positive Schuknecht et al. identifies is that the euro crisis forced Eurozone member states to support crisis countries “at considerable political cost at the domestic level” (2011: 15). Respectively, for Schuknecht et al. this crisis experience has the potential to “encourage national governments to exercise more peer pressure” (2011: 16), which was only tentatively applied in the early years of the Eurozone (2011: 11). Thus, aligned with the economists previously reviewed, for Schuknecht et al. the mistakes of the past could be rectified in the future through this crisis.

Hall (2012) poses the same question as this thesis, “Will the crisis ultimately advance the process of political integration in the European Union or impede that process?” (2012: 355). For him, the euro crisis “is the most serious crisis the EU has faced since its inception, with the potential to open up durable fissures among its member states” (2012: 370). Hall argues that in order to guarantee the EU’s survival “more intensive fiscal co-ordination in the Eurozone will be required” (2012: 369). For him, the euro crisis has had a negative impact on EI whereby, despite fiscal co-ordination increasing, rather than accelerating the integration process “the crisis has exposed its fault lines” (2012: 368).

The common political support for EI has also been undermined by the crisis rhetoric which places the origins of the euro crisis at the national rather than EU level (ibid). As such, the euro’s survival is “a matter of doubt” (2012, 369) for Hall, with the potential for political will to keep it afloat (ibid). However, Hall is one of the few progressionists to also acknowledge the ability of the EU to foster integration in crisis times concluding, “the capacity of the

European states to turn a crisis into a crucible for further integration, as the Single European Act did, should not be underestimated” (2012: 370).

Hall (2014) maintains that the euro crisis has spilled over from economics into politics threatening the legitimacy of national governments and the EU (2014: 1238), consequently placing the EU at “a crossroads” (2014: 1239). This necessitates a re-think of the *raison d’être* for the EU. Hall believes the national consensus of ‘more Europe’ in the crisis is a “rhetorical fig leaf” (2014: 1238) which is masking the deep-seated disagreement over its meaning in actuality and “a more profound legitimacy crisis that calls into question what the EU can expect to achieve in the coming years” (ibid). He claims the increase in Euroscepticism and the declining support for free movement exemplifies this legitimacy crisis as “a *sauve-qui-peut*²⁰ strain” infiltrates “into its politics at both the national and transnational levels” (2014: 1239).

There is an innate paradox in the EU at this crisis time with the EU needing institutional capacity to distribute resources in such a way to ensure EU prosperity (this is what ‘more Europe’ is for Hall), at a time when political support for increasing the EU’s capacity is declining (ibid). Hall believes that for the EU to survive it needs to embrace its diversity rather than fostering a convergence through a one-size-fits-all approach. He claims, “the motto of the EU is not ‘uniformity’ but, rather, ‘unity in diversity’”²¹ (2014: 1239), with the future of EI determined by the EU’s capacity to deliver on this. Hall concludes, “the political precondition for progress is the development of a new vision for Europe, specifying what interdependence requires and what collective action can deliver” (ibid).

There is infrequent examination of social policy within the euro crisis literature due to a dominant academic focus on the core crisis policy area of economic policy, with the exception of the following scholars²². In concurrence with Hall (2014), Busch et al. (2013) claims the euro crisis has spilled over from economics into politics. For them the crisis is spreading mechanically, threatening both the ESM and the national welfare state (2013: 29), as a result of the domineering austerity policies (2013: 25-27)²³. Busch et al. argue that the social aspects of EI have “increasingly been sidelined in the EU” (2013: 26), subsequently

²⁰ Disorder, panic.

²¹ Fabbrini (2014) similarly concludes that a ‘one-size-fits-all’ approach is no longer feasible stating “the euro crisis has falsified the dominant paradigm of the unitary nature of the process of integration” (2014: 17).

²² Also see, Intereconomics Forum (2012) for an in-depth examination of the opportunities and challenges to the welfare state and ESM. Of particular note, see contributions from Hemerijck and Vandembroucke; Anderson; as well as Pochet and Degryse’s.

²³ Kramer (2012) concurs, see discussion pp.85-87.

placing a question mark over the future of the ESM (2013: 27). For them, the fate of the Eurozone is intrinsically connected to the prospects of the ESM (dis)integrating. They propose three possible paths for the Eurozone namely, 'muddling through', 'collapse of the Eurozone', and 'a paradigm change' (2013: 28-29).

They lean towards the destruction of the Eurozone stating, "for a number of reasons the Eurozone could collapse in the coming months" (2013: 29). For them, this is "not scare-mongering" but an increasing reality "whose likelihood has increased month by month since spring 2012" (ibid). However, they concede that the latter scenario "cannot be ruled out entirely" (ibid). For them, the escalation of the euro crisis and exponentially growing threat to the EU and Eurozone has induced "something of a learning process" in "regard to the dominant policy and what hitherto has been unthinkable is getting onto the European Council's policy agenda" (2013: 30-31). Hence, there is anticipation that total disintegration can be avoided and a revival of the EU can be fostered.

Busch et al. contend that, "only in this way could the economic and social crises in Europe be overcome and the project of the European Social Model revived with new prospects" (2013: 31). This thesis will analyse two distinct areas of social policy to substantiate such comments. Degryse et al. (2013) similarly claim that the ESM is under attack due to the euro crisis. Social reforms for them are unrelated to the current economic context rather "they are actually aimed at reconfiguring whole areas of the European Social Model" (2013: 37). The euro crisis has seemingly bolstered the hand of economic actors (2013: 39) and consigned social policy to the new means of currency devaluation, despite its "efficacious in the crisis for avoiding a serious deterioration of the situation within the economy and on the labour market" (2013: 38). Pochet and Degryse's (2013) analysis echo these arguments.

Degryse et al., in concurrence with Busch et al (2013), maintain the only means to reverse such a demotion of social policy is "to put social issues back onto the political agenda at both the national and European levels" (2013: 39), complete the EMU and reform economic policies towards "sustainable and shared prosperity" (ibid). The evidence that suggests citizens' political support is economically contingent is also interpreted as threatening the future of the EU in its entirety (Braun and Tausendpfund, 2014). However, Kuhn and Stoeckel's (2014) analysis contradicts such conclusions, finding that the public are generally supportive of economic governance which is contradictory to public support for EI (2014: 636).

Consequently, they conclude that this irregularity could be exploited to increase the EU's democratic legitimacy namely, "by assuming an active role as effective crisis manager,

the EU could achieve output-legitimacy” rather than leaving this role for member states (2014: 637). The only caveat to their findings is that for citizens to be supportive of economic governance, they need to weakly identify with the European identity as those possessing a strong national identity were not supportive of economic governance (2014: 634).

3.2.2 The Political ‘Crisis Diversifiers’

There are a group of scholars spearheading the conceptualisation of crises as a driving force for EU policy development. Kühnhardt (2009), as highlighted within the introduction, identifies two types of ‘crisis integration’, these are; “crises of integration” and “crises in integration” (2009: 1-2). The first type has the potential to challenge both the rationale and existence of integration. The second type is associated with the difficulty of implementing policy objectives and goals without any detrimental effects to the integration process. However, this ‘crisis of integration’ occurs only infrequently. He recognises there is no determinism within his hypothesis, that not every crisis will produce progress and vice versa.

Crisis for Kühnhardt are innate within the EI process. This is reflected in his definition of EI which he expresses as; “a contingent process of oscillation between failure and success, or between challenge and response” (2009: 3). Applying this logic to those works already reviewed, out of challenge (threat) comes a response (opportunity). For him, historically “crises had always required courageous responses in order to turn into new opportunities” (2009: 10). Kühnhardt maintains there is a lack of literature reviewing European crises as a positive occurrence to be able to assess their impact and significance for the EU (2009: 2). This thesis aims to contribute to filling this gap within EU crisis literature.

For Kühnhardt, the international level is inextricably connected to the EU level. Specifically, when the international domain is in disorder so EI becomes a place of anarchy. He claims, “the important adaptation crises and turning points in European integration have been linked, one way or the other, to fundamental developments and adaptation crises in transatlantic relations.” (2009: 8). He asserts that these interwoven crises have been transformed into opportunities creating the most successful and defining periods for both EI and International Relations (2009: 9).

Kurzer and Cooper (2011) similarly claim “the EU’s strongest public health measures have resulted from crises that threatened the single market” (2011: 110). In contrast to Kühnhardt (2009), they view opportunities from crises arising from the threat of crises. They analyse how EU officials fostered a threatening, crisis discourse around obesity in order to manufacture an opportunity for the EC to carve out a new sphere of competence. Assisted by

the World Health Organisation (WHO), EU officials achieved this by advancing integration from above, linking the threat from obesity to Europe's public health, its health systems and its economic prosperity (2011: 108).

The WHO and EU operated as two sides of the same coin. Without the WHO the EU could not access data, either in terms of quantity or quality, which is required to advance the EU's public health agenda. In turn, the WHO has no mechanisms with which to implement policy hence, relying on national states to do so. Consequently, the EU could translate the WHO's objectives into policy in order to advance the EC's remit. The WHO provided the EC with a new vision for Europe whereby the "war against fat became a major public health crusade" (2011: 111), with an atmosphere of urgency successfully fostered (2011: 114-115). This analysis provides significant support to Kühnhardt's aforementioned notion that the international level is inextricably connected to the EU level. Kurzer and Cooper conclude, "international organisations disseminate scientific ideas and European institutions appropriate these ideas to create (through political spillover) a new field of action for themselves" (2011: 116).

Gehler (2009) takes a historical view of EU crises, similar to Elvert's (2009) analysis, identifying five serious crises in the EU's history (2009: 124). He reaches the conclusion that, "there is a definite, one might even say not insufficient need for crises, a necessity for crises, without which the dynamics of integration would not have got by, and even will also not get by in the future, which appears to be essential for advances" (2009: 118). Throughout his analysis Gehler regularly refers to Romain Kirt another 'crisis diversity' protagonist who argues Europe's history is a "history of crises"²⁴ (Gehler, 2009: 110). For Kirt, "there have always been crises in Europe" and in accordance with Elvert's (2009) comments, crises "are nothing new, but their effects upon the unification process and the dynamics of integration represent a new and current challenge for research in contemporary history. They are therefore to be studied more precisely" (Gehler, 2009: 110). It is such further precise study which this thesis undertakes in its examination of the euro crisis.

Gehler concurs with both Elvert (2009) and Kirt commenting, "it remains to be studied more precisely as to whether the chatter about crises in and surrounding the EU had a functional and instrumental character in order to give a new boost to integration" (2009: 118). He views the EI process not as linear rather in a similar vein to Europeanization theory (see

²⁴ Romain Kirt, 'Europe in Crisis – the old continent suffers on Buddenbrooks - syndrome?' [translated title].

Chapter 2) as “a complicated zigzag path with a gradually increasing density integration” (2009: 116). He asserts that, “most suggestions for and attempts at reorganization arose from emergency situations and predicaments” (2009: 118). For Gehler, “the state of crisis of European integration appears to be a normal state” (2009: 118).

While the term ‘crisis’ has increasingly lost its original meaning in modern day usage, as discussed in Chapter 1, Gehler intriguingly defines the term ‘crisis’ within its original (source) Greek meaning of “decision” or “decisive change” namely, “as a difficult situation in a dangerous time that requires a decision” (2009: 110). He views the whole ‘crisis spectrum’ conceiving crises as equally constructive as they are destructive stating explicitly, “‘crisis’ is understood here both in the “positive” effect upon unification – that is, for the course of integration in the constructive sense – and in its “negative” effect in a counterproductive manner” (2009: 111). In addition, he later states in his work that, “one thing is for sure for the time being: there is a degree of crisis of a political and economic nature that can saddle the integration with weariness and can make it possible for no new advances to be made” (2009: 117).

Aligned to this more progressionist view, Gehler claims an additional argument within his analysis that crises within the EU have been more of a threat to EI than external crises, at least in the short term (2009: 116). He claims that forced EI and fears of disintegration can have negative effects on the EI process, however “they can also turn out to be exaggerated and in the end actually promote the community’s solidarity and thus the further unification process” (2009: 118). From this perspective, the prevailing view that the euro crisis is an existential threat to the EU could paradoxically be beneficial for the EU and EI process. Gehler identifies three types of crises, “real”, “concrete” and “feared and ficticiously imagined crises” which all “play a role in a reactivated policy of integration or one that is to be revitalized” (2009: 118).

Analogous to Kurzer and Cooper (2011), scholars Hodson and Quaglia (2009) view EU crises as a combination of a threat and opportunity, with an emphasis on the latter. In relation to the euro crisis in particular, they have an underlying premise that the EU will not survive the crisis. However, significantly they highlight the opportunities the euro crisis will potentially lead to and do not reject the notion that the EU will survive the crisis. They consider there to be two opportunities within this crisis namely, new political opportunities within the EI process and the chance to foster European co-ordination and co-operation between member states. Hence, arguing in a similar manner to Hagen (2009) and Drudi et al.’s (2012) propositions

within the economic field, as well as in accordance with Buti and Carnot's (2010) assertion within the political field that the euro crisis could create an 'ever closer union'.

They cite the Spring European Council summit in March 2009 as an exemplar of the euro crisis fostering EU co-operation amongst member states, subsequently reversing the pre-existing "beggar-thy-neighbour" (2009: 942) policy approach. In accordance with Quaglia et al. (2009), they view the inaction of EU policy responses being due to member states following their national interests over those of the EU's. They cite Ireland's guarantee of bank deposits instigating a 'guarantee race' amongst member states which was subsequently reversed through a G8 meeting (2009: 942).

Hence, highlighting the other side of the coin to the lack of co-operation between member states that other scholars have discussed, the interconnection between the member states has created a problem in fashioning a cohesive EU crisis response for Hodson and Quaglia. The crisis has demonstrated how the EU is both a "global vanguard and a victim of global circumstances" (2009: 950). Additionally, they accord with the claim made by Davras (2008) that the euro has gained appeal to outsiders stating, "Iceland's application in July 2009 to join the EU suggests that the economic crisis may bring new political opportunities" (2009: 944).

Hodson and Quaglia conclude that "it remains to be seen whether the crisis will intensify or impede the process of European integration" (2009: 944). They argue that regardless of the outcome, the crisis is offering an opportunity within academic circles to better understand how interdependence, or Europeanization, can be both EI's leader and enemy. Copsy and Haughton (2012) similarly view the euro crisis as a combined threat and opportunity. In line with the theoretical logics within this thesis, they argue that opportunities emerge from the threat of the crisis whereby "the very weaknesses and vulnerabilities of Europe exposed by the Eurozone crisis are also the reasons why individual European states need to integrate and show solidarity" (2012: 2).

Kramer (2012) goes one step further, acknowledging the full range of the 'crisis spectrum'. For him there are three possible outcomes for the EU, which align to the crisis logics within this thesis of 'crisis diversity', 'crisis stability' and 'crisis progression' respectively. These are, "a Silver Age, based on a resurgent continent; a Bronze Age of muddling through; or an Iron Age of disarray" (2012: 82). For the 'Iron Age' he places a maximum and minimum vision, postulating that the Eurozone could partially or fully collapse which could mean the weakening of the EU or its total collapse respectively (2012: 90). Kramer does not settle on any of these

visions, rather he concludes that the most obvious path is the 'Bronze Age' comprising of a continuation of the euro crisis and a "worsening of current negative trends" (2012: 90). However, regardless of which path comes into fruition "Europe's Golden Age has passed Europe is embarking on a new chapter" (2012: 91).

Verdun's (2012) brief analysis demonstrates how far the EU is responding to the ongoing euro crisis. She states, "the EU has been seeking to find ways to respond to this crisis in all its permutations" (2012: 863). Referring back to her asymmetrical EMU²⁵ and according with the view that the EMU needs substantial reform, she maintains the need for its redesign has been firmly placed at the top of the EU agenda (2012: 864). However, there is still no resolution or clarification on how to resolve the long-standing, in-built institutional flaws even after the unprecedented effects of the crisis. However, she maintains there is the "potential for major reform. It is clearly a moment of truth for the EU" (2012: 865). For Verdun the euro crisis has created the opportunity for member states and EU leaders to influence this redesign of the EMU, Eurozone area and wider EU in responding to the crisis (2012: 864).

Craig (2014) assesses from a legal perspective the "complex array of political responses" (2014: 40) as well as the economic and political repercussions of the euro crisis. He categorises the EU's crisis responses into those assisting Eurozone member states and those macro-level measures increasing national budgetary supervision. For Craig, these responses have been implemented "in an accelerated manner as warranted by the nature of the crisis" (2014: 40). He claims, "this flurry of initiatives has not yet come to an end nor is it likely to do so in the short term" (2014: 19).

Complimentary to Braun and Tausendpfund (2014), Craig states that citizenry belief in the EU fostering peace and prosperity has been severely dented. He argues this issue of trust²⁶ "may be the single most damaging fallout from the current crisis" (2014: 36), and "the most important and long-lasting impact on the 'EU brand', when viewed from the perspective of the ordinary citizen" (2014: 36). Craig pertinently concludes, "the EU may weather this particular storm, but the nature of the polity that emerges thereafter remains to be seen" (2014: 40).

Mourlon-Druol (2014) accords to this view claiming it is difficult to predict the development of the EU in the future due to the EU and Eurozone being complex systems (2014: 1292). His analysis demonstrates how the causes of the euro crisis, hence the crisis

²⁵ See Verdun (1996).

²⁶ This issue of a loss of trust due to the euro crisis has been explored by other scholars, see discussions by Armingeon and Ceka (2014); McLaren (2010); and Roth et al. (2014).

itself, was predictable. However, contrastingly the crisis response from EU institutions, particularly the ECB, have been unpredictable stating, “such an evolution could hardly have been anticipated 14 years ago” (2014: 1293). He also concurs with Hall’s (2012) comments, concluding himself that “in these developments, and in the broader history of European integration since the Second World War, lies perhaps a last lesson history can offer: the value of expecting the unexpected” (ibid). Morlon-Druol also contests the aforementioned view held by economists Klose and Weigert (2014) that member states exiting the Eurozone is inevitable, arguing that exiting the Eurozone is more difficult and “less advantageous” today than in its early conception (2014: 1292).

Hurrelmann (2012), in a similar vein to Craig (2014) and Murlon-Druol (2014), highlights the range of different outcomes from the euro crisis for the EU. He analyses the potential politicisation of EI and divides them into four categories. He cross references these with three possible crisis outcomes for the EU namely, ‘no change’, ‘disintegration’ and ‘integration’ which produces twelve prospective scenarios (2012: 4). Hurrelmann concludes from his typology that the crisis has “the potential to take the EU in a number of very different directions” (2012: 6) comprising of new challenges to the EU’s authority. He remarks that in actuality there may be multiple scenarios occurring all at once (ibid). He concludes that politicisation “is not inherently “good” or “bad””²⁷ (2012: 6), similar to the crisis logics within this thesis which are not inherently ‘good’ or ‘bad’. Rather, the outcome will be determined by the interaction of the developments within the society and EU leaders’ institutional decisions (ibid).

The analysis of the euro crisis by Lefkofridi and Schmitter (2015)²⁸ is closely aligned to this thesis. They pose the question, “Is the current crisis going to be a ‘good’ or ‘bad’ one for the process of European integration?” (2015: 4). For them, “economists and financial experts...have almost completely dominated the debate – despite the fact that the problem facing Europe today is primarily political”²⁹ (2015: 4). Their research is based upon previous work by Schmitter (1970) where he develops a new theory of regional integration through his new model of crisis induced decision-making cycles which revises neo-functionalist thought.

²⁷ Contrastingly, Meijers (2013) concludes that politicisation is a negative occurrence with an increase in negative coverage of the EU exclusively focused on economics.

²⁸ Also see Schmitter (2012) from which this analysis originates.

²⁹ Lehmann (2014; 2015), who contrastingly views the crisis from a progressionist stance, similarly claims the crisis is political not economic. Rather, the economic crisis has emanated from and contributed to a deeper political crisis as “both interact with – and sustain one another in complex and interdependent ways” (2014: 44-45).

The main premise of Schmitter's model is that in non-crisis times regional actors operate in a 'zone of indifference' where (in)activity is unchallenged. When a crisis strikes, actors are forced out of this state of apathy and "a series of crisis-provoked decisional cycles" (1970: 842) are initiated with national actors implementing seven possible strategies (1970: 846). In turn, this either expands or contracts both the scope and level of activity. For Schmitter, pertinent to this research, if a process fails to respond to the crisis "it has disintegrated" however if it responds, repeating earlier strategies "it has reached a state of stable self-maintenance" (1970: 844).

If the crisis response expands the scope and level of activity, national actors' (sectoral) interests and identities similarly transform, instigating additional changes within actors' expectations and strategies (Lefkofridi and Schmitter, 2015: 6). On the basis of Schmitter's model, Lefkofridi and Schmitter outline what a 'good' crisis constitutes namely, such a crisis will;

"disappoint established member expectations and/or raise the prospect of new opportunities and, thereby, compel actors to redefine either the tasks or the level of authority (or both) of regional organizations by making their collective agreement 'spill-over' into previously untreated or ignored areas" (ibid).

They maintain that based on the conforming characteristics of the euro crisis to Schmitter's theorem, the euro crisis should have been the ('good') crisis to drive political integration however it has not, at least not yet (2015: 7-8). While the crisis has broken the EU out of the 'zone of indifference' exemplified by the argument for 'more Europe', "the objective remains ambiguous – even among its proponents" (2015: 9), as Hall (2014) argued. They substantiate why the euro crisis is a 'bad' crisis through demonstrating how the crisis is creating challenges and threatening the advancement of EI that neo-functionalism assumed, which underpins Schmitter's (1970) model. For them, with the conclusion of the crisis still to come into fruition, "there is still an opportunity to turn an apparently bad crisis into a good one" (2015: 19).

In general, they conceive crises in the EU positively claiming, "crises have been an integral part of the process of European integration and, by and large, they have had positive effects" (2015: 4). For them, the reason for this positive crisis effect is self-evident, both due to the complexity and range of possible outcomes which cannot be accounted for rationally combined with unanticipated consequences (2015: 4-5). They argue that national actors' collective responses to successive crises have "led to an increase in the authority and/or an

expansion of the tasks of the institutions of the EU and its predecessors” (2015: 4). They maintain “this capacity to exploit successive crises positively by repeatedly breaking out of its momentary zone of indifference” is a unique attribute of the EU that no other organisation has (2015: 6).

Jones et al. (2016) propose that EI advances through the concept of ‘failing forward’. They claim this “fail forward pattern” of EI (2016: 1015) comprises of a “cycle of piecemeal reform, followed by policy failure, followed by further reform” (2016: 1013). Premised on a synthesis of intergovernmentalism and neo-functionalism, they claim that the various biases within the EU means policy agreements occur on the lowest common denominator leading to incomplete reforms and institutional structures. This incompleteness creates neo-functional spillover which instigates a crisis and further piecemeal reforms are produced in response to the crisis caused by the previous incomplete reforms, which are agreed upon, again, at the lowest common denominator. These compromises accumulate over a particular period, laying the ground for further EI.

For them, this pattern has been apparent within the euro crisis. In contrast to those political scholars reviewed so far, they argue that the incompleteness of the EMU created spillover causing both the crisis and the necessary pressure for further integration (2016: 1020). They document reoccurring solutions and agreements which were made on the lowest common denominator throughout the euro crisis thus far, culminating in “incomplete action” which left EU leaders a step behind the crisis, but nonetheless moved EI forward (2016: 1023). As they claim, “Europe’s solution is still piecemeal, and yet the direction it points to is clear” (2016: 1026). They view the epoch of the euro crisis as “one of the most rapid periods of deepening integration in EU history” (2016: 1012).

They maintain that these “suboptimal solution[s]” (2016: 1026) with minimal transfer of power to the EU level could ultimately lead to profounder integration than “ever imagined in the heat of the crisis” (ibid). However, they caution that this cycle is “self-undermining” (2016: 1017), with crises spurring further EI and further crises, and is potentially unsustainable in the long term (2016: 1027). In particular, the image of the EU being in a constant state of crisis is undermining both political support for EI, and the EU’s position on the international stage (2016: 1013).

The European Policy Centre’s (EPC) (2011) strategy paper is similarly premised on conceptualising EU crises as a catalyst for European development while nonetheless acknowledging that the other end of the spectrum remains in the background to ongoing

events. The EPC maintains that the euro crisis has “compelled EU institutions and Member States to step up to the plate” (2011: 11). For them, the euro crisis is a significant test, “more profound and more serious than ever before” (2011: 8) which has meant “the end of the euro and even a disintegration of the European Union are no longer taboo” (ibid). However, the EPC comments that historically EI “seems to follow an ‘iron law’ to ‘never waste a good crisis’, to weather the storms by creating more momentum rather than merely strengthening its defences” (2011: 6).

Respectively, the EU has consistently overcome crises, emerging stronger rather than weaker from a crisis with EI tending to “grow out of crises” (2011: 8). They maintain that while EI is not “crisis-resistant” it is “crisis-proof” (ibid). They identify six factors which constitute a successful crisis including the EU’s capacity to adapt to both internal and external challenges which is facilitated by the fact that EI is in a permanent state of being “a ‘project in the making’” (2011: 10). In line with Lefkofridi and Schmitter (2015), they view this attribute as being unique to the EU (ibid).

Questioning whether the ‘iron law’ of EI will occur once again in the euro crisis, they pose an analogous question to this thesis namely, “Will the European Union be able to master or even ‘exploit’ the current crisis and emerge stronger than before?” (2011: 9). Crises have historically been overcome through “ambitious coalitions, opt-in strategies and close cooperation with EU institutions” (2011: 8). They maintain the EU needs this again today, but questions whether it can deliver. For them, the EU’s unique adaptive capacity and consensus over EI have noticeably weakened as “signs of erosions appear like writing on the wall” (2011: 6). Meanwhile, the long-term national and European economic, financial, political and social consequences of the crisis threaten the EU’s capacity to control both the ongoing euro crisis and future crises (2011: 11).

For them, corresponding with economist Hagen (2008), the euro crisis has illuminated the fragility of the EU and placed uncertainty over the tenets of EI (2011: 8). In turn, this is necessitating a renewal of the EU’s *raison d’être* which without, would “risk letting Euroscepticism grow into *euroclerosis* once again” (2011: 31). In contrast to many other political commentators reviewed so far, the EPC claim the EU should not attempt to foster an end destination for the EU. For them, this would be counterproductive to renewing the EU’s appeal in the face of significant divergences between member states (2011: 21). Ultimately, the question posed by the strategy paper is unable to be answered at this point in time as, “bigger challenges as well as opportunities lie ahead” (2011: 31).

Majone (2012) ardently maintains that the euro crisis is a positive episode for the EU, going as far to state that “the crisis may turn out to be a blessing in disguise”, provided lessons are learnt (2012: 1). He substantiates his claim by arguing, in concurrence with Lane (2012), Drudi et al. (2012) as well as Buti and Carnot (2012), that while the crisis is significant it has advantageously drawn attention to the inherent structural weaknesses of the EMU which were previously concealed by overt, political optimism (2012: 1). Majone suggests the crisis of the EMU can act “as a parable” (2012: 28) for EI, namely to abandon the “*fait accompli*” approach (2012: 30). Analogous to the EPC, he asserts that ambitions for a ‘federal’ Europe are counterproductive (2012: 29).

Contrastingly for Majone, and directly against the ‘crisis progression’ literature, there is no intrinsic connection between the collapse of the euro and collapse of the EU stating, “there is no political or economic reason why the failure of monetary union, in its present form, should entail the failure of “Europe”” (2012: 3). He claims it is the weakness of the EU’s crisis management which has caused a “sudden shift from the total optimism of the past to a mood of catastrophism” (2012: 2).

Saurugger and Terpan (2016) similarly accord with Copsey and Houghton (2012), Hodson and Quaglia (2009) as well as Kurzer and Cooper’s (2011) analyses in conceiving crises as both a threat and an opportunity, with opportunities emanating from the threat posed by the crisis. For them, the larger the threat the greater the opportunity for policy development and more significant the policy change. They premise their work on a synthesis of Kingdon’s (1984) theory of policy change through opening windows of opportunity and, in turn, Keeler’s (1993) claim that significant policy reforms are a product and contingent upon the size of the window of opportunity.

By implication, Saurugger and Terpan maintain that “large windows of opportunity increase the possibility for policy entrepreneurs to bring about dramatic change” (2016: 36), and explore whether crises drive policy to become more deeply imbedded or more lenient. They define a crisis as comprising of three key features: posing a threat to policy goals prioritised by policy makers; a surprise to actors; and, requiring an urgent crisis response which is time constricted (2016: 39). The size of the window of opportunity is measured by how strong or weak these characteristics feature in the crisis (ibid). Hence, for policy development to occur in a crisis there needs to be a threat which in turn requires a timely response.

From their analysis, the euro crisis is a “severe crisis” (2016: 48) with featuring a strong presence of all three of these crisis elements (ibid). Consequently, they claim this has produced

the largest window of opportunity possible in a crisis for radical policy reform, hence the euro crisis has created a significant transformation of soft EU governance into hard law. Saurugger and Terpan demonstrate how the euro crisis has fostered European co-ordination and co-operation as Hodson and Quaglia (2009), Buti and Carnot (2010), Hagen (2009) and Drudi et al. (2012) postulated. They maintain that it is due to the co-operation and consensus between member states, EU institutions and supranational institutions in responding to the crisis that this window of opportunity has been taken advantage of and created significant policy development (2016: 46-47). Saurugger and Terpan conclude that it is the “consensus-based coherence amongst policy entrepreneurs” which is key to explaining “why radical change can occur in periods of crisis” (2016: 51).

In a similar vein, Schimmelfennig (2015), Niemann and Ioannou (2015) and Verdun (2015) apply EI theory and testify that the euro crisis is creating further integration due to the threat of the Eurozone’s disintegration³⁰. Through the application of neo-functionalism, Niemann and Ioannou assert that functional pressures, augmented by the euro crisis, have led to further integration (2015: 202-203). Schimmelfennig’s application of liberal intergovernmentalism maintains that member states believed integration would create “lower losses than stagnation or even disintegration” (2015: 181). Hence, EI has been fostered due to a “common interest in avoiding the costs of non-integration” (ibid). Despite a common desire for deeper integration, the provisos for this integration varies according to states’ fiscal conditions (2015: 183).

In applying historical institutionalism, Verdun maintains the euro crisis is “a critical juncture” namely, a period of transition which provides a number of different policy options (2015: 222). In accordance with Saurugger and Terpan (2016), the euro crisis has created a significant sense of urgency with policy decisions required in a timely fashion due to the severe threat of the crisis. For Verdun, it is the threat of contagion to the existence of the EMU which has led to a new system being formed (2015: 224), with EI developing through “moments of intense crisis and a need to offer a response” (2015: 221).

3.3 Conclusion

“History is returning to Europe” (Kramer, 2012: 81), which on account of this literature review should be a positive occasion. It is clear from this literature review that as the euro crisis has proceeded so there has been a growth in those arguing the EU will continue

³⁰ See Journal of European Public Policy Special Issue (2015).

developing and emerge stronger from the crisis. Initially, conceiving the euro crisis as a mechanical, rational process at the outset, to one more organic, comprising of opportunities and benefits for the EU. This research will contribute to the pre-existing literature on EU crises and particularly that literature which conceives EU crises in a positive framework and has dominated this review. In particular, this thesis will build upon those analyses by Lefkofridi and Schmitter (2015), and Kühnhardt (2009).

This chapter has demonstrated there is an abundance of crisis literature, both economic and political, on the EMU with minimal literature emerging on social policy. Instead, crisis literature focuses on the ESM and national welfare states as a collective. It is the aim of this thesis to fill this gap in the literature and to bridge the literature on EU crises with literature on social policy; namely, exploring the implications of the euro crisis for the EU through an examination of two distinctive areas of social policy. Thus, this research will perform a deeper level of analysis than has currently been considered. “Moments of crisis offer dangers, but also opportunities” (Copsey and Haughton, 2012: 2), it is the contention of this thesis to provide an in-depth analysis exploring whether the euro crisis is providing opportunities for national social policy responses, or inhibiting such policy development.

The following chapter will similarly apply the crisis ideals of ‘crisis progression’ and ‘crisis diversity’ to the initial period of the euro crisis, identifying the crisis pattern at the EU and national levels. The beginning of the euro crisis was ascribed a dominant ‘crisis progression’ narrative within the national press. The chapter will explore the peak of the euro crisis from an objective standpoint, identifying whether the media perception of ‘crisis progression’ was an accurate portrayal of the euro crisis or whether ‘crisis diversity’ was occurring and, by implication a ‘crisis spectrum’, has been overlooked by political commentators due to the prevalence of the traditional view of crises.

Chapter 4

Old Tensions, New Crisis: A ‘Progressionist’

Start to the Euro Crisis?

“What was once deemed unthinkable is now, I believe, inevitable: withdrawal from the eurozone of one or more of its member countries...The euro was a boom-time construct. In the biggest bust for 80 years, it is falling apart.” (The Telegraph, May 2010b)

“This charade has gone on long enough. It is killing Ireland, but it is also killing the EU.” (The Irish Times, November 2011)

At the onset of the euro crisis commentators saw the crisis as a mechanical process, arresting the EU of its adaptive capabilities, as the previous chapter evidenced and these quotes above confirm. Within the national press ‘crisis progression’ was seemingly the dominant narrative. However, with the benefit of hindsight it is now possible to examine the euro crisis from an objective standpoint. Was this actually happening? Was the euro crisis developing through a crippling wave of progression, arresting policy development and threatening the future of the EU?

This chapter will examine the beginning of the crisis from 2010 to 2013, identifying the crisis pattern at both the European and national levels to analyse the impact of the euro crisis at its peak. This analysis will explore whether this media perception of ‘crisis progression’ was accurate or whether ‘crisis diversity’ was being overlooked, and by proxy the presence of a ‘crisis spectrum’, due to the predominance of this mechanical vision of crises. This chapter will identify whether the EU was on the brink of disintegration as those within academic circles and the media believed, or alternatively whether even at the beginning the euro crisis was not the death of the EU. This analysis will provide an overview of how the euro crisis emerged rather than an in-depth analysis of crisis events which will be provided in Chapters 6 and 7. Three questions will be posed in this chapter, namely;

- Is ‘crisis diversity’ or ‘crisis progression’ occurring within the current economic crisis?

- The more poignant question, is the EU level exhibiting the same crisis pattern as the national level, or are they different?
- As a result of the former, what are the implications of a different crisis pattern occurring at the respective governance levels for the EU?

The chapter is divided into two sections for this analysis, mirroring the separate European and national governance levels. Respectively, the chapter will be structured as follows. The European section identifies a crisis pattern of ‘crisis progression’ through charting the course of the euro crisis from the collapse of Greece to the fall of Cyprus and an analysis of the subsequent European crisis response. The European crisis response is found to be limited due to the lack of rescue mechanisms built within the EU system which has allowed Germany to dominate and dictate both the EU’s crisis response as well as the composition of bailouts to crisis countries. This is followed by a special analytical focus on the Fiscal Compact and Banking Union due to two defining features. Firstly, these were the two most significant measures developed in response to the euro crisis in this early period. Secondly, related to the first, these measures entailed significant Europeanization of national policies. To conclude, this section is brought up-to-date with a brief overview of the latest crisis events since 2013 accounting for the economic and political issues persisting in Portugal, Spain, Greece and Italy illustrating how ‘crisis progression’ has continued to prevail after the peak of the euro crisis.

The national section analyses the Irish variant of the euro crisis and Britain’s role in the euro crisis as a non-Eurozone member state, conversely identifying a crisis pattern of ‘crisis diversity’. This section of the chapter highlights how flexible and adaptable member states were, and their imperative role within EU crises and the wider EI process. Additionally, it highlights the inherent interconnection and interaction between European economics and national politics which motivates this thesis. The examination of the Irish crisis charts the collapse of the Celtic Tiger and analyses the national crisis response, detailing: the resistance to an EU bailout; the attempts to gain control through fiscal policy; and, the inevitable political crisis which ensued as Ireland became rescued by the EU through a seemingly unsatisfactory negotiated bailout. This is followed by an analysis of the European response to the Irish crisis, accounting for the political issue over Ireland’s low corporation tax and the politics around Ireland’s economic bailout package as the EU attempted to stop contagion of the euro crisis.

Subsequently, the chapter analyses Britain’s role in the euro crisis, examining the political controversy around the state providing financial aid to Ireland. This section also highlights how Britain became a ‘pace-setter’ through the proposal and enactment of the

'Brown Plan' as the non-Eurozone member state led the Eurozone policy response to the economic problems of the euro crisis. This section demonstrates how national policy developments were reinforcing the EU structure and saving the EU from disintegration. This is followed by an analysis of the negotiations surrounding the EU budget where political tensions arose between Eurozone and non-Eurozone member states, between the rich and the poor member states, as well as between France and Germany as Britain became poised to use its veto along with France and Denmark. The analysis demonstrates how the euro crisis was shaping European affairs as political divisions led Britain to become the scapegoat for a lack of European cohesion, primarily by virtue of France, subsequently leading to issues within the Franco-German relationship.

This chapter finds evidence for a 'crisis spectrum' operating in the peak of the euro crisis which has been overlooked. This is corroborated by the pattern of 'crisis diversity' at the national level and, contrary to the dominant 'crisis progression' image, the fact that the two governance levels are exhibiting *different* crisis patterns, hence *different* crisis responses. Hence, the euro crisis was not uniformly arresting policy development and policy responses in a progressive, mechanical fashion and steering the EU towards disintegration. These distinctive crisis responses also demonstrate how overall a process of 'bi-directional' Europeanization was occurring in the EU system as 'top-down' and 'bottom-up' processes were ultimately indistinguishable from one another. The chapter subsequently deems the media perception of the euro crisis as a story of 'crisis progression' a media creation due to an EU-centric focus overlooking national activity. The chapter argues that these two different crisis responses facilitated member states flexibly reversing roles with the EU as a 'crisis cushion' formed, by virtue of the differing crisis responses, whereby national responses resolved national issues in conjunction with the EU structure unconsciously. This allowed the EU to continue to operate and exist, thus helping to save the EU from the euro crisis by prohibiting the perpetuation of 'crisis progression'.

PART I: Europe and the Euro Crisis

4.1 Story of the Crisis³¹: The Collapse of the European Edifice

4.1.1 The Greek Tragedy

At a time when the Eurozone was under close scrutiny with the onset of the global economic crisis, Greece's public debt was revealed as being higher than projected. The Greek

³¹ See Begg (2012); Journal of Macroeconomics (2014); Baldwin and Giavazzi (2015).

crisis was a combination of European and domestic inadequacy³²; while it quickly became evident that in 2001 Greece had significantly under reported its deficit in order to qualify as the twelfth member of the Eurozone, so the EU had allowed Greece to run a large current account deficit (Katsimi and Moutos, 2010).

The EU moved to reassure both the markets and all (non) Eurozone member states that the stability of the Eurozone would not be undermined by Greece's fabrications or financial profligacy³³. In return the state reassured EU officials and fellow member states that the country needed no assistance. Instead Greece requested a provisional bailout to be drafted in an attempt to ease borrowing costs. However, the mere suggestion of a bailout proved to be a divisive issue within the EU. Germany in particular argued that instead of a bailout there should be a review of Eurozone rules to ensure those member states that incessantly breached fiscal rules were disqualified and ultimately expelled.

It was this failure of member states to give a clear indication of their readiness to support the state (Kouretas and Vlamis, 2010: 396) which led Greece to become the first member state in history to be bailed out. The provisional bailout loan was announced all too late as the Greek crisis became "exacerbated by the political divide within the EU" (The Guardian, April 2010). A second bailout predictably followed which the International Monetary Fund (IMF) simply needed to 'sign-off'. However, many argued a third "silent bailout" (The Economist, November 2012) was created as private creditors looked to face a higher 'haircut' than initially stipulated.

Multiple disagreements ensued as the near economic collapse of the country was followed by the complete collapse of Greek politics. A political crisis ignited when George Papandreou, PM at the time, announced that he would seek public approval over the second European bailout in an attempt to bridge domestic divisions, both politically and socially. He was explicit that the referendum would not include a question over Greece's membership to the EU/Eurozone. However, Germany, France and the IMF chief cautioned the state that future support, including the second bailout, was to be withdrawn until the rescue package was ratified³⁴. With limited cash reserves available there was now a "binary path" (Arghyrou

³² See Discourse and Society Special Issue (July 2014).

³³ However, this is not the only cause of Greece's economic troubles. See Kouretas and Vlamis (2010) for an analysis of the instigating internal and external factors which are beyond this thesis.

³⁴ The analysis by Argyrou and Tsoukalas (2011) provides support for Germany and France's argument, highlighting the lack of commitment in undertaking unpopular structural reforms as a reason for the crisis escalating. Also see Oltheten et al. (2013) for a complimentary analysis.

and Tsoukalas, 2011: 186) to recovery. Greece had to make or break from the euro; either implement the much needed structural reforms or have no option but to leave the euro. For Schelkle the Greek crisis emphasised what makes the EU politically attractive but economically costly for member states (2009: 31).

With Greece's relations in and outside the Eurozone at their lowest ebb, Papandreou's administration collapsed³⁵. Lucas Papdemous, an economist, became the new PM of the rapidly disintegrating state. The second rescue package was subsequently passed, securing both the Eurozone's and Greece's future, at least for now. After five months of the interim technocratic government a general election was held within the most "decisive and uncertain" (Sky News, April 2012) of political environments ever experienced in Greek history. As a result, it took two general elections to produce a conclusive result.

4.1.2 The Portuguese Problem

Portugal³⁶ was "the third eurozone domino to fall" (The Guardian, April 2011a) primarily because of Greek problems spilling over into the country. Unlike Greece or Ireland, Portugal had simply allowed its debt to grow at a time when its economy had not. Portugal's debt was simultaneously downgraded with Greece's due to fears of contagion and "weaker fiscal fundamentals" (Santis 2012: 3)³⁷. For many this was "the clearest evidence yet that the European sovereign debt crisis [was] spreading" (The Guardian, April 2010).

In contrast to Greece a political crisis created the economic crisis as Jose Socrates, PM at the time, resigned after the government's austerity measures were rejected in parliament. He claimed it had "taken away from the government all conditions to govern" (The Guardian, March 2011). With the country in "political limbo" (The Guardian, March 2011) pressure on Portuguese bond yields³⁸ heightened and interest rates on debts soared. The government itself admitted that the political crisis was doing "irreparable damage" economically (The Guardian, April 2011a). Similar to Greece, the lack of political consensus was compounding the state's economic problems.

After a month of negotiations, a three year €78 billion EU/IMF rescue package was agreed in return for Portugal reducing its deficit from 9.1% to 5.9% GDP (The Guardian, May

³⁵ Nezi (2012) explores the relationship between voting and the economy within Greece.

³⁶ See Reis (2013).

³⁷ Santis (2012) examines these spillover effects from sovereign downgrades on government bond issues.

³⁸ The return an investor makes on the respective bond(s) on maturity.

2011). Unlike the Greeks, the Portuguese public did accept the austerity measures, they simply disagreed with where the cuts were made and correspondingly how much. There was particular dissatisfaction with cuts to the public sector.

4.1.3 Spain and Italy: ECB Rescue as PIG becomes PIIGS³⁹

“The euro’s woes were multiplying” (The Guardian, July 2011) as Spain⁴⁰ and Italy⁴¹ followed suit, both becoming on the verge of total economic collapse. Both countries were unable to restructure their economies and were significantly larger, hence more important and a greater threat than Greece, Ireland or Portugal. A failure by either state to repay their debt would see far reaching consequences, far beyond the EU. Many started to speculate and predict that non-Eurozone member state Britain would be dragged into the Eurozone crisis.

Both member states saw their borrowing costs accelerate. Spain unlike Italy had experienced a collapse in their housing bubble. As a result, its banking system was vulnerable and resulted in the first banking bailout of its kind. However, the bailout was added to the government’s national debt, hence counteracting on the state’s borrowing costs. Spain attempted to apply pressure on the ECB to resume buying Spanish bonds while Italy proposed that the EU should use the European Single Market and European Financial Stability Facility as a means to buy indebted state bonds. Both strategies aimed to reduce the borrowing costs so they could continue to access the financial markets. Many viewed the Italian plan as the first step towards a common Eurobond. The ECB’s new president Mario Draghi responded stating, “within our mandate, the ECB is ready to do whatever it takes to preserve the euro. And believe me, it will be enough” (ECB, 2012).

Respectively the ECB tackled both crises with the same resolution, namely the Outright Monetary Transactions (OMT); the politics of the ECB had changed (BBC News, August 2012). De Grauwe (2011b) argued at the time that only a more active ECB which took on the lender of last resort role within government bond markets of the Eurozone would stabilise the markets and stop the endemic nature of the euro crisis. Although this scheme stopped short of such a comprehensive role for the ECB it was successfully implemented, despite German opposition. Germany viewed the go-ahead of the scheme as undermining and overpowering the Bundesbank values (BBC News, September 2012) and had concerns that it was surmountable to printing money. The ECB argued the OMT was a necessity due to the

³⁹ The indebted states were initially Portugal, Ireland and Greece. Then it became Portugal, Italy, Ireland, Greece and Spain.

⁴⁰ See Carballo-Cruz (2011).

⁴¹ See Perissich (2012).

markets which had begun to include the likelihood of the Eurozone breaking up into bond yields. The OMT would subsequently “cut off the tail risk of a eurozone implosion” (The Financial Times, February 2013).

The scheme was successful despite no bonds being purchased. Furthermore, the consequences of a Greek exit subsided. If Greece had exited and the markets increased bond yields once again, then the OMT scheme would have deterred adverse effects. The Eurozone could now stand up to fiscally profligate states without fear of the consequences. However, this made the departure of indebted member states increasingly likely (The Telegraph, September 2012). The OMT was designed to prevent a break-up of the Eurozone; arguably that was exactly what it had constructed.

4.1.4 Cyprus: The Crisis Island⁴²

Cyprus was the final state to join the “casualty list” (The Guardian, March 2011). The crisis was a spillover effect from Greek bonds being written off. Despite the Troika being aware of the repercussions for Cyprus they took no action to protect the state’s banks, demonstrating that the crisis was not “a storm in the teacup of a small marginal country, it [was] a symptom of what is wrong with the entire EU system” (The Guardian, April 2013b); namely a lack of cohesion, a lack of a European voice.

Cyprus being a mere “breath away from collapse” (The Telegraph, March 2013b), was the closest any member state had come to exiting the currency union. The most severe crisis led to the most austere response as taxpayers’ money became used directly to rescue the country from complete economic ruin, a strategy not used within any other bailout⁴³. The Troika insisted the rescue would not be a template for other Eurozone states. Cyprus had to find €6 billion to secure the €10 billion bailout from EU/IMF otherwise national parliaments such as Austria and Germany were going to block the rescue package.

Conversely, many Cypriots saw the crisis as an “equalising factor” creating an opportunity to end the social division between Turkish Cypriots and Greek Cypriots (BBC News, March 2013). For the EU, the crisis demonstrated an urgent need for a European banking union to support failing banks. American banks of the equivalent size to those in Cyprus failed without causing a stir (Huffington Post, March 2013). Along with a European fiscal union

⁴² (The Guardian, March 2013)

⁴³ See Zenios (2016) for an analysis of the Cypriot bailout and some lessons to be drawn from it on account of it now being the standard rescue procedure for banking crises.

whereby those stronger economies could assist their weaker counterparts. The EMU needed radical reforms; the Troika could not be the Eurozone's saviour forever.

4.1.5 The Response to the Crisis⁴⁴: The German "Master of Europe"⁴⁵

The problem for the Eurozone was that under EU rules member states were not able to assist Greece in its recovery due to the no-bailout clause enshrined within the Lisbon Treaty under Article 125. The member states were also unable to devalue their currency on account of their membership to the Eurozone. Moreover, the ECB was prohibited from any actions which could be classified as monetary financing; hence it could not directly lend money to (indebted) member states. Consequently, both the Eurozone's stability and member states' future were dependent on pressure from the markets raising the cost of issuing debt to ensure fiscal restraint. With a lack of rescue mechanisms, the bailouts from the EU and the EU's crisis response were subsequently dictated by Germany, increasingly these "reckless overspenders" (The Financial Times, April 2013) became forced to become more like Germany (The Guardian, May 2013b). Arguably, rather than being the "paymasters of Europe" Germany were confirmed as the indispensable power of Europe (BBC Two, June 2013).

The Eurozone which was meant to be fiscal heaven was now turning out to be fiscal hell (Eurocrisis LSE Series, November 2012) as "a result of excessive austerity in southern countries and unwillingness in the north to do anything else" (BBC News, November 2012a). Consequently, a divide emerged between the north and south, the rich and poor states respectively. Southern states appealed for austerity measures to be abandoned so "citizens see Europe not as something negative but as something positive" (Aljazeera, April 2013). In defence Angela Merkel argued that the aims were for "Europe to emerge stronger from the crisis than before" (Aljazeera, April 2013) and to restore confidence in every member state. However, even Francois Hollande claimed that youth unemployment could lead to "the complete breakdown of [future citizens] identifying with Europe" (The Guardian, June 2013). As former German Chancellor Helmut Schmidt warned, "if we let ourselves be seduced into taking a leading role in Europe, our neighbours will brace themselves against us" (BBC Two, June 2013).

⁴⁴ See Schelkle (2012: 42-52), Patomäki (2012) and Verdun (2015).

⁴⁵ (BBC Two, June 2013) See Bulmer (2014) for an analysis of Germany and the euro crisis and Meiers (2015) for in-depth analyses of Germany's role in the crisis.

4.1.6 Fiscal Compact (March 2012): Towards “One Voice”⁴⁶

The Fiscal Compact was to reform the Stability and Growth Pact, aiming to strengthen fiscal discipline and enforce stricter surveillance. The compact was to create a new type of EU with a new relationship to its member states, one comprising of more European authority. This was to create the biggest split in the EU’s history (The Independent, December 2011). Germany and Spain had already written a ‘Golden Rule’ into their constitutional law. Germany wanted such provisions to be mandatory and expanded EU-wide. However, despite being written in Germany and German-led, many German officials were critical about the lack of state manoeuvrability. It was anticipated all twenty-seven member states would sign the treaty. However, Britain was refused an opt-out when its demands to prevent London being undermined by the reforms were rejected. Subsequently, the state implemented its veto⁴⁷ forcing “a treaty outside the EU treaty” (The Independent, December 2011) to be agreed.

The Czech Republic followed in British footsteps and refused to sign the agreement highlighting “constitutional reasons” (BBC News, January 2012) for their abstention. British Deputy PM, at the time, Nick Clegg believed there was now “an increased risk of a two-speed Europe in which Britain’s position [had become] more marginalised”. Meanwhile many others viewed the veto as the beginning of the end for Britain’s membership within the EU. Nevertheless, the euro was still the main concern, after all “an EU without Britain would be more parochial and less liberal. [However] an EU without a euro might not exist at all” (The Economist, December 2011).

The EU had anticipated problems with the ratification process. Subsequently the EU ensured that it only needed twelve member states to ratify the treaty for it to be launched. However, even securing a mere twelve appeared challenging as both Italy and Germany faced an “uphill battle” (The Telegraph, May 2012a). As all twelve member states successfully ratified the compact it became immediately tested. Both the Netherlands and Spain announced they would miss their debt targets and France’s deadline for deficit targets was extended to 2015 on account of its struggling economy. History repeated itself as France was once again becoming the biggest offender.

⁴⁶ (The Guardian, April 2013a)

⁴⁷ The first time in British history that a PM had used a veto to block an EU treaty. One British official argued, “To write into law a Germanic view of how one should run an economy and that essentially makes Keynesianism illegal is not something we should do” (Reuters, January 2012). Merkel insisted the rejection by Britain would not stop the compact being formally incorporated into the founding treaties within five years.

4.1.7 The Banking Union (June 2012)

While the euro crisis had tested the political will of the EU, now the banking union would test the political will of member states (BBC News, October 2012a). This would be the first time, since the crisis began, that EU states would respond to the crisis in a fully concerted manner. The Cyprus crisis epitomised the EU's criticisms of member states and created a new impulse for the creation of a European deposit insurance along with the banking union. However, sharing costs meant centralised decision-making powers and potentially centralised resolution powers within the supervisory role itself (The Economist, May 2013). The crisis was creating an impulse for change, the banking union in particular was "a further example of how the eurozone crisis [was] carving out a new Europe less from choice but more by the need to survive" (BBC News, December 2012).

The "deadly embrace" (De Grauwe, 2013) between national banks and governments was to be broken by the ECB within its new supervisory role. The ECB would be able to directly supervise European banks and intervene if, or when it became necessary. It had the authority to close banks which failed to comply with EU rules and direct control over those banks which possessed assets over €30 billion, which equated to a fifth of all states' national output (The Financial Times, December 2012b). A loophole in the Lisbon Treaty meant the ECB was technically able to begin its supervisory role before it was consented to by all member states. German opposition once again became aroused (The Financial Times, May 2013a). The EU was becoming an increasingly centralised organisation, revolving around the ECB.

A practical question was subsequently asked by economists, was the ECB capable and did it have the capacity to be the ultimate decision maker? (The Financial Times, October 2012) Some, such as De Grauwe (2013) argued not. He argued that the ECB undoubtedly should provide liquidity but not provide conditions on receiving this liquidity. There were various elements of the banking union which Germany and France disagreed upon, from the role of the ECB to the structure of the banking union and which banks should be placed under supervision. The founding member's relationship was changing. Germany was becoming the 'Britain' of the Eurozone members; it wanted a banking union but on German terms (The Financial Times, December 2012a).

A new round of talks was held in May 2013 discussing the details of the banking union. Another split emerged as EU ministers wanted to remain flexible, operating on a case specific basis while the ECB insisted on a distinctive hierarchy. Tensions were high as Italian PM Enrico Letta argued the banking union agreed on a year ago remained without "any precise form".

He criticised the indecisiveness of the EU and warned, “if it [the EU] does not step on the accelerator it will implode” (Reuters, May 2013). Hence, the general pattern that can be identified at the European level is one of ‘crisis progression’.

4.1.8 The Latest Crisis News

‘Crisis progression’ continued at the EU level. Portugal was “threaten[ing] to push the eurozone crisis into a new phase” (The Telegraph, April 2013) as another political crisis reignited concerns over a second bailout. Spain also experienced a regional (political) crisis in the face of re-centralisation as the system of devolution became too expensive to preserve. Subsequently, sovereignty became not only contested within the EU but within Spain itself as the regions of Catalonia and Basque demanded secession claiming that the government was “using the crisis as pragmatic justification and political cover to roll back a highly devolved system of regional government” (The Financial Times, August 2012).

Greece continued to receive successive bailouts from the Troika with a potential “Grexit” remaining on the agenda (The Financial Times, July 2015; The Guardian, February 2017b). This was despite divisions between the EU and IMF (The Guardian, February 2017a) and despite the announcement in August 2015 that the Greek crisis was over (The Guardian, August 2016). Nonetheless, with Greece mirroring the EU in entering a constant state of crisis, in 2017 it was Italy which took centre stage of the euro crisis. Significant concerns grew over the state’s mounting deficit and its breach of fiscal pledges in national budget plans (The Financial Times, February 2017b). Italy cited the migrant crisis of 2015⁴⁸, the catastrophic earthquake in 2017 and slow economic growth for their fiscal profligacy, arguing for more flexibility from the EU (ibid).

The situation turned “politically toxic” (ibid) with national calls for a referendum on Italy’s Eurozone membership. Similar calls were also being heard in France, with growing support for Front National and their budget deficit looking to breach the 3% Eurozone limit in 2017/2018 (The Financial Times, February 2017a). This, combined with the British economy remaining more resilient than the EU anticipated after the ‘Brexit’ result (ibid), intensified the euro crisis which had previously been “shelved” rather than resolved (BBC News, April 2016a).

⁴⁸ In 2015 a crisis emerged over the number of illegal immigrants entering the EU through Italy and Greece from Africa and Middle East, particularly from war torn Iraq, Libya and Syria, and using the Schengen area to locate to northern Europe, particularly Germany (see Chapter 6 for further discussion and Sidjanski 2016). A deal was made with Turkey, orchestrated by Germany, that any new migrants arriving on Greek and Italian shores who do not apply for asylum or are rejected will be deported back to turkey; a scheme which is reportedly a success (BBC News, April 2016b).

Nonetheless, there were successes within the EU with Ireland exiting from their bailout package in 2013, setting them on the path to recovery (this will be discussed further in Chapter 5 and Chapter 7). Portugal followed suit exiting from its bailout in 2014 without retaining the European Stability Mechanism as a failsafe should adverse economic conditions return (The Financial Times, May 2014). Additionally, its budget deficit reached a record low of 2% in 2017 thus no longer breaching EU rules (The Financial Times, May 2017). Spain also exited from the European Stability Mechanism at the end of 2013 (The Telegraph, December 2013b) and Cyprus returned to economic growth in 2015 (BBC News, July 2015).

Increasingly, an anti-austerity movement was emerging within Southern states who were demanding a policy change subsequently challenging Germany's prevailing approach which the ECB could no longer overlook (BBC News, April 2016a). Murmurings of a "Euro Crisis 2" (ibid) were being triggered at the beginning of every proceeding year that the euro crisis continued and were particularly rife when Britain voted to leave the EU. However, in the background of this impending threat and doom commentators caveated predictions of disintegration with the stipulation that crises were not new to the EU rather, "the EU has a habit of muddling through each crisis. It is never elegant, never the complete answer, but survival is the ultimate virtue" (ibid). This was viewed largely due to European political will, without such an engine the EU could fall (ibid). Respectively, there was a priority for politics over economics which was continually being overlooked.

PART II: Member States and the Euro Crisis

4.2 The Taming of the Celtic Tiger

4.2.1 Story of the Crisis: The Collapse of the Celtic Tiger⁴⁹

The initial success of Ireland's membership makes the demise of the nation even more traumatic. The majority of Ireland's economic expansion could be assigned to their property market. On joining the euro Ireland's interest rates were radically decreased allowing for cheap borrowing, instigating the Irish property boom which saw the housing stock quadruple and construction swell to an eighth of the economy (The Financial Times, November 2010). Europeanization exacerbated domestic economic ebbs and flows. Inevitably, the unsustainable level of growth saw the bubble eventually burst in a catastrophic manner taking both the banks and the country itself down. British, German, Belgian and French banks alike had attempted to exploit the Irish property bubble.

⁴⁹ See Gillespie (2012); Donovan and Murphy (2013); Whelan (2014).

The loans were supervised by both the national central banks and the ECB itself, none of which raised any form of objection or concerns to the nature of lending. Nevertheless, the Irish crisis within Europe was seen as “a purely Irish problem with purely Irish responsibility” (The Financial Times, March 2011). Following the collapse, the banks were left in a substantial amount of debt. Subsequently, the banks became bailed out by the government which in turn produced a budget deficit of 32% GDP for 2010 (BBC, November 2010). The total sum of €45 billion (BBC, December 2010) had to be paid out by the government who had already accumulated debt of their own. Ironically, on the eve of the crisis Ireland’s public debt was only 25% of GDP, at the time the lowest in the Eurozone (The Financial Times, November 2010).

While the government’s debt on its own was sustainable, the banks’ debt added a pressure that sent the economy into disarray. To put this into perspective, this was 30% of the value of its economy (BBC, September 2010). The Eurozone was not able to provide the internal stability it promised as the global crisis combined with the Eurozone’s monetary control, positioning Ireland in an unsustainable and artificial condition of prosperity, leading to an unimaginable level of depression. The problem was not the set-up of the Eurozone per se; it was the capital flowing from the larger member states, such as Germany, into the economically weaker periphery state of Ireland within a property bubble rather than as a stable investment. However, as documented in the previous chapter, it was the inadequate set-up of the Eurozone which saw it incapable of managing economically crisis-ridden member states.

The issue was that politically the EU could not resolve these inadequacies. There was a persisting concern that politicians were failing to make decisions to secure prosperity for the future (The Economist, July-August 2011). The prosperous and expanding EU of the past was a community in crisis as “EU leaders [were] bringing about exactly what they pledged to avoid” (The Telegraph, August 2011). However, there were arguably issues at the national level compounding these weaknesses within the EU structure. There was a line of argument that maintained it was domestic policy makers who caused the crisis. Reasons included, a lack of national fiscal discipline (Lane, 2011); inappropriate fiscal policy responses which encouraged irrational lending by Irish banks (Thorhallsson and Kirby, 2012); inappropriate fiscal policy in light of its Eurozone membership at a time of low real interest rates (Kinsella, 2012); and, a reliance on the construction sector and taxes related to consumption combined with pro-cyclical fiscal policy fostering both the crisis and escalating the housing crash (Dukelow, 2012). After all, a currency union can only provide adequate protection from a financial crisis if

domestic policies are as efficient and robust as their counterparts (Thorhallsson and Kirby, 2012).

The problem was the generalised loss of confidence within the markets. Arguably in isolation Ireland could have rejuvenated, but within the international environment and the “toxic interactions” (The Irish Times, December 2010) recovery was more complex and challenging. Contrastingly, Connor et al. (2010) argued even in isolation Ireland would be struggling, maintaining the Irish crisis would have happened even without the American crisis destabilising the international system. Ireland had an advantage in possessing a flexible economy, but any adjustments economically needed to be politically supported to succeed. When examining the history of Europeanization, this has not always been feasible.

4.2.2 The Irish Response to the Crisis

Throughout the crisis Ireland attempted to operate independently, creating a formidable obstruction to European co-operation. Speculation of an imminent bailout began and Ireland’s international reputation begun to dwindle, at least financially. In parallel to the Greek crisis, the markets became blamed for undermining Ireland’s position. Ireland’s Europe Minister claimed that it was only after the price of borrowing became too high that the decision of accepting the bailout became an imminent scenario. Moreover, it was claimed such funds were only intended to support the banks rather than the economy as a whole (The Telegraph, November 2010b). Dublin insisted it was fully financed, covering its outgoings through issuing bonds, thus bypassing the markets to borrow more money.

The unrealistic guarantee previously given to the banks meant debts accumulated and foreign investors increasingly questioned the ability of the government to see the guarantee through. Increasingly more money was beginning to be taken out from the banks leading to a dependency upon the ECB for emergency funds. Both the ECB and other member states became perturbed with this developing situation. The only individuals who were benefiting from the guarantee were the banks of other member states, such as Britain. Hence, it was the member states that eventually pushed Ireland into accepting the bailout. Germany was once again leading the other member states. The IMF emerged as a further pressure amidst fears that Ireland’s crisis could lead to contagion moreover, wider and unprecedented ramifications than the Eurozone or EU could adequately resolve.

The Irish government was unexpectedly unrelenting in its refusal of a bailout insisting it did not need rescuing for the domestic implications it entailed. The Irish government at the time was facing a political crisis in the form of a challenging by-election and a pre-crisis loss of

support. The stigma of being rescued would only increase this national mood towards an already dwindling government. Ireland hoped for a more restricted agreement whereby liquidity would be restored to the banks so borrowing would become easier, culminating in less humiliation. However, this did not materialise.

With a lack of control over monetary policy, Ireland attempted to take a degree of control back through their fiscal policy moreover, endeavoured to ease the unrest at the domestic level. A budget outlined a 10% reduction in new employees' wages within the public sector and a 6% reduction in the public sector workforce (Department of Finance, 2010a), which the public deemed socially unacceptable (The Telegraph, December 2010). After already being inflicted with the bailout this would potentially prove to be disastrous for a government who was struggling to maintain its popularity. Furthermore, the government outlined a reversal of the €1 an hour cut in the national minimum wage (Department of the Taoiseach, 2011: 7), supported by the IMF and EU (Independent.ie, April 2011) designed to support competitiveness and stimulate employment.

Domestically economic concerns transpired into political anxiety. The Irish government was the first casualty of the Eurozone crisis (BBC, January 2011) as Ireland became the first crisis-ridden member state to hold an election since their bailout. The Irish government was forced to form a coalition with the Labour Party in an effort to deal with the country's escalating economic crisis. However, this only acted as a form of damage limitation by spreading the burden of responsibility as the government came under increasing pressure to resign. The economic crisis created a domestic political crisis as even the coalition failed to operate in unison.

The predecessor, Taoiseach Brian Cowen, negotiated a seemingly poor bailout of €85 billion (£75 billion) which was initially incurring 5.8% interest per annum (The Irish Times, November 2010). What is more, as part of the bailout conditions, Ireland had to contribute €17.5 billion of the total sum which the government paid for by using its national pension fund and similar cash reserves (ibid). Subsequently he was forced to call the election a year early and wisely did not stand for re-election. However, even the opposition party had supported the guarantees given to the creditors of Irish banks. Political disagreement continued over the austerity budget even when it appeared potentially threatening to the EU/IMF funding. Cowen was insistent on the budgets approval, but even then rebel MPs were demanding his resignation. The national political crisis was on the verge of de-railing the European economic rescue. However, some commentators claimed that balancing the government budget and

disengaging from the banks would enable Ireland to become free of the European institutions posing a threat to national sovereignty.

Whereas in the past the national government acted as a 'gatekeeper' to the Europeanization process, as Ireland became economically troubled the government felt in an inferior position with little bargaining power as the country looked set to default. Ireland was too accustomed to being rewarded by Brussels to start fighting against it, even in a matter of national survival (Independent.ie, May 2011). Ultimately, the Irish crisis had brought to light the chief weaknesses within the EU namely, an incomplete institutional design of the EMU and an inadequate European banking system (Lane, 2011: 33).

4.2.3 The EU's Response to the Irish Crisis: EU/IMF and ECB

The Irish bailout money⁵⁰ came from a similar framework to that of the Greek settlement, this time with bilateral loans from Britain, Sweden and Denmark (BBC, November 2010). After the initial bailout there was much scepticism as to whether the combination of the national austerity programme and bailout would be enough to reinvigorate the Irish economy and successfully bailout the banks. At the time it was reported to be not unrealistic, if losses were to continue, to envisage even more funds needing to be allocated in the direction towards the banks (Channel 4, December 2010). However, this fear abated when the second bailout package for Greece helped to facilitate Ireland to return to some sort of normality within the markets, thus increasing their chances of escaping the constraints of the rescue package (The Financial Times, July 2011).

Unlike states such as Cyprus, Ireland's bailout agreement did not include a provision of an increase in corporation tax. However, an interstate disagreement ensued as Germany and France applied pressure onto Ireland's government despite tax policy being in the domain of the member state (The Financial Times, April 2011). Ireland had gained a veto within the Lisbon Treaty that its cornerstone of national industrial policy would not change, nor be required to. Ireland's low corporation tax was key to attracting companies to its shores, hence its reluctance. The issue of Irish corporation tax was two-fold, a wider movement towards harmonisation of states' corporation tax; and Germany's attempt to incorporate national debt limits within state constitutions.

The IMF disagreed with France and Germany, arguing the fiscal recovery programmes should focus on public spending cuts and producing a wider tax base rather than any other

⁵⁰ Lane (2011: 17-25) provides a detailed assessment of the bailout package.

taxes or higher corporation. The member states were attempting to exploit the crisis to prevent losses from their own tax systems. This demonstrates the extent to which Europeanization was increasingly by-passing the EU during the euro crisis, providing autonomy to the larger states in controlling and instigating EU affairs. Adjusting corporation tax would have made negligible difference to Ireland's recovery, if anything an adjustment would have made matters even worse. What was at stake was no longer national interests but "national survival" (Independent.ie, May 2011).

Externally the overriding concern was to stop any contagion of the crisis. As the statement by the Eurogroup demonstrated, it was the numerous "contagion channels" through which the crisis could spread which similarly concerned the EU the most (Eurogroup, 2010). The "spill-over pressure" (The Irish Times, June 2011) from the Greek crisis caused problems in rescuing Ireland as Irish borrowing costs rose to record levels. The problem for Ireland was that by being a part of Europe and more importantly the Eurozone, Europe wanted to make an example of the country to deter other member states from being lacklustre in the conduct of its economic affairs. The bailout was subsequently designed to act as a deterrence upon which other member states would act accordingly, stemming the wave of economically fractured member states. Paradoxically, some argued that the bailout of Ireland would conversely create a "disastrous domino effect" (The Independent, November 2010b). To an extent it did, every day a new member state was taking centre stage of the euro crisis.

Commentators and observers such as the former IMF director anticipated that by 2013 there would have to be some form of sovereign debt rescheduling. These predictions were correct as 2013 saw the state restructure and defer its debt repayments, or 'promissory notes'. Ireland by now had debt levels below Germany's. The ECB hesitantly approved the new agreement as it attempted to avoid setting a precedent for other Eurozone member states, namely Spain, who also owned a significant amount of debt after rescuing their banking system. Moreover, to avoid participating in 'monetary financing' which would be in violation of its mandate. The national central bank maintained they were a "special case" (BBC News, February 2013) and no precedent was being set. Ireland's government made a promise that no bank would fail; the ECB was forcing the state to keep its promise.

The general consensus, which remains to this day, was that the individual efforts of nation states were going to be the decisive factor in finding a resolution to the problems as the EU floundered as "a world of political institution[a] constraints" (The Guardian, April 2011b) inhibited an appropriate response. The EU was preventing the Eurozone from acting

as the protector of external forces which, as had been proved, could be detrimental on an unprecedented scale with repercussions reaching well beyond Europe. In this sense, the EU was the cause of its own demise. Yet again, all of these issues were stemming from the main handicap of the EU, its political inadequacies. The EU failed to take any definitive steps during the initial period of the euro crisis as it continued to learn how to manage disparate economies under one economic system. With the lack of political mechanisms and economically literate politicians there were a lack of ideas and a lack of vision as to what the euro/Eurozone would be like after the crisis was solved (BBC News, January 2011). The fall of the Celtic Tiger was seemingly both economic and political.

4.3 The British Dilemma: “No Banking System is an Island”⁵¹

4.3.1 British Bailout to Ireland: A “Friend in Need”⁵²

European issues “ripped open old wounds within the Tory Party” (The Telegraph, November 2010a) as Eurosceptics within the party argued it was the ECB and the European Regulators responsibility to ensure capital movement within the banking sector resumed, not Britain’s. Many became angered arguing, “why should Britain have to do it when we’re not part of the euro area?” (The Telegraph, November 2010c). Some argued that Ireland was being ‘bullied’ into a rescue package by the EU in the first place. David Cameron, British PM of the time, argued that it was the economic and social consequences of the Irish economy failing which left Britain with no choice but to contribute to the bailout. Ultimately it was a political decision which left Britain handcuffed to the rescue.

Socially the collapse of Ireland would have adverse consequences as Britain was already in recession with people competing for jobs, should Ireland collapse jobs would become even more scarce and competitive as Irish nationals arrived en mass. Economically the banks, even RBS and Lloyds, had outstanding loans of £50 billion and £27 billion respectively (The Daily Mail, November 2010b). Thus, if Irish banks were to fall so Britain’s would follow. Politically, Britain had ‘voluntarily’ agreed to assist. This reverted back to the ‘five-day limbo’ in which Labour lost the election and the new coalition government came to power. The Chancellor of the Exchequer Alistair Darling represented Britain at an EU summit where a deal was signed committing Britain to £13 billion of a new £52 billion European Financial Stabilisation Mechanism (The Telegraph, May 2010a).

⁵¹ (The Times, January 2011)

⁵² (The Telegraph, November 2010c)

Despite a phone conversation reportedly advising him not to commit to such a deal with the next Chancellor George Osborne (House of Commons, 2011: Column Number 35), Darling accepted the terms. However, had the chancellor refused to agree, the ministers of the council would have overruled his decision and forced his hand regardless. This decision effectively made British taxpayers financially responsible for the debt of a government over which they had no democratic control over. Britain was prohibited from vetoing the rescue package because decisions on emergency funds were taken by Qualified Majority Voting under Article 122 of the Lisbon Treaty (House of Commons Library, 2011: 1-2), arguably this “takes the EU’s democratic deficit to a whole new level” (The Spectator, November 2010). Nevertheless, Britain did not sign up to the €378 billion support fund which angered the EU who told the state not to turn to the EU for support should it find itself in similar economic troubles, hence “rather than bringing Europe together, the euro risks tearing it apart” (The Telegraph, November 2010a).

The Irish bailout was the third European problem to face the coalition party in as many weeks. This was not an Irish problem it was a euro(pean) problem. The Irish bailout was counterpart to safeguarding the Eurozone/euro currency, as the German Finance Minister Wolfgang Schauble argued, “we are not just defending a member state, but our common currency” (The Telegraph, November 2010c). However, Britain was not interested in saving the Eurozone at a cost to British interests, “it [was] not simply a case of economics” (The Guardian, November 2010) it was a matter of politics. Politicians and economists alike were concerned for the economic effects on the state as Britain had to borrow more in order to bailout Ireland, thus contributing to the state’s pre-existing, significantly high deficit.

Britain also contributed to the IMF hence the state would have to underwrite further funds in order to rescue Ireland. Additionally, on account of the poor experience that Britain had as a member of the European Single Market, British (Conservative) politicians believed it had also not worked for Ireland whose economy had been growing rapidly before the crisis. While interest rates would have been adjusted, Ireland could not on account of the euro. Consequently, there was a widespread point of view which said Britain should help fund Ireland *out* of the euro. There was also the issue of Ireland’s low corporation tax; this was not only an issue for the EU.

Despite Ireland being Britain’s “key economic partner” (The Daily Mail, November 2010a) British politicians and businesses were similarly concerned that bailing out their Irish partner was counterproductive for Britain as many argued that Britain was subsidising Ireland

in order that the state could retain its low corporation tax. Some argued that bailing Ireland out was tantamount to Britain “helping [its] competitors” (Belfast Telegraph, February 2011). On the other hand, there were others who were concerned about a similar attack from the EU on London threatening the city’s competitiveness, “no banking system [was] an island, and even less so when London is (and wants to remain) the leading financial centre for Europe” (The Times, January 2011). As Britain proceeded to provide bailouts to both Ireland and Portugal, concerns grew over Britain becoming further integrated into the euro crisis.

4.3.2 Britain’s Bank Rescue: The ‘Brown Plan’⁵³

America had proposed the ‘Paulson Plan’ (The Economist, September 2008) however, this failed to gain support and was subsequently abandoned. Concerns grew that London’s financial markets would be paralyzed in weeks; if not days and that a run would occur on high street banks. The scenes of social unrest in Southern Europe were ebbing closer to Britain. The subsequent ‘Brown Plan’ followed in Ireland’s footsteps and guaranteed an unlimited supply of liquidity to those banks in crisis however in a ‘Cyprus-esque’ way by using, in part, taxpayers’ money. These were “extraordinary times” (The Telegraph, October 2008a) and this was an extraordinary response.

There were concerns that the government would have to borrow more than planned in the short-term. However, Britain had used the same strategy within the successful rescue of its own bank, Northern Rock. While the ECB was not permitted and struggled not to do this within the Spanish and Irish bailouts, member states possessed both the flexibility and mandate to do what the EU could not. In the emerging euro crisis, the nation states were reviving the EU, a conscious strategy whereby EU political will was choosing to integrate member states policy initiatives, even those from the ‘awkward partner’.

In an unprecedented move by the EU, PM of the time Gordon Brown was invited to the Paris Summit Eurogroup meeting. PM Brown urged the fifteen leaders to adopt the British strategy. It was essential for the actions of member states to be coordinated because of concerns that investors would only go to the banks which were reinforced with the government acting as a shareholder. At the meeting it was guaranteed that no major bank would be permitted to fail (The Daily Mail, October 2008a) as France, Germany, Spain and Italy all confirmed they would adopt the ‘Brown plan’ and invest in their distressed banks. The

⁵³ Quaglia (2009) views Britain as a ‘pace-setter’ in the adoption of the British plan through ‘horizontal’ Europeanization.

Commission made a promise to fast-track the approval of the other Eurozone members rescue packages, provided they met EU rules.

Brown hailed the agreement as a "coordinated and comprehensive European plan" (The Telegraph, October 2008b) to tackle the financial crisis and called for a new 'Bretton-Woods' agreement, akin to that formed in 1944. The 'Brown Plan' also became accepted outside of the Eurozone. Despite the American government already implementing a £410 billion rescue plan, the government also prepared to follow Britain's lead and invest directly in their banks. Even the bank of Japan stated it was considering similar measures (The Daily Mail, October 2008b).

Within Britain the rescue plan unified political parties rather than fragmenting them⁵⁴, as had been seen in Southern Europe, as leader of the opposition party Nick Clegg argued, "today is a day to stand together" (The Telegraph, October 2008a). Britain had learnt from their Southern European counterparts that during a crisis there was no time for party politics. Arguably the European crisis had now permeated into Britain, a non-Eurozone member, as one economist argued "a recession [was] now built into everybody's calculations" (BBC News, October 2008). Overall, in stark contrast to the EU level, 'crisis diversity' has characterised member states' response to the euro crisis.

4.3.3 EU Budget and Britain: "The Fall Guy for Failure"⁵⁵

The EU budget negotiations were an archetypal messy process and epitomised how the euro crisis was shaping European affairs. The EU was advocating for an increase of 5% in the next seven year budget (2014-2020) (BBC News, November 2012d). Hence, Europe was attempting to spend its way out of the euro crisis while forcing member states to cut their spending. The EU's legitimacy in continuing to demand that crisis ridden countries follow a programme of austerity was now being made on precarious grounds. PM Cameron argued the plan was merely "picking the pockets" of European citizens (BBC News, November 2012c). At worst Britain wanted a budgetary freeze, at best a decrease. Domestically divisions occurred as Labour backed Tory rebels pressured Cameron into guaranteeing a reduction in real-terms.

A significant sub-divide occurred between rich and poor states as the crisis permeated and shaped European affairs. There were numerous views and contrasting proposals suggested by every member state. Britain suggested EU funding to poorer regions in rich

⁵⁴ Hodson and Mabbett (2009) identify two consistent political obstacles to British economic policy which left *any* political party with little manoeuvrability.

⁵⁵ (BBC News, November 2012d)

member states should be abandoned. Herman Van Rompuy similarly proposed that Spain and Italy's funding should be reduced, both states considered such suggestions as "unacceptable" (BBC News, November 2012d). Germany wanted an agreement to be reached by all twenty-seven states in order to avoid annual negotiations as they would be more expensive than if there was an increase in the budget. France was attempting to secure an agreement without Britain.

Furthermore, while all member states in the opposition camp wanted a reduction in the budget, all wanted it reduced by differing amounts. With so many contrasting positions there was an air of pessimism surrounding the budgetary debate with "both a fear and an expectation of failure" (ibid) even before negotiations had begun. Divisions were rife within both sides of the debate. Despite how it was portrayed, Britain was not alone in preparing to use its veto. The inter-state dispute over the size of the budget correspondingly led to a difference of opinion over what the budget was spent on. The sub-divide between rich and poor member states became replicated within this parallel dispute.

Since its inception the majority of the budget had always been spent on farming subsidies, France's 'sacred cow'. Many member states considered this inappropriate within modern society. Pressure on Britain to lower its rebate also ensued as Denmark attempted to acquire a £100 million rebate of its own (BBC News, October 2012b). Italy and France, who directly funded Britain's rebate, disliked the amount. Italy's PM argued it was unfair that rich countries would be subsidised in such a way. Both member states suggested the way it was calculated should be changed. Consequently, France, Britain and Denmark were all equally poised to use their veto.

Rich countries did not want to finance the poorer countries within the Eurozone who they viewed as being the cause of the euro crisis. The poorer countries likewise did not want to subsidise the rich countries when they were being forced to follow stringent austerity measures. Moreover, rich countries already had an advantage over them and simply had enough money when they did not. Correspondingly, a divide also occurred between Eurozone member states and non-Eurozone member states, as countries such as Britain did not want to pay for a crisis which they were not a part of. PM Cameron argued the EU budget should not be used "to make up for difficulties and problems in the Eurozone" (The Telegraph, November 2012a).

The democratic deficit became clear once again, this time within the European Parliament's (EP) negotiations. Discussions inevitably led to a political deadlock between

Members of the European Parliament (MEP) and member states. Therefore, the EP implemented its new powers under the Lisbon Treaty⁵⁶, restoring the €6.5 billion funding which governments had removed from the 2013 budget (The Telegraph, November 2012b). Additionally, the EP rejected Britain's long-term freeze in spending, tabling increases for 2012. The assembly also voted in support of the Commission's demand for an increase in the long-term budget. The Lisbon Treaty was a significant loss of sovereignty, more significant than it had initially appeared.

The Franco-German relationship had been on tentative grounds up until now, however the EU budget ensured their separation. Germany became angered by attempts from France and the President of the Commission to "quarantine" (The Guardian, November 2012) Britain from negotiations and secure a deal without them. France's newly elected PM Francois Hollande maintained "I have been told a solution cannot happen with Britain. But why should one country decide for 26 others?" (The Times, February 2013). With its reputation of being a challenger to EU proposals and the EU budget being strewn with disagreements, Britain became portrayed as a "deal breaker" (BBC News, November 2012d).

Ultimately the state could be a scapegoat for the lack of European cohesion; Britain was being lined up as the fall guy for European failure (BBC News, November 2012b). Accordingly, many member states began to welcome a British veto. However, Britain was now Germany's closest ally and Germany was the 'Master of Europe'.

4.4 Conclusion: 'Crisis Progression' and 'Crisis Diversity' in Action I

"When written in Chinese the word crisis is composed of two characters. One represents danger, and the other represents opportunity" (John F. Kennedy, 1959). In this spirit, the current economic crisis has presented the EU with various elements of 'crisis progression' (danger) and 'crisis diversity' (opportunity) at various times, leading to many simultaneously condemning it to death and praising its survival.

In reference to our original three questions:

- Is 'crisis diversity' or 'crisis progression' occurring within the current economic crisis?
- Is the EU level exhibiting the same crisis pattern as the national level, or are they different?

⁵⁶ The EP could vote down any deal which was reached by EU governments should its calls for increased funds be discounted.

- What are the implications of a different crisis pattern occurring at the respective governance levels for the EU?

Regarding Question 1: In relation to the crisis pattern both ‘crisis diversity’ and ‘crisis progression’ are occurring within the economic crisis. The key arguments for ‘crisis progressionists’ are:

- The crisis *has* spilled over in a mechanical fashion, producing a ‘domino’ effect as it spread from one member state to another.
- The EU’s crisis response is yet to diversify.
- The crisis has spilled over from the economic sphere to the political domain.
- The founding features of the EU, such as Franco-German relationship, are being overwhelmed. Hence so are the EU’s adaptive capacities which are unable to respond appropriately (hence the lack of crisis responses).
- The crisis has spilled over from the Eurozone to the EU, hence Britain’s involvement.

In contrast, the key arguments for ‘crisis diversifiers’ are:

- The crisis has been going on for many years, yet it has still not spread to Britain or surrounding policy areas.
- The crisis has occurred with national colours, all have different causes⁵⁷.
- Integration has advanced throughout the crisis.
- The adaptive capacities of the EU are operating to their optimal, hence the “Franco-German” relationship is transforming into the “Berlin-London axis” (The Guardian, November 2012).
- The crisis response is one response on a path of many and amongst many; Ireland attempted to tackle the crisis by itself through fiscal policy; hence there are so many contradictions within the system.
- Policy areas *are* responding, new policy strategies are being created and adopted by member states, with or without the EU’s involvement.
- The EU/Eurozone *is* changing, hence Britain wants the EU’s powers re-defined and a new relationship negotiated.

⁵⁷ Connor et al. (2010) compares the Irish Crisis in relation to the USA crisis and finds “diversity in the specific causal mechanisms generating the crises”; this trend has been mirrored within all member states crises.

Regarding Question 2: Despite 'crisis progression' appearing to be the order of the day, the story was more interesting than the media perception inferred. From this analysis it appears that on the surface the initial phase of the euro crisis has characteristics of 'crisis progression'. However, underneath 'crisis diversity' is bubbling away, operating behind the scenes to ensure the EU adapts to the crisis conditions and further integration continues, creating a 'crisis cushion' which allows the EU to operate as normal.

Therefore, it is concluded that the EU and the national levels are exhibiting *different* crisis patterns whereby the latter is displaying tendencies from within the logic of 'crisis diversity' and the former is comprised of characteristics from the logic of 'crisis progression'. Hence, a 'crisis spectrum' is occurring in this initial period of the euro crisis which was being overlooked. Correspondingly, Europeanization is not occurring at the EU level with no policy development materialising. However, Europeanization is occurring at the national level with policy development advancing as member states respond to the euro crisis. Hence, 'bottom-up' Europeanization is occurring within this immediate period of the euro crisis as policy developments are accelerated through national rather than European provisions, subsequently ensuring the EU's survival. In fitting with Jordan (2003) as well as Bulmer and Burch (2005) in Chapter 2, overlapping interests between the EU and national level, in this instance the survival of the EU, is driving the transformation of national policy.

This appearance of a domineering 'crisis progression' vision could be perceived in two different ways. Firstly, that the 'crisis progression' perception was purely a media creation rather than the reality whereby national issues were simply generalised to the EU level. Alternatively, because national issues were rendered European responsibility, despite being addressed through national efforts, (European) 'crisis progression' was viewed in higher regard and with more significance than (national) 'crisis diversity'. In other words, there was an EU-centric focus within media analysis which was overlooking activity at the national level.

Regarding Question 3: The different crisis patterns occurring at the respective governance levels had significant implications for the EU. It was the divergence in crisis response and pattern between the European and national levels which allowed a 'crisis cushion' to form whereby national responses were solving national issues. However, unconsciously they were reinforcing the EU's structure subsequently helping to save the EU from the euro crisis, hence allowing the EU to continue to operate and exist. Accordingly, it can be deduced that the EU needs the autonomous states, needs the diversity, it is this which

provides the EU with its flexibility. Moreover, it was this which ensured its survival in the immediate years of the euro crisis.

Respectively, this differing crisis pattern demonstrates how overall a 'bi-directional' process of Europeanization is occurring in the EU system as 'top-down' and 'bottom-up' processes ultimately become indistinguishable from one another. Such as in the euro crisis, policy development was fostered due to demands at the EU level, however policy was nationally driven thus collapsing the Europeanization process into one comprehensible process as discussed by Buller (2006) and Börzel (2002) in Chapter 2. In the initial period of the euro crisis, member states were active participators in the Europeanization process (Buller, 2006) as member states acted as 'pace-setters' in responding to the euro crisis namely, actively shaping EU policy to the national level (Börzel, 2002). As exemplified by Britain gaining a voice within the Eurozone policy making process despite its lack of membership.

Consequently, the early period of the euro crisis demonstrates how national issues were no longer solved in isolation but in conjunction with the European structure. The automaticity of this process was subtle and indirect. Nation states were now truly thinking European. While many commentators, both in academic circles and the media, believed the EU was on the brink of disintegration in the initial years of the crisis this chapter has provided support for those 'crisis diversifiers' arguing the opposite is true. The states flexibly, in an uncoordinated fashion, prohibited the perpetuation of 'crisis progression' and, by implication, helped to prevent the failure of the EU.

As a result of this analysis it is anticipated that 'crisis diversity' will also be occurring at the sub-policy level, social policy. The proceeding analysis of the historical development of European social policy and national social policy in Britain and Ireland will explore whether social policy has traditionally developed through a pattern of 'crisis diversity', 'crisis progression', or alternatively a combination of these scenarios. The chapter will trace social policy's development from the 1950s to 1970s through to the euro crisis, identifying whether it is the case that 'crisis diversity' is also occurring within social policy in the euro crisis or whether a simultaneous crisis is occurring in social policy as advocates of 'crisis progression' expect. It will also identify if the pattern in the euro crisis differs to the pre-crisis pattern.

Chapter 5

Social Policy and the Absent Crisis

“The European Community, rather than undermining the achievements of the welfare state, is in fact addressing many quality-of-life issues which traditional social policies have neglected - consumer protection and equal treatment for men and women, for example. The evidence I have presented strongly suggests that the 'Social Europe' of the future...will be, not a supranational welfare state, but an increasingly rich space of social-regulatory policies and institutions.” (Majone, 1993: 168)

“The overall scope of EU interventions has been...extensive. These interventions reveal that national welfare state regimes are now part of a larger, multi-tiered system of social policy. Member governments profoundly influence this structure, but they no longer fully control it.” (Leibfried and Pierson, 1995: 289)

EU social policy is typified by four main tensions and contradictions which these quotes highlight, namely:

- Expensive yet has minimal funding, relative to the national level;
- Social but economically contingent;
- An EU construct but nationally contingent; and,
- A secondary policy area to economic policy yet possesses a legitimizing role for economic policy to maintain its course of development.

After years of development, social policy remains in a subordinate role due to the core parameters in which it operates. Conversely, it is *because* of these restrictions and contradictions that social policy is so diverse and innovative. The EU and national levels are both independent and interdependent, as the previous chapter demonstrated by their differing crisis patterns in the euro crisis. However, is this the same with EU and national social policy? Has EU social policy developed through mechanical or organic crises? How has this impacted on national social policy developments?

This chapter will analyse the crisis pattern within the historical development of EU and national social policy in Britain and Ireland. The chapter identifies whether social policy has traditionally followed a pattern of 'crisis diversity', with social policy developing because of EU crises. On the other hand, if a pattern of 'crisis progression' has typically transpired, where periods of crisis have faltered the development of social policy. Alternatively, whether a combination of these scenarios has occurred, thereby moving up and down the 'crisis spectrum' in different phases of social policy's development and demonstrating the historical presence of a 'crisis spectrum'.

This analysis provides the foundations upon which it will be possible to analyse the British and Irish social policy responses to the euro crisis. The crisis pattern and interaction between EU and national social policy identified within this chapter will serve as a comparison to the crisis pattern and interaction between the EU and national social policy within the euro crisis period in individual areas of British and Irish social policy. Three key questions will be posed in this chapter;

- Has 'crisis diversity' or 'crisis progression' occurred within the development of EU and national social policy?
- The more poignant question, is the EU level exhibiting the same crisis pattern as the national level, or are they different as in the euro crisis and what are the implications of this?
- How have Britain and Ireland interacted with EU social policy developments and has this interaction changed from pre-euro crisis to during the euro crisis?

Following an identical structure to the preceding chapter, this chapter will be divided into two sections to mirror the separate European and national governance levels under analysis. Respectively, the chapter will be structured as follows. The European section chronicles the development of EU social policy, identifying a crisis pattern of 'crisis diversity' as conceptualised within four developmental phases from the 1950s to 1970s through to the euro crisis. The 1950s to 1970s phase accounts for the establishment of the core parameters of EU social policy, as outlined above. This initial period is typified by inactivity which demonstrates the necessity of a political or economic challenge for EU social policy to develop without which there is a lack of political will or necessity to break from the status quo. The 1970s to early 1990s charts the significant positive impact of EU crises on the development of EU social policy. This phase illustrates how periods of 'crisis progression' were followed by 'crisis diversity' as successive economic crises brought national social policy issues to the fore,

leading to a strengthening of social policy. It is within this phase that EU social policy became established as the 'step child' of EU policy due to British opposition.

The 1990s to 2007s charts the peak of EU social policy development under the Amsterdam, Maastricht and Lisbon Treaties as an environment of high unemployment, declining economic growth and economic crisis acted as a catalyst, further consolidating the development of EU social policy. The final phase from 2008 to the present-day context of the euro crisis accounts for the absent crisis in EU social policy, demonstrating how EU social policy operated unaffected by the euro crisis; namely operating within the same parameters as in the 1950s due to the vastly different policy structure of social policy in comparison to economic policy. The national section accounts for the historical development of British and Irish social policy identifying an identical pattern of 'crisis diversity' as conceptualised within four developmental phases.

In contrast to EU social policy, national social policy is dependent upon national economic policy, thus creating very different implications for the development of national social policy. The analysis of Britain highlights the highly political environment in which national social policy developed. This section initially charts the development of a comprehensive welfare state and extensive role for the state from the 1940s to 1970s, in the context of unprecedented crisis which rendered EU social policy a supporting role to varying degrees. Specifically, depending on the political party in government. The 1970s to 1990s charts the beginning of the tug of war between Britain and the EU over social policy, examining the successive rejections of EU social policy. Nonetheless, in the background to this tug of war national social policy continued to be revitalised as Britain borrowed concepts from the EU level and 'downloaded' them in order to reinforce the national trajectory of national social policy.

The 1990s to pre-crisis 2007s phase examines the radical shift in Britain's interaction with EU social policy developments as the election of New Labour created a new non-threatening relationship with EU social policy. This phase examines the simultaneous modernisation of the ESM and British welfare state as Britain reversed roles with the EU, subsequently driving social policy's development. The final phase from 2008 to the context of the present-day euro crisis returns to the familiar tug of war over social policy as Britain viewed the economic crisis as an opportunity to radically reform the welfare state and increase the dependency of EU social policy on the national level as once again EU social policy developments became conceived as a threat. At the national level, social policy became the

fall guy for the economic crisis. The revitalisation of the EU and national levels is found to be opposed in both directions.

The analysis of Ireland demonstrates a vastly different, contrastingly unpolitical story as the initial period from the 1930s to 1970s accounts for the lack of national demand for social policy which is exacerbated by the minimal role of the state. The 1970s to 1990s phase analyses how EU social policy became the driving force for Irish social policy. This expansion of social policy's development is initially hindered by the 1980s national economic crisis which left Ireland financially challenged to implement EU social policy, highlighting the difference between EU and national social policy. Nonetheless, this phase illustrates how 'crisis diversity' is borne out of this 'crisis progression' as EU social policy developments combined with the economic crisis to accelerate the modernisation and Europeanization of the Irish state.

The 1990s to pre-crisis 2007 phase accounts for the reversal of roles between Ireland and the EU with the advent of the Celtic Tiger. For example, Ireland's National Anti-Poverty Strategy provided a template for the EU's approach to social exclusion. This revitalisation is found to be a two-way process as the European Employment Strategy reinforced the national trajectory of employment policy leading to significant national social policy development. The final phase from 2008 to the euro crisis illustrates the interdependency between national economic and social policy as the economic crisis spilled over into national social policy, with social partnership bearing the costs of the crisis. This phase analyses how 'crisis diversity' emerges from significant 'crisis progression' as welfare benefits were reformed and Ireland drove EU social policy through its presidency of the European Council, filling the policy void at the national level.

This chapter finds, in contrast to the present euro crisis (Chapter 4), the two governance levels are exhibiting the *same* crisis pattern and this has facilitated the development of EU and national social policy. Specifically, at different times out of 'crisis progression', 'crisis diversity' has been borne, demonstrating the historical and continual presence of a 'crisis spectrum' which is currently being overlooked within the euro crisis debate. The chapter finds, due to the identical crisis patterns, Britain and Ireland recurrently reversing roles with the EU and becoming the 'pace-setter' for the development of EU and national social policy, as in Chapter 4, at times when EU social policy is stifled, thus ensuring policy progress for both governance levels. The chapter also finds that while Britain and Ireland share the same crisis pattern, they have interacted with EU social policy developments and been impacted by EU social policy developments differently. Respectively, the chapter argues

that the euro crisis is unable to be an existential crisis ('crisis progression') as there is no uniform structure at either the EU or national level.

PART I: European Social Policy, the 'Good' Crises and the Absent Crisis

5.1 Phase 1: Initial Inactivity (1950s-1970s)

Scharpf deems this early stage of EU social policy development as "the road not taken" (2002: 645), a missed opportunity in which to promote and co-ordinate a truly European social policy independent of the national level. He substantiates this claim maintaining, the structural similarities between national welfare states and the diminutive number of states involved meant "harmonization would not have been hopeless – much less difficult, at any rate, than it would now be" (2002: 646). However, rather than a missed opportunity this initial development phase demonstrates the necessity of a crisis, or at the very least a political or economic challenge, within the EU for policy progress to occur, and thus for harmonization, as Kühnhardt (2009) and Gehler (2009) argued in Chapter 3. Without this, there is no political will or necessity to break from the status quo, as Schmitter's (1970) model purported. The road was not taken because it was not required.

The initial treaties established the core parameters of EU social policy, the first of which was social policy's secondary, supportive role to economic policy. The Treaty of Paris (1952), which established the European Coal and Steel Community, was debatably more orientated towards social policy than the Treaty of Rome (Kleinman, 2002: 82) with enshrining the conditions for establishing a common internal market, hence the focus on the free movement of labour within immigration policy. However, it was within this first treaty that social policy's shadowing role to economic policy was founded. Social policy was coupled with economic policy under the third title, 'Economic Expansion, Growth of Employment and a Rising Standard of Living'.

Similarly, the Treaty of Rome (1958) consigned member state co-operation within those sub-areas of social policy that were required for economic integration (Hantrais, 2000: 3). Concerns over 'social dumping' or "regime shopping" (Majone, 1993: 159) in France, due to concerns over French businesses being at a competitive disadvantage to those countries without such legislation, led to minor harmonization over equal pay for men and women (Article 119) along with holiday pay (Article 120). Hence, as Kurzer and Cooper (2011) claimed in Chapter 3, only those social areas connected to the single market would develop.

Regional policy commenced meagrely with a lack of “concrete incentives” coupling the “forceful expressions” (Leibfried and Pierson, 1995: 131) enshrined within Article 2, which stipulated harmonious development within the community, and Article 92 which permitted state aid to underdeveloped or disadvantaged regions (Leibfried and Pierson, 1995: 133). The European Social Fund (ESF, Article 123-128) established minimal funding for EU social policy and cemented its dependency on economic policy with being merely developed out of economic necessity and with a narrow remit. Namely, to offset the negative effects of economic growth for those poorer areas and populations, rather than being an EU fund to be utilised on social policy EU wide.

This fund was aimed towards retraining or resettling individual workers who had lost employment due to the creation of the common market. Contrastingly, there are those who view the establishment of the ESF as confirmation that social policy was viewed in its own right rather than as a secondary policy area, or merely operating a supporting role for facilitating and attaining economic objectives (Collins, 1966: 27). It was due to the minimal finances that the EU level was required to appeal to the national level with the EC subsequently demoted to a co-ordination and management role. The EU was now doubly dependent, not only economically contingent but nationally dependent too. The EU, implicitly the EC, could assimilate national laws which affected the establishment and functioning of the single market, acting on a Commission proposal through a unanimous vote in the Council within Article 100.

Additionally, Article 235 ascertained that the Council could take “appropriate measures” (Cini, 2007: 273) during the operation of the single market when a treaty objective was at stake, even when a treaty did not permit such action, on the provision that the EC consulted with the EP and acted based on a Commission proposal. The EU attempted to break out of its nationally contingent structure through the ‘subsidiary competence’ which permitted a long-term loophole for EU intervention and harmonization in social policy (Cini, 2007: 273). The final parameter of EU social policy was additionally established through a crisis, namely the so-called ‘empty chair crisis’ (1960) which was “the most serious constitutional conflict in the EU’s history” (Dinan, 2010a: 37).

The crisis emerged from a disagreement over the EC’s proposals within the Treaty of Rome for extending the Qualified Majority Voting (QMV) procedure within the Council of Ministers. France became isolated, thus the state abstained from the Council of Ministers in 1965 bringing EU policy making to a near grinding halt (Cini, 2007: 24) and inducing “six-

months of near paralysis [within] Brussels” (Dinan, 2010a: 39). Out of this ‘crisis progression’ manifested ‘crisis diversity’. The resolution was the Luxembourg Compromise (1966), a non-legally binding agreement that stated issues of vital national interest would be resolved through an accord amongst member states, thus retaining a de facto veto. Hence, demonstrating Jones et al.’s (2016) ‘failing forward’ thesis of piecemeal reform following periods of EU crisis. Accordingly, the EC became politically tentative with the crisis reaffirming the EU’s dependency on nation states within the policy making process.

These initial developments arguably demonstrate how there was a constant social dimension to the EU, albeit in a limited capacity (Bache and George, 2006: 364). Nevertheless, economic policy was to be the trailblazer for the development of social policy. Only those social policy areas which were the other side of the coin to economic policy were the locus of EU policy development.

5.2 Phase 2: A Period of Crisis Integration (1970s-early 1990s)

This second phase begins where the first phase concluded, in a “mood of crisis” (Cini, 2007: 24). After successive crises, namely the ‘snake’ failing and quadrupling oil prices, creating periods of ‘eurosclerosis’, for both economic and social policy, social policy came to the fore as member states experienced significant social difficulties (Hantrais, 2000: 218). This subsequently fostered a favourable environment in which social policy could develop. The oil crisis was “met by recourse to nationally oriented policy programmes and not by EC-sponsored projects for economic recovery” (Rosamond, 2000: 98). The crisis underscored “the extent to which EC integration could be undermined by turbulence in the international economic system” (Laffan, 1992: 53). As Kühnhardt (2009) claimed and Kurzer and Cooper (2011) demonstrated in Chapter 3, the international and EU level were inextricably connected.

Following on from the impact of the ‘empty chair crisis’, the Commission’s role as being the motor force of EI was non-existent (Laffan, 1992: 10). Respectively, out of threat came an opportunity not only for EU social policy but for a concerted European policy response to a crisis. A series of Social Action Plans (SAP) over a four year period were established to monitor national social problems and aimed to achieve: full employment; improve living and working conditions; vocational training; equality between men and women in accessing employment; and, equal rights in the workplace (McCormick, 2008: 179; 181-183). While ‘crisis progression’ spread meaning the recession hampered the success of the SAPs, the equal pay directive (1975) and equal treatment directive (1976) were delivered.

The Commission's proposal for a European regional policy coupled with a European Regional Development Fund (ERDF) had fallen on unsupportive member state ears as only Italy experienced a regional crisis. However, an economic crisis and the entry of member states Britain and Ireland led to further economic concerns over implementing the Werner Proposal. Concerns centred over inflicting further adverse economic effects on underdeveloped regions through establishing a fixed exchange rate. Subsequently, Italy's request for a European regional policy bore fruits in 1975 as it became "galvanized into a new European Regional Development Fund" (Marks, 1992: 194). Such funds supplemented rather than replaced national regional policy spending and were assigned on a regional basis, thereby embedding the dependency of EU social policy on the national level. Hence, this "regionalization of European social policy could preempt the Europeanization of social policy" (Anderson, 1995: 147-158).

Following this protracted period of 'crisis progression' was a significant period of 'crisis diversity', with the lack of international competition conversely leading to the re-launch of the internal market (Buonanno and Nugent, 2013: 326). The concept of a social dimension, or 'social space' as first muted by Francois Mitterand (1981), was expanded by the new president of the Commission, Jacque Delors (1985). Delors ensured economic support for the European Single Market from member states and other various actors, such as the trade unions, workers and citizens, through social measures; the economic objectives were legitimised by social initiatives.

Thus, while social policy was economically contingent the SEA highlighted how economic policy was equally socially contingent, to the advantage of EU social policy. Delors emphasised this interdependence, claiming without the latter the former (single market) would fail. Accordingly, he aimed to (re)invigorate the process of EI and extend the EU's social dimension, with employment policy at its centre. Through recognising the implicit social costs of the single market member states would commit to further EI. In accordance with Hagen's (2009) analysis in Chapter 3, the EMU was being used to promote further, deeper social integration. Many workers and citizens felt overlooked by the EC who they believed favoured supporting the needs of businesses (Kleinman, 2002: 86) and attaining economic benefits.

The SEA instigated this process of social concessions for economic developments and objectives of the single market. The act, primarily aimed to revive the economy after significant recession and economic crisis, epitomised the social impetuous Delors espoused thus "greatly accelerate[ing] [both] the process of European integration" (Leibfried and

Pierson, 1992: 2) and social policy-making process (Hantrais, 2000: 6). Social policy issues were subsequently divided between QMV, namely those social issues connected to the establishment and functioning of the European Single Market such as freedom of movement, and unanimous voting for those issues not related to the European Single Market, such as workers' rights. Replacing harmonization, 'mutual recognition' and 'subsidiarity'⁵⁸ became the new strategy through which to proceed with social integration. Member states, workers and their trade unions concerns over 'social dumping' (Geyer, 2000) were subsequently resurrected and compounded with the entry of Greece (1981), Portugal and Spain (1986). Thus, even before the current euro crisis there was a north-south and/or core-periphery divide amongst member states (Rhodes, 2009).

In turn, the entry of these states raised fears over regional disparities obstructing the completion of the single market, leading to a two-fold increase in structural funds, an increased focus on poorer member states, and the EC acquiring significant control over regional policy in combination with its new competition regulations. Arguably, the increase in funds compensated for the differential economic costs of the single market, which constituted a "harsh test" on these poorer member states (Marks, 1992: 202-204). Once again, economic objectives were strengthening social policy. This strategy continued within the Community Charter of Fundamental Social Rights of Workers, or the 'Social Charter' (1989), which provided another "boost for social policy" (McCormick, 2011: 100) in response to economic concerns of 'social dumping'.

Akin to the increase in structural funds, the charter provided social concessions for economic initiatives as a "trade-off [was made] between the acceptance of the Single Market and the promotion of a "social dimension" or "social dialogue" (Mullard, 1997: 1). The Social Charter, through establishing a "discourse of universal [social] rights" (ibid), transcended national boundaries, setting in motion a path towards a legal deepening of EU social policy. The charter declared that the social dimension should have the same importance as the economic dimension (Kleinman and Piachaud, 1993: 2) and was subsequently combined with the Commission's SAP in the same year.

Despite the charter being a "solemn declaration" (Hantrais, 2000: 7) rather than binding by law, Britain voted against it. Nevertheless, the charter passed successfully, hence "with the single market on track and the economy booming, political support for an active

⁵⁸ This meant policy should only be produced at the EU level if lower levels of governance could not do so and/or it was not appropriate.

social policy began to gather speed” (Dinan, 2010a: 423). The Maastricht Treaty (1993) embodied both an economic milestone, with the final stage of the EMU and introduction of the euro, and a social landmark, epitomised by the introduction of EU citizenship through the extension of free movement to all EU citizens. The treaty was to incorporate the Social Charter under the ‘Social Chapter’. However, Britain’s persistent opposition led to the removal of the charter from the main body and the creation of a social protocol, thus condemning EU social policy as the “step child” (Leibfried and Pierson, 1992: 5) of EI.

The pace of progress for EU social policy significantly decelerated as difficulties in passing legislation ensued with only two directives accepted under the protocol (Dinan, 2010a: 425; Kenner in Lynch et al, 2000: 112). Arguably with economic concerns now abated and no economic crisis, social policy enjoyed no policy progress. However, as the Maastricht criteria resurrected concerns over regional disparities, social policy regained pace with a further expansion of the ESF and a new cohesion fund to help “the poor four”⁵⁹ (Leibfried and Pierson, 1995: 142), so to ensure member states met the conditions for the establishment of the EMU. Member states argued that with the option of devaluing their currency removed, the only instruments to regain competitiveness would be through wage reductions and tighter fiscal policies, all of which would create further unemployment (Leibfried and Pierson, 1995: 141).

However, the familiar conditions of crisis returned as an economic crisis emerged within the Exchange Rate Mechanism (ERM) with Italy and Britain forced to exit the ERM in September 1992. With concerns centred on the future of the EMU and the euro, once again EU social policy came to a standstill as ‘crisis progression’ embedded into the EU system.

5.3 Phase 3: Consolidation (Mid 1990s-2007)

The 1990s represented the high point for EU social policy as Delors successfully moved the social dimension to the top of the agenda, facilitated by a familiar context of high unemployment and dwindling economic growth. The economic crisis was a catalyst for establishing the Amsterdam Treaty (1997) which, due to the unemployment crisis and a change of political leadership in Britain, enshrined Maastricht’s social protocol and the agreement on social policy into the main body of the treaty. Positioned under the Social Chapter, this signified yet “another turning point for the social dimension” (Hantrais: 2000, 18-19) and ascribed EU employment measures “a status they had not previously enjoyed” (Casey, 2009: 31). The treaty placed an emphasis on policy “consolidation rather than

⁵⁹ Spain, Greece, Portugal and Ireland (Marks, 1992: 191).

innovation” (McCormick, 2008: 113), setting a precedent for forthcoming developments; namely, consolidation of previous policy progress.

Respectively, for the first time, the EU possessed a common employment policy which obligated member states “to work towards developing a co-ordinated strategy for employment” (McCormick, 2008: 181), in accordance with the Maastricht Criteria (Casey, 2009: 31). Despite this preferment of employment policy, at the subsequent Luxembourg Jobs Summit (November 1997) there was no additional funds dedicated to employment, rather it was claimed that ESF resources were available “to serve employment needs wherever possible” (Casey, 2009: 32). The succeeding European Employment Strategy (EES) provided an alternative to further regulation (Cini, 2007: 281) and represented “a radical departure from the policy developments of the past”⁶⁰ (Rhodes, 2005: 290).

The EES provided a wider remit for EU intervention on national social policy without needing to confront national governments directly. Through the EES national social policies could be EU-motivated, EU-shaped and EU-guided. Respectively, the economic crisis was providing an avenue through which the EU could increase its competency within “jealously guarded” (ibid) social policy areas. Policy innovation ensued with a reorientation of the EU’s employment focus, from protection to creation without replacing or impinging on national policies as historically feared by states (ibid). Immigration initiatives were similarly promoted and integrated into EU law as the advancement of the single market obligated member states to coordinate national rules and treatment for foreign nationals.

Accordingly, the Schengen Agreement was formally integrated into the EU’s institutional and legislative framework by virtue of the incorporation of the social protocol. A series of immigration and asylum measures to set minimum standards within asylum policy were outlined (Schierup et al., 2006: 69). Hence, the “Amsterdam Treaty marked a historic shift which laid down the broad outlines for a future EU policy on immigration and asylum” (ibid). The freedom of movement was also significantly expanded as Amsterdam afforded rights of residence to those other than workers. Specifically, students; unemployed; those nationals of member states, together with their families, who currently had no legal rights to residence under community law; along with equal treatment to all state citizens including third country nationals, as “freedom of movement [applied] to all those [residing] within the territory of the Community” (Moussis, 1998: 310). Social areas were once more categorised

⁶⁰ See Mosher and Trubek (2003).

under QMV and unanimous voting. This was the period in which most pre-existing social policy areas obtained a policy base and QMV status (Geyer, 2000: 207). The debate over the Social Charter for workers was revived as economic concerns surfaced over the implications of the economic goals of the EMU, now fully functioning, for fundamental rights and human rights of EU citizens.

Social concessions in exchange for economic developments continued to be provided. On this occasion policy innovation rather than policy progress ensued through the creation of The Charter of Fundamental Rights of the European Union (2000), which had at its foundations in the earlier Social Charter (1989). From the EU's perspective member states could not challenge the charter. This consolidated pre-existing social rights, appropriated from within the European Social Charter (1961) and Community Charter of the Fundamental Social Rights of Workers (1989), as well as the European Convention on Human Rights. Hence, these rights were already being applied, and by implication agreed to, by member states.

The purpose of consolidation was to place pre-existing and pre-accepted rights into one document so to provide them with "greater visibility" and create "legal certainty within the EU" (Europa: EUR-Lexb). However, these were not legally enforceable rights that produced new competences for the EU, they were 'ideals' (Buonanno and Nugent, 2013: 248). A second period of unfavourable economic conditions and high unemployment saw the EU's performance and productivity significantly lag the US. To redress the balance the Lisbon Agenda/Strategy (March 2000) was created, almost exclusively focused on employment. This signified a further shift from improving employment rights to improving employability, through developing "the most competitive and dynamic knowledge-based economy" (Nugent, 2006: 373).

In support of the Lisbon objectives, and the EES, immigration policy was expanded to include labour immigration for the first time as the EC denounced the EU's zero policy "unrealistic", subsequently calling for "efficient management of migrant flows" (Schierup et al., 2006: 69). The Open Method of Co-ordination (OMC) was utilised to coordinate national recruitment schemes. Hence, the EU could now respond to changes in the labour market requirements at the national, regional and local level (Schierup et al., 2006: 70). The challenge was "to attract and recruit migrants suitable for the EU labour force to sustain productivity and economic growth" (EC, 2003).

Arguably it was at this point that, demonstrating the extent of interdependence between the two policy areas, economic policy divorced itself from those social policy areas

that were impinging on economic growth and competitiveness in a type of “colonisation of the Welfare State by the economic policy-making process” (Schierup et al., 2006: 80). The EU intended to modernise the ESM through structural reforms of national labour markets and welfare states (Hix and Hoyland, 2011: 201). Furthermore, foster economic growth through increasing investment in education and training to tackle social exclusion, which many member states were financially and politically strapped to execute (Dinan, 2010a: 416).

A divide emerged between those member states favouring structural reforms and those favouring investments within human capital (Hix and Hoyland, 2011: 201). This was exacerbated by the EC’s inability to initiate legislation, as delineated within the Maastricht and Amsterdam Treaties. This void necessitated a new method of co-operation which the Lisbon Strategy provided as the EU continued to lack the necessary “power to intervene directly in producing most of the reforms deemed necessary” (Giddens, 2007: 15). The OMC was a consolidation of the EES, providing “the methodological backbone...to modernize the European employment, economic, educational and social policies” (Heidenreich and Bischoff, 2008: 499). The “naming and shaming” (Hix and Hoyland, 2011) involved facilitated EU influence within areas which were “off the agenda of European integration but have a profound effect on the EU’s overall economic performance” (Dinan, 2010a: 429-430).

The Lisbon Strategy cemented “the basic dichotomy – economic policies to the EU, social policies to the member states” (Grahl and Teague, 2013: 683-684). However, both the Lisbon Strategy, despite being revised, and the OMC proved inadequate due to the vague objectives, the political divide over reforms, and member states lacking the political will and engagement to implement the necessary measures to achieve the strategy objects as noted in the High Level Group report (2004). It was agreed at a European Council meeting that the Lisbon targets needed to be more focused and more achievable (Nugent, 2006: 374). Lisbon was explicitly criticised for “relegating the social objectives to a secondary priority or ‘add-on’ status” (Copeland and Daly, 2015: 140). Arguably, Lisbon had failed precisely because it had divorced itself from certain areas of social policy which were viewed as impinging on economic growth, demonstrating the necessity for both sides of the coin. While EU economic and social policy were not on a level playing field in policy terms, in practice they were equally as important and equally as needed.

Following the largest enlargement of the EU in 2004 with the accession of ten new member states⁶¹, a political crisis emerged over the Constitutional Treaty (2005) which was to facilitate further enlargement. The treaty epitomised the policy activity of this time, consolidating all pre-existing treaties and measures into one single document. This provided a legal status to the Charter of Fundamental Rights and an expansion of QMV into areas previously covered by unanimous voting. The treaty caused an existential crisis as rejections emerged from France and the Netherlands, subsequently placing a question mark over the direction of EI (McCormick, 2011: 125) and the EU's very foundations (Best, 2005: 180). Conversely, 'crisis diversity' dominated as the EU not only continued to operate but reinvigorated the EU policy process, despite this lack of institutional confidence.

The enlargement of the EU continued with the accession of Bulgaria and Romania (January 2007) and negotiations restarted to create a replacement treaty as "despite some national leaders' serious misgivings about the Constitutional Treaty, no government stood in the way of relaunching the negotiations on treaty reform" (Dinan, 2010a: 151). A consensus emerged between member states and EU officials to substitute the constitutional elements for reformist aspects in the treaty (Nugent, 2010: 75). Ultimately, the Lisbon Treaty reformed The Treaty on the Functioning of the European Union and the Maastricht Treaty. For many the Lisbon Treaty was the Constitutional Treaty, "by other means and with a different name" (McCormick, 2011: 126).

Many measures were consolidated under the Lisbon Treaty including The Charter of Fundamental Rights of the European Union, which became law for a second time, the European Convention on Human Rights and issues of immigration and asylum became decided under QMV, while regional policy was consolidated under the co-decision procedure. With the European Court of Human Rights becoming an official institution, the Lisbon Treaty permitted the EU to ratify agreements, such as the European Convention on Human Rights. On the one hand, the EU was gaining constitutional, state-like characteristics and a "legal personality" (McCormick, 2011: 144) despite the lack of a constitutional treaty and/or agreement. On the other hand, these characteristics were arguably only in appearance and not in substance (Nugent, 2010: 84).

⁶¹ Slovenia, Slovakia, Lithuania, Czech Republic, Hungary, Latvia, Cyprus, Malta, Poland and Estonia. However, initially only Britain, Ireland and Sweden opened their borders. A month before enlargement a new Directive (2004/38/C) was created, consolidating all legislation on freedom of movement of EU nationals and their families, limiting the grounds on which entry or residence in a state could be denied.

Ireland was the only member state legally obliged to hold a national referendum on the treaty. The Irish initially rejected the treaty with the decision only reversed by the onset of the 2008 economic crisis which acted as a catalyst, steering Ireland towards the “relatively safe port” (Dinan, 2010a: 154) of the Eurozone.

5.4 Phase 4: Crisis and Consolidation (2008-Present Day)

The euro crisis struck the EU in 2009, plunging Europe into its familiar surroundings of economic crisis and an unprecedented (youth) unemployment crisis, begetting a “twin economic and social crisis” (Segol, 2014) which EU officials “managed one month to another” (BBC News, June 2013). This provided the flexibility for the continuance of active and innovative policy consolidation. Once more, the EU operated as normal despite the euro crisis. Notably, despite the crisis, EU social policy continued functioning within the same parameters as it had in the 1950s. Its unique regulatory structure, namely possessing minimal finances, meant the financial crisis in economic policy circumvented social policy. The different policy structures culminated in different consequences from the euro crisis. The only change was that inadequate finances were now an EU-wide phenomenon rather than being confined to EU social policy.

The first of the core parameters which were evident in the crisis was the dependency of social policy on economic policy. The unprecedented (youth) unemployment crisis was eventually only addressed with haste due to the associated economic costs, which the European Council totalled at “1.21% of the EU's GDP” (European Council, 2013), rather than being addressed as the unprecedented crisis that it was. Economic policy had not divorced itself entirely from those areas impinging on economic growth as the unemployment crisis represented a significant challenge to economic recovery.

The reciprocal dependency of economic policy on social policy was laid bare from the very beginning of the euro crisis as adjustments to improve economic conditions were focused and dependent on social policy at the national level. As a condition of the economic bailouts to redress economic deficits, member states were forced to implement significant social cuts within workers’ wages, public spending on social services and, in some member states, public ownership (Busch et al., 2013: 7-25). Even those states outside the Eurozone, such as Britain, had to redress their deficits through cuts in welfare provision. Social policy was once again the EU’s fall guy in a state of economic crisis.

EU social policy also remained an EU construct but nationally contingent. Arguably this national contingency intensified within the euro crisis as a German response rather than an EU response emanated. This is reflected in the fact that many member states attributed their social problems to Germany rather than the EU because of Germany's focus and endorsement of austerity rather than growth⁶² (see Chapter 4) when uploading their national model to the EU level (Aljazeera, July 2013). Policy innovation occurred as "the crisis facilitated a policy development in the social field" (Interview 6, March 2015) with the launch of the Social Investment Package for Growth and Social Cohesion (SIP) (February 2013). This was the first social response to the euro crisis, arguably constituting "a quiet paradigm revolution" (Hemerijck, 2014). Laszlo Andor stated "social investment is key if we want to emerge from the crisis stronger, more cohesive and more competitive" (EC Press Release, 2013a).

However, it has since been shown that the SIP is not translating into national welfare policy with "little evidence of [an] enhanced SI [social investment] orientation in LMPs [Labour Market Programmes]" although similar reforms were implemented within established welfare states (Bengtssona et al., 2017: 384). However, with the crisis rendering "core social policies at the EU level completely unrealistic" (Grahl and Teague, 2013: 686), the EU has few options but to remain nationally contingent. Arguably due to the crisis, national governments are now positioned "like company CEOs, responsible for turning their citizens into the most productive workers for the sake of export-led growth" (Tsoukala, 2013: 76).

Diverging from previous (economic) crises, economic policy crowded out social policy issues to take centre stage of the crisis as the euro/Eurozone became in danger of collapse. Respectively, social policy was further relegated and overshadowed by economic policy as "the social policy question [was] seen exclusively from the standpoint of the coordination of economic policies" (Pochet and Degryse, 2013: 113). Social policy's legitimising role was similarly demoted as the crisis response required policy activity which was detrimental to the ESM (Busch et al., 2013; Regan, 2012; Crespy and Menz, 2015; Hacker, 2013; Hermann, 2017; Vaughan-Whitehead, 2015), namely a policy of austerity.

However, out of this latent period of 'crisis progression' has come the beginnings of 'crisis diversity' with arguments that the euro crisis is affording and pushing the argument for a "renewed and strengthened social policy", specifically "a social union" (Grahl and Teague, 2013: 678). Thus, social policy's legitimising role has become revived with many

⁶² 76% in German; 56.5% in Spain; and 59.2% in Greece blamed Germany (Aljazeera, July 2013).

acknowledging that new (social) measures and mechanisms are required to provide stability to the crisis-ridden Eurozone. These suggestions comprise of: an employment programme in the absence of a fully fledged EU welfare state (Grahl and Teague, 2013); an unemployment benefit scheme for the Eurozone (Andor and Pasimeni, 2016); a strengthening of the ESM (Pochet and Degryse, 2013); an updated EMU criteria to account for the social dimension (Porte and Heins, 2016b); and, “a macro-economic demand stabilisation device that incentivises Member States to pursue supply side social investment reforms in sync” (Hemerijck, 2014).

Additionally, social policy is viewed as the means to ensure that economic reforms are efficient and successful by securing “effective convergence of economic performance within the monetary union” (Grahl and Teague, 2013: 689). With social policy’s legitimising role ascending, the single market is now being relegated to a means to an end rather than the end itself so to provide a new social purpose for the EU. Specifically, this new social purpose would entail guaranteeing “the welfare of European populations...[which] could be effectively signalled by the adoption of an ambitious and solidaristic social policy” (Grahl and Teague, 2013: 689).

Policy consolidation continued to dominate⁶³ as the principal crisis initiative, Europe 2020⁶⁴ (2010) resembled the Lisbon Strategy in all respects but name. Although Lisbon ultimately failed, some scholars believe it succeeded in providing a social dynamic at the EU level (Daly, 2006; Porte et al., 2011) by incorporating areas of national competence into EU strategies. Responsibility for 2020’s success was shared between EU institutions, member states, as well as the social partners. Hence, the 1980s emphasis on the ‘social dialogue’ was re-introduced thirty-three years after its inception and first implementation. Policy methods were also consolidated with the use of the OMC retained and expanded⁶⁵.

The overdue response to the youth unemployment crisis merely comprised of a recycled structural reform. The European Youth Guarantee (2013) was a new social innovation however, one previously used in the 1980s, funded through the ESF. Rather than creating

⁶³ Comparing Hix and Hoyland’s (2011) most up to date list of the recent developments within areas of social policy to aforementioned list by Geyer (2000) demonstrates how consolidation has been the name of the date with many overlapping policy areas.

⁶⁴ For a critique of the social elements in Europe 2020 see Daly (2012) and Armstrong (2012).

⁶⁵ There are those who view the OMC as creating a sphere of influence for the EU within national social policy (Carmel, 2003; Thorlakson, 2011; Schelkle, 2003; Savio and Palola, 2004; Atkinson, 2002) and those who claim the OMC is insignificant to EU social policy’s development (O’Connor, 2005a and 2005b; Daley, 2006; Chalmers and Lodge, 2003; Atkinson, 2002).

policy responses, with economic policy taking precedence, the EC encouraged young jobseekers to “consider taking advantage of freedom of movement for workers to see what employment possibilities exist where the situation is better and the grass — or the map — is greener” (EC Press Release, 2013c).

There were no funds devoted to social policy during the euro crisis period despite social policy’s unprecedented (youth) unemployment crisis. While the EU claimed to provide an extra €6 billion through the new Youth Employment Initiative (February 2013), in reality, as one interviewee reported, “there was no additional overall funding at an EU level” (Interview 18, February 2016). Rather it was “a reallocation of existing resources towards youth” (ibid). Hence, social policy remained devoid of money even at a time of, reportedly, existential crisis.

Ultimately, EU social policy has minimal finances at the EU level and the crisis is of a financial nature. Hence the diversity of the EU’s structure, with social policy’s structure being vastly different to economic policy, has meant social policy remains unaffected with the context of its operation unaffected. In the absence of a uniformed structure no ‘domino’ effect, ‘crisis progression’, can occur. EU policymakers had to learn to do more with less, for EU social policy this has always been a necessity.

PART II: National Social Policy and the History of Revitalisation

Britain

5.5 Phase 1: Initial Activity (1940s-1970s)

Contrasting to EU social policy, “the key building blocks” (Ellison and Pierson, 2003: 6) of the British welfare state were established during a period of unprecedented crisis and hyper policy activity with the experience of war time accelerating the development of national social policy. The Beveridge report (1942) marked “a distinct change of gear in the progress of British social policy” (Miller, 1999: 20) creating a blueprint for the British welfare state and “providing the main direction of social security” (Hill, 1993: 8). The report concurred with the pre-war Fabian Society (1884) which viewed the state’s role in providing welfare services an “essential, and inevitable, development” (Alcock, 2008: 4). Clement Attlee’s Labour government followed this blueprint, subsequently establishing a comprehensive ‘cradle to the grave’ system (Evans and Williams, 2012: 3).

An economic debate over social policy instigated as early as the 1940s as a significant increase in public expenditure was viewed as a product of parallel economic growth (Miller, 1999: 26). A political divide emerged over the economic viability of the welfare state.

Analogous to EU social policy, the Conservatives viewed the welfare state as a necessity for economic and social cohesion, “a compensation for the areas of economic and social life where the free market did not deliver” (Fraser, 2009: 289). Thus, national social policy also possessed a legitimising role for the continuing development of economic policy. Contrastingly, Labour viewed the welfare state as a citizen right which facilitated (equal) access to further rights (Sullivan, 1996: 88), the success of social policy was contingent upon economic growth. Hence, social policy was not devoid of money at the national level, rather it was dependent upon it.

Out of economic necessity, Britain joined the EU as a period of protracted recession encouraged the state to pool its sovereignty. Economic crises influenced rather than determined national economic and social policy (Sullivan, 1996: 56). However, with Britain possessing a comprehensive welfare state and a correspondingly extensive role for the state, EU social policy was rendered a supporting role to varying degrees, namely depending on the political party in power. Britain had joined out of economic necessity, not social necessity. Respectively, the advancement of EU social policy would be largely rejected by Britain who did not want the state dictated to in managing its social affairs.

5.6 Phase 2: Recession and Resistance (1970s-Early 1990s)

Britain initially interacted positively with EU social policy as Edward Heath, PM at the time, attempted to bring “tangible benefits” (George, 1998: 69) from EU membership. However, with the onset of the oil crisis and Britain’s selective Europeanism (May, 1999: 54) the jurisdiction over social policy rapidly became a ‘tug of war’ as the EU attempted to create a sphere of autonomy at the national level. This started with Heath’s obstruction to a common energy policy coupled with disagreement over the size and distribution of the ERDF. While the economic crisis had fostered a favourable environment for EU social policy to develop, it created a hostile environment for EU-member state relations hence creating a period of ‘crisis progression’ as ‘eurosclerosis’ ensued.

The election of Margaret Thatcher signified “a radical turning point in the British welfare state” (Evans and Williams, 2012: 1), with an emphasis on individual responsibility, and a “sudden and dramatic shift in approach” (Evans and Williams, 2012: 9) to Britain’s relationship with EU social policy. Thatcher wanted the state to be autonomous in its actions with no external interference, relegating EU social policy’s secondary role to non-existent. Respectively, Thatcher assented to the SEA on account of her interpretation of the treaty setting limits on EI. Thatcher also endorsed Delors for a second term as the European

Commission Chief, a move she would come to regret, as the development of the EU's social dimension accelerated under his tenure.

Delors ambitions were revealed with the announcement to the EP; "in ten years, 80 per cent of economic legislation – and perhaps tax and social legislation – will be dictated from the Community" (May, 1999: 74). Thatcher dismissed these comments by Delors as "over the top" (Gowland et al., 2010: 110). Delors became favoured amongst the trade unions, Thatcher's arch enemies, by virtue of his claim in a speech to the Trade Union Confederation (TUC) (September 1988) that a single market was impossible without a common social policy, through which the interests of workers needed protecting. Thatcher responded, in her famous Bruges speech, asserting that the government had not "rolled back the frontiers of the state in Britain, only to see them re-imposed at a European level with a European super-state exercising a new dominance from Brussels" (Margaret Thatcher Foundation, 1988).

The Social Charter garnered further support from the trade unions, elevating Delors into the "surrogate champion for the British worker" (Gowland et al., 2010: 112), and further opposition from Thatcher who contested the charters position under QMV, denouncing it as Marxist and a "creeping back-door [for] Socialism" (Gowland et al., 2010: 110). Delors became the paradoxical figure of national inspiration and threat to national sovereignty. It is debatable how far the succeeding administration under PM John Major was a continuation or break from Thatcherism as the only means by which Major could unite his government was through a mutual opposition to EU social policy, thereby continuing Thatcher's antagonism to EU social policy.

Accordingly, Britain secured an opt-out from the Social Charter in the Maastricht Treaty forcing the formation of the social protocol. 'Crisis progression' was being actively harnessed to keep EU social policy out of the British social model and in an attempt to shape a limited EU social policy, as Britain desired. The European economic crisis spread mechanically, as a period of 'crisis progression' embedded arresting the normal operation of national politics, and by implication national policy responses. 'Black Wednesday', the day Britain exited the ERM, caused opt-outs from Maastricht to subsequently become viewed as warning signs and dangers of the wider treaty (Baker et al., 1994: 38). Correspondingly, the economic crisis spilled over and transformed into a national political crisis. Eurosceptics resistance to Britain's participation in Maastricht extended to EU membership.

Contrastingly, Labour was in favour of greater participation in Maastricht, claiming the "double opt-out" from the EMU and Social Charter rendered Britain a "semi-detached

member of the Community” (Geroge, 1998: 244). This led to a “parliamentary siege” (Baker et al., 1994) over the ratification of Maastricht, which became the longest ratification process in history. By implication, the Eurosceptics had seemingly been successful in constraining the future actions of the government who “would certainly not dare to bring any new treaty before Parliament that furthered European integration” (Baker et al., 1994: 47). EU policy progress was arresting national policy responses to the economic crisis and causing significant fractures within the political landscape. Notably, this dispute led to the creation of the UK Independence Party (UKIP), as Nigel Farage absconded from the party in protest.

Nonetheless, ‘crisis diversity’ continued in the background as EU social policy revitalised national social policy with Major borrowing concepts from the EU level and applying Thatcher’s logic to it, as reflected in the Citizens Charter within public services and Patients Charter within the National Health Service (NHS). The EU’s strategy of increasing female participation also served to revitalise and reinforce the national trajectory of social policy. Major was simultaneously encouraging young and single mothers off benefits into employment. To this end, Major had enacted the 1993 EU directive which stipulated maternity provision had to be made for female workers, including part-time workers, when commencing employment.

Major had also abolished the Wage Councils in 1993 and increased the age of retirement for women, a proposal previously opposed by Thatcher. However, further changes by the EU went beyond a supportive role for the nation state. This led the then Employment Secretary, Michael Portillo, to resist EU policy progress relating to changes in parental and paternity leave in 1994 on the grounds that it would restrict competition and, more importantly, such matters were private matters between employee and employer (Glennester, 2007: 214). Thus, continuing Major’s defence of workplace regulation. However, Major did assent to the EC’s Working Time Directive after successfully negotiating an opt-out for those employees who wanted to work longer hours.

5.7 Phase 3: Revitalisation and Innovation (Mid-1990s -2007)

After a period of protracted ‘crisis progression’, with difficult economic and political relations with the EU, “a moment of good matching” (Interview 11, April 2015) ensued with the election of Tony Blair’s New Labour Party. Blair’s tenure embodied a significant period of ‘crisis diversity’ as a new relationship with EU social policy emerged. EU membership and EU proposals were viewed as an opportunity rather than a threat (Gowland et al., 2010: 144), in opposition to the Conservative party’s policy. Blair simultaneously revitalised the seemingly

out of date British welfare state and equally out of date ESM, reconciling the competing pursuits of economic and social prosperity at both governance levels. On account of New Labour's new interpretation of EU social policy, Britain actively shaped EU social policy from within the EU.

Subsequently, employment policy became the core of both national and EU social policy. At the national level, the Blair administration was influenced by the new Commission on Social Justice which concluded the welfare state should be a "springboard to success not a road to dependency" (Fraser, 2009: 314), therefore placing employment at its centre. Additionally, after adopting the EU's focus on social exclusion despite its notable absence from Labour's election manifesto (The Economist, December 1997), work became viewed as the "inclusive cement of society" (Glennerster, 2007: 223) in tackling social exclusion. At the EU level, Blair's rhetoric of the importance for Britain to be at the core of the EU for its "influence, strength and power in the world" (Stephens, 2001: 68) resonated with a minority of states leading Britain to gain allies in Spain, Portugal and Italy.

Britain and its new allies attained a commitment from EU states to create the most competitive and dynamic knowledge-based economy, through this employment centred social policy approach, as a role reversal ensued with Britain leading EU social policy under the rubric of the Lisbon Strategy. Hence, the Lisbon Strategy "stood as a powerful symbol of the direction in which the Blair government wanted the EU to move" (Gowland et al., 2010: 148). In fitting with the vision of Delors, Blair actively encouraged EU social policy to shadow the policy development of the single market throughout the British presidency in 2005. Thus, under Blair Britain became transformed from "a marginalised outsider to an active participant in EU social policy" (Thorklakson, 2011: 273).

Blair was able to influence and create a "non-threatening European social policy model" (Thorklakson, 2011: 273) by virtue of the new OMC, derived from the EES. This safeguarded national sovereignty in conjunction with non-binding EU proposals, thereby de-politicising EU social policy. Under the Amsterdam Treaty, Blair drove 'crisis diversity' further reversing Britain's opt-out from the social protocol which subsequently became embedded within the main body of the treaty, hence further integrating and facilitating the policy progress of EU social policy. QMV was subsequently extended, albeit with the retention of national vetos, with member states now pledging to coordinate employment policy, "particularly promoting a skilled, trained and adaptable workforce" (May, 1999: 89).

This commitment to a common employment strategy reinforced and revitalised the policy efforts at the national level, and enabled the EU “to overcome many of the earlier antagonisms between its economic and social dimensions and forge a new policy framework” (Geyer et al., 2005: 78). Blair announced to the Westminster Parliament that “for the first time in a decade Britain is setting a positive agenda for Europe” (May, 1999: 89). The EES was analogous to the national strategy designated for modernising the welfare state, hence it could be argued that “despite a history of opposition to European employment initiatives, adapting to the EES has been easy for the British” (Geyer et al., 2005: 69).

Respectively there is much debate over the impact of the EES on British employment policy with a divide between those who claim it has had a limited impact (Geyer et al., 2005; Mailand, 2008; Ardy and Umbach, 2004; MacPhail, 2010) and those who claim an impact has occurred, albeit subtly (Jacobsson, 2004; Heidenreich and Bishoff, 2008). The only consistency between the Conservative and New Labour administrations was Britain’s opt-out from immigration initiatives, with an opt-out from the Schengen agreement and a guarantee that the state would retain control over its borders as the freedom of movement advanced under the treaty. Both Britain and Ireland were treated as special cases due to their island statuses (Gowland et al., 2010: 149).

For Britain, the failure of the Constitutional Treaty and subsequent formation of the Lisbon Treaty placed uncertainty around the legal status of the Charter of Fundamental Rights of the EU. This was despite Britain negotiating a special protocol which stated the charter did not extend the powers of the European Court of Justice (ECJ) or create “justiciable rights applicable to the United Kingdom” (BBC News, July 2007).

5.8 Phase 4: Crisis and National Resistance (2008 – Present Day)

The parliamentary debate continued despite the implementation of the Lisbon Treaty. Westminster launched a report into the implications for the legal status of the Charter, concluding the Charter was legally superior to national law in those areas which fell within the remit of EU law, and created no new rights or new EU competences (House of Commons, 2014a). Arguably, while Blair had been partially successful in making his case in Europe for Britain, he had failed to make Europe’s case in Britain (Stephens, 2001: 67). ‘Crisis diversity’ continued as David Cameron, the new PM of the first coalition government since the Second World War in 2010, continued New Labour’s participation in the EU’s strategy to increase the number of women participating in the labour market, which complemented national social policy.

Maternity leave was extended from its position under New Labour, comprising of an entitlement to twelve months leave with the first fourteen weeks assigned to the mother and the rest could be either divided, or simultaneously taken, between the two parents (March 2008). However, unlike New Labour, the Conservatives under Cameron encouraged the father more than the mother to take more leave after the birth of their child (Williams and Scott, 2011: 517). There were numerous employment and social rights which could not be removed by the new government because they were embedded within EU law because of the opt-in to the Social Chapter and implementation of the Working Time Directive (Grimshaw and Rubery 2012: 109-113).

With the onset of the financial crisis, at the national level a “unique opportunity” emerged for Cameron to lead the Conservatives to “implement radical changes in the welfare state which both the Thatcher and Major governments shied away from” (Page, 2010: 13). Thus, many critics claimed the Conservatives non-state and non-market strategy of the ‘Big Society’ (Alcock, 2010; Kisby, 2010; Smith, 2010; Evans, 2011; Scott, 2011; Jordan, 2010; Norman, 2010; Glasman, 2010; Pattie and Johnston, 2011; Teasdale et al., 2012) was a cover for big spending cuts and a decline in public services (Kisby, 2010). Ultimately, national social policy was the fall guy in an economic crisis.

At the EU level, a parallel opportunity emerged for Cameron to revisit the days of Thatcher and Major. With the euro in crisis, EU social policy was interpreted once again as a threat to the state. Thus, ‘crisis progression’ was once again harnessed to keep EU social policy out of the national social model and render EU social policy non-existent, this time through intensifying the national contingency of EU social policy. Cameron’s Europe speech (2013) outlined this strategy of containment, claiming,

“power must be able to flow back to Member States, not just away from them...let us use this moment, as the Dutch Prime Minister has recently suggested, to examine thoroughly what the EU as a whole should do and should stop doing” (BBC News, January 2013).

Ultimately, this challenge to EU competences centred on the principle of free movement as the EU’s encouragement of workers to utilise free movement was poorly received in Britain. As consecutive economies faltered, fears grew in Britain that there would be an influx of Irish, Greek, Spanish, and Portuguese citizens in search of employment and a better life should the European economy disintegrate (The Telegraph, November 2010e). As the crisis gained momentum and the euro was seemingly teetering on the brink of collapse, it

was reported within British media that the state was heading for a “migration meltdown” (The Daily Mail, March 2014). Furthermore, that the Home Office was drawing up emergency plans in reaction to the potential break-up to manage the imminent influx of “euro-immigrants” (The Independent, May 2012) from the “stricken economies” (BBC News, May 2012) of the south, who would be attracted to Britain on the basis of its non-Eurozone status.

With the intensification of the Greek crisis and discussions over a possible ‘Grexit’ a particular concern emerged over Greek citizens coming to Britain. Cameron explicitly stated that he would prohibit Greek citizens’ free movement to the country, subsequently rejecting Britain’s treaty obligations, claiming “the legal powers are available if there are particular stresses and strains” and he was “prepared to do whatever it takes to keep our country safe, to keep our banking system strong, to keep our economy robust” (The Guardian, July 2012). These concerns over a tidal wave of EU nationals to Britain’s shores created further concerns over the EU’s control of domestic policies, particularly immigration policy, as ‘crisis progression’ resurfaced with the economic crisis spilling over into a political crisis once more.

These concerns were exacerbated as the restrictions placed upon accession states Romania and Bulgaria in 2007 terminated on 31st December 2013. At a time of economic crisis the state had to reduce public expenditure and British citizens were finding it difficult to attain employment. In this context, the acceptance of other member states accessing public services and jobs was received with public and political hostility from those on the right who were chiming the familiar calls for the withdrawal of Britain from the EU.

Respectively, ‘crisis diversity’ was borne out of ‘crisis progression’ as a debate over the principle of free movement dominated British politics during the crisis period fostering policy innovation as various suggestions emerged from the disarray of the economic crisis. However, ‘crisis progression’ was once again harnessed. This time, rather than keeping EU social policy out of the national social model, suggestions were made to remove EU social policy from the British social model altogether. This was due to the conditions fostered by the economic crisis influencing national social policy and an opportunity arising to constrain a now substantial body of EU social policy, as Britain desired. Labour supported the government’s insistence on reforms over the free movement of labour but not the principle itself while additionally insisting that reform occur within rather than outside of the EU (The Daily Mail, November 2014). This issue with free movement will be fully explored in Chapter 6.

A second challenge to EU competency emerged with the implementation of the EU Youth Guarantee. The British government was the only member state to oppose the EU’s

Youth Guarantee (House of Lords, 2014b: 32-33). It was unclear whether this was due to familiar Euroscepticism or concerns over the approach (House of Lords, 2014b: 33). The Department for Business, Innovation and Skills supported the government's position, claiming there was already "a clear strategy for supporting young people into work" (DBIS, 2013: 23). Additionally, they advised the EU Internal Market, Infrastructure and Employment Subcommittee against Britain implementing the EU's Youth Guarantee asserting that the initiative was "likely to reduce the number of opportunities and the diversity of the opportunities available for young people" (House of Lords, 2014a: 189).

They claimed there was a risk that "any attempt to impose a one-size-fits-all approach to traineeships would constrain employers from offering young people work placements" (House of Lords, 2014a: 189). Contrastingly, the TUC were not supportive of the government's decision with a senior policy officer arguing that the only reason for the government's opposition was "that it was not invented here [in the UK]" (House of Lords, 2014b: 33). Another witness maintained, the "Youth Guarantee should be seen as an opportunity not an imposition" (ibid). The House of Lords concluded, based on the evidence, that the Youth Guarantee was vastly different to the Youth Contract with the national initiative addressing longer-term structural issues around entry-level positions, while the new EU initiative contended with the increase in youth unemployment since the financial crisis struck in 2008 (House of Lords, 2014b: 35-36).

Hence, the House of Lords was "not convinced by the UK Government's argument that the Youth Contract meets the aims of a Youth Guarantee" (House of Lords, 2014b: 35). The Lords advised the government to reconsider and pilot the EU's Youth Guarantee within those areas eligible for EU funding (ibid). Despite these recommendations and the government producing a Youth Guarantee Implementation Plan (March 2014), which the EC condemned as being "very limited", and pilots taking place in Croydon, Hartlepool and Pembrokeshire (House of Commons, 2015: 159), Britain remained without the EU Youth Guarantee (EC, 2017). While the EU resisted national changes to the principle of free movement, so Britain had returned to its familiar position of resisting EU changes to national employment policy, ensuring the state's role was not superseded. In the context of economic crisis, revitalisation was repudiated in both directions.

Ireland

5.9 Phase 1: Inactivity of the Free State (1930s-1970s)

Ireland's indirect involvement in the First World War and abstaining from the Second World War meant minimal impact on the national social system and social policy, culminating in a minimal role for the state, in the absence of experiencing total war, and a lack of social pressure for change in the context of an agrarian, small farming economy. Accordingly, the role of women within the home persisted longer than in Britain. This was compounded by the 1930s depression which led to constraints on women's access to employment in order to protect male employment and reduce the high rate of unemployment (Considine and Dukelow, 2009: 33). The state's lack of finances compounded its marginalisation, leading to a partnership of convenience with the Catholic Church which subsequently attained jurisdiction over social policy (Fahey, 2007: 146-147).

The church cemented its dominance through the principle of subsidiarity⁶⁶ which stated that only once "the family's capacity to service its members is exhausted" (Esping-Anderson, 1990: 27) could the state interfere. Respectively, the Beveridge report, with its blueprint for the first ever welfare state, "made shock waves around the world, no more so than in Ireland" (Burke, 1999: 28), with placing in stark contrast the underdeveloped Irish system (Considine and Dukelow, 2009: 41). As a result, health became a government priority leading to a radical proposal for the incremental development of a universal health system. However, due to the social and cultural context of Ireland, proposals such as The Mother and Child Scheme (1951) failed to gain political traction. The scheme was severely "out of tune with the ideology of the day" (Burke, 1999: 28), providing free health care to pregnant or nursing mothers and children up to the age of sixteen-years-old (Lee, 1989: 313-322; Millar 2003).

During a parliamentary debate over the Health Bill, the Minister for Health emphasised how the government was not accepting responsibility for providing free health services for all (Adshead and Millar, 2003: 13). These characteristics were to dominate Irish social policy's development, namely a minimal role for the state, economic policy's dictation of social policy's expansion and a lack of national demand for social policy. Instead, demand for national social policy emerged from EU membership. On entry to the EC Ireland assented to the equal pay for men and women within the Treaty of Rome. Despite the ECJ's judgement

⁶⁶ Origins in Catholic Church social teachings in the publication of the papal encyclical *Quadragesimo Anno* (1931) (Considine and Dukelow, 2009: 30).

that the equal pay article did not include that of the state's social welfare payments, the Irish welfare system was interconnected to employment hence a change in one rendered an adjustment within the other (Cousins, 1995: 98). Thus, Ireland changed its constitutional law to provide primacy to EU law within matters of employment and social welfare (Finnegan and McCarron, 2000: 167).

Predictably, this was rapidly challenged as Ireland's trade unions picketed against the hiring of women. Nevertheless, the court upheld the right to earn a living without discrimination and deemed it to be a right protected by the Irish constitution (see *Murtaugh Properties Ltd v. Cleary*). The EC's supplementary equal pay directive provided Irish women and the numerous women's movements a powerful ally, the EC, who they could rely on when facing national resistance.

5.10 Phase 2: "The False Dawn"⁶⁷ (1970s-Early 1990s)

Ireland's persistently high unemployment levels and poor economic conditions post-independence meant entry to the EU was a "natural ending" (O'Mahony, 2004: 16) to the reorientation of Irish social policy. The demand for a comprehensive welfare state remained notably absent. Contrastingly to Britain, Ireland joined enthusiastically in 1973, participating within European economic and social integration. Ireland was "uniquely susceptible to [the] Europeanization effect because of the nation-wide consensus of opinion in favour of EU membership" (Adshead, 2005: 162). McAleese and Matthews (1987: 40) argue membership made no difference to Ireland during the 1980s, however the succeeding evidence would suggest otherwise.

With a lack of national demand for social policy, the EU instantaneously became the driving force for national social policy as revitalisation initially occurred in one direction. The decision to join the European Monetary System had also been driven by the EC's financial support to weaker states (Keatinge, 1991: 78). Subsequently, Ireland was initially a "taker rather than a shaper" of EU policy as the state became a net beneficiary of the ESF and ERDF (Laffan and O'Mahony, 2008: 257). Ireland received "twice as much from the EU budget than it [had] put in" since 1973 (Dedman, 2010: 178). In line with Britain, the state disagreed over the size and distribution of the ERDF, namely advocating for a larger ERDF but ultimately received only 6% of the funding (Laffan and O'Mahony, 2008: 37).

⁶⁷ (Considine and Dukelow, 2009: 51)

Nonetheless, EU officials within the ESF modernised Irish approaches to vocational training providing a “new voice to the domestic system of policy-making” and “a critical role in Irish development” (Laffan and O’Mahoney, 2008: 260). During the 1980s, Ireland experienced significant economic difficulties facing an unprecedented recession which brought “some of the most serious of the setbacks encountered” with high levels of emigration, unemployment at 18% and national debt at 125% of GNP (Crotty, 2002: 4). The state was threatened with an IMF bailout and three elections were held from 1980 to 1982. Hence, with Ireland financially challenged to immediately implement EC social policy the government, in conjunction with the Federation Union of Employers, requested exemption from the EC’s equality directives⁶⁸.

While the exemption request was unsuccessful in relation to equal pay, leading to the introduction of the Anti-Discrimination Act (1974), an exemption of six years was successfully attained in regard to equality in access to employment (1976) including access to vocational training and equal working conditions, and equal treatment in social security (1979)⁶⁹. Although the Dáil (Parliament) passed the Employment Equality Act (1977) ensuring constitutional law was aligned to EU law in permitting access regardless of gender or marital status (Finnegan and McCarron, 2000: 167). The exemption was based on financial grounds and the composition of the Irish social system (Cousins, 1995: 105). Ironically, this came at a significant cost as the state was obliged to pay £60 million to over 40,000 married women (Cousins, 1995: 27) after a combination of campaigning by interest groups and legal action being threatened from the EC (see *Carberry v. The Minister for Social Welfare; Tate v. Minister for Social Welfare; Cotter and McDermott v. Minister for Social Welfare, Emmott v. Minister for Social Welfare*⁷⁰).

However, transitional payments were excluded and discrimination towards women was readily maintained as Ireland retained its dependency based approach rather than adopting an individualisation of welfare benefits (Cousins, 1995: 105). Additionally, while the EC acted as a catalyst for the incremental introduction of equality within the labour market and social security system, this largely impacted women already participating within the labour market and created a negligible impact within social security (Cousins, 1995: 99; Cousins, 2005: 125; O’Mahony, 2004: 20; Laffan and O’Mahony, 2008: 38-39). Economic policy

⁶⁸ See Badger (2009: 66-92) for the development of equal opportunities and the expansion of them under successive ECJ rulings.

⁶⁹ See Cousins (1995: 94-106).

⁷⁰ See Whyte (2002).

dictated social policy as 'crisis progression' ensued, forcing the state to provide equality at the lowest common denominator. Ireland had a "welfare society"⁷¹ (Conroy, 1999: 45) rather than a comprehensive welfare state.

However, a period of 'crisis diversity' emerged from this initial episode of 'crisis progression'. Social policy's progress continued as the 1980s recession coincided with the two-fold increase in structural funds to poorer states which stipulated that EC funds had to be matched at the national level, subsequently fostering a larger increase in public investment than otherwise would have been pursued (Laffan and O'Mahony, 2008: 42). Additionally, a significant shift also occurred from an annual project based approach to a multi-annual programming approach (Quinn, 2010: 109). The EC stipulated the production of four yearly National Development Plans (NDP) and twelve programmes comprising the Community Support Framework (CSF). This created the environment necessary for a change in the national governance approach (Adshead, 2008: 67).

This new approach required "institutional innovation rather than adaptation" due to the lack of institutional structures for regional development within Ireland (Quinn, 2010: 120). This was a facet of national underdevelopment and the EC's structural funds encouraging national rather than regional development (Quinn, 2010: 107). New monitoring committees, comprising of trade unions and a range of organisations from the business sphere to the voluntary sector, introduced social partnership⁷² as "a key principle in the management and delivery" (Adshead and McInerney, 2009: 1) of regional policy. This was fitting for a state espousing a minimal role for the government. The 1980s economic crisis had left a political vacuum, created by tensions between employers and trade unions, subsequently creating "new institutional spaces" where social partnership could establish (O'Rain, 2008: 182).

EC developments combined with the economic crisis to accelerate both the modernization of Ireland (Rush, 1999: 161) and "the process of embedding the national in the European, and the European in the national" (O'Donnell, 2000: 3-4). However, social partnership had a narrow focus on regional policy and served economic growth objectives, hence national social policy suffered under social partnership. The EC's expanded employment policy also greatly impacted on Ireland, benefiting the majority of citizens through the

⁷¹ "one where people recognize responsibilities towards each other in the first instance. The role of the state is to provide services for and between themselves, to facilitate local employment, local services and local participation" (Conroy, 1999: 45).

⁷² See House and McGrath, 2004; O'Donnell, 2008, 2001; Teague and Donaghey, 2009; Allen, 2000; Murphy 2002; Rush 1999; Roche, 2007.

adoption of the Social Charter (Rees, 2010: 94). However, Ireland, alongside Portugal, resisted harmonisation within employment policy, arguably in defence of the minor role the Irish state played. Ireland subsequently diluted several employment provisions, thus inhibiting a “binding instrument” (Teague and Grahl, 1991: 216) for minimum wage and definitive policy action (Teague and Grahl, 1991: 217).

The advent of the Celtic Tiger incrementally transformed Ireland from a net beneficiary to a net contributor (Bruyn, 2012: 94), rendering Ireland’s “long-standing strategy of ‘reaction’ to EU policy developments” obsolete within this new phase of European policy progress (O’Mahony, 2004: 30-31). Even with unprecedented economic prosperity, social inequality prospered constituting a significant missed opportunity (Interview 19, February 2016; also see O’Connor, 2008: 183, Murphy, 2010). At this time, support for liberal legislation was growing as epitomised in the unanimous political support for permitting divorce in Ireland in the referendum of 1995 (Adshead, 1996: 140). This burgeoning liberalisation culminated in the election of Ireland’s first female President, Mary Robinson.

Some viewed her election as reflecting ongoing change towards a “modernising state” (Adshead, 1996: 141), while others viewed her election as representing “the potential for social change” (Considine and Dukelow, 2009: 69-70). However, what was not to be underestimated was the growing view of the importance of liberal values within Ireland which acted as a force for change (Adshead, 1996: 141). Despite such changes, the Maastricht Treaty presented a significant social challenge to Ireland’s stance towards abortion, which remained unaffected. Ireland secured a protocol within Maastricht which ensured the national constitutions Article 40.3.3 banning abortion would be secluded from EU liberalisation of abortion law.

However, the Supreme Court’s judgement in the ‘X Case’ (*Attorney General v. X et al.*) (1992) constituted an unprecedented liberal reading of Article 40.3.3, creating ambiguities over its interpretation and application. Both supporters and opponents of the anti-abortion amendments advocated for a vote against Maastricht on the grounds of the protection Maastricht provided the new liberal reading and the constraints it placed on information and travel for abortions respectively. Consequently, the ratification of Maastricht was delayed. Ireland ratified Maastricht with 69% voting yes on a 57% turnout (Dinan, 2005: 125) triggering constitutional amendments to Article 40.3.3 with the public passing two out of three. Abortion cases were now assessed on their individual characteristics.

5.11 Phase 3: Reciprocal Revitalisation (Mid 1990s-2007)

Policy development continued as the 'rediscovery of poverty' in Ireland acted as a catalyst to address poverty once and for all, leading Ireland to reverse roles and revitalise the EU. Ireland utilised their experience from the EU Anti-Poverty Programmes (EAPP), namely the third anti-poverty programme (1989-94) where focus shifted "away from a simplistic concept of poverty to the more complex one of social exclusion" (Langford, 1999: 96). Hence, the EU's approach to social policy stimulated Ireland's adoption of the term and concept of social exclusion, thus revitalising Ireland's strategy for addressing poverty (Considine and Dukelow, 2009: 185). It is widely acknowledged that Ireland established and adopted the National Anti-Poverty Strategy⁷³ (NAPS) before the EU (Cousins, 2005: 126; O'Donnell and Moss, 2005: 315).

Irish NAPS "represented the first attempt by any state to adopt an explicit strategy and set of targets against which progress towards reducing poverty could be monitored" (Adshead and McInerney, 2009: 7). They were an "extended model of social partnership", comprising "a form of new governance" (Adshead and Millar 2008: 67). Ireland's President Patrick Hillery, as EU Commissioner for Social Affairs, had been a prominent influence in the drafting of the EC's first SAP which provided the foundations to the first EAPP (1975-80).

Additionally, Ireland's Combat Poverty Agency had informed many of the key European poverty and social exclusion reports (The Irish Times, August 2008). Accordingly, the state rapidly become renowned "as a constructive and fully committed member" (O'Mahony, 2004: 18), providing a template for the EU in its approach to social exclusion (Considine and Dukelow, 2009: 73-74). The EU's fourth anti-poverty programme was unenthusiastically received by most member states (Geyer, 2000: 162), with the programme entirely thwarted by German opposition. Germany claimed the EU was breaching the subsidiarity principle with it being the responsibility of member states to mainstream their national poverty programmes and apply the policy lessons from EU programmes (Langford, 1999: 95).

However, Ireland uploaded its NAPS thinking into the drafting of the Amsterdam Treaty, during its presidency in 1996, after announcing its commitment to drawing up NAPS at the 1995 UN World Summit in Copenhagen (Adshead and Millar 2008: 13). Thus, ensuring that the EU had a legal basis to provide "incentive measures" (Langford, 1999: 65-96) to states to combat social exclusion in a coordinated fashion. The language from the third anti-poverty

⁷³ See Adshead and Millar (2008). It is important not to overstate the NAPS as there is an argument that the strategy never gained full political support across the Irish government or administration with policy innovation in one department resisted by others.

programme was promoted to the main body of the treaty by virtue of Ireland (Langford, 1999: 104). Social exclusion was subsequently part of the EU's social policy agenda thereby guaranteeing financial support. Ireland argued such measures would be significantly beneficial to all member states, without states incurring significant additional costs (Langford, 1999: 95-96).

Consequently, the EU reformed the ESF (1998) to include social exclusion, thus following Ireland's lead and adopting the language of the third EAPP within the ESF. The common employment policy within the Amsterdam Treaty reinforced the national trajectory of employment policy. The redefinition of social exclusion in Ireland subsequently fostered a redefinition of employment as a social issue and a solution to social exclusion (Quinn et al., 1999: 7), namely as a distinct issue rather than part of a broader issue of employment policy (Fitzgerald, 2005: 102). *The Programme for Economic and Social Progress* (1990-93) established the first long-term, experimental strategy for unemployment (Fitzgerald, 2005: 120), creating a "leapfrog effect" (Conroy, 1999: 45) within Irish employment policy.

Additionally, the revitalisation of the EU's employment policy similarly revitalised national employment policy as the focus on youth unemployment was adopted at the national level within Ireland's Employment Action Plan (1998). This attempted to reduce the "in-built unemployment traps" (Fitzgerald, 1999: 121) within the national social security system. The EES also revitalised the Irish labour market by way of prescribing a new approach to gender equality which attempted to avoid the pitfalls of intergovernmental directives (O'Connor, 2005b: 37-38). On the one hand, the EU acted as "a catalyst, by putting mainstreaming on the agenda as an issue to be used within the internal political process by various interest groups and political parties" (Rubery, 2003: 4).

On the other hand, in practice the EES was ineffectual with a lack of policy innovation within gender policy and notable absence of childcare provisions and policy, resulting in a "gulf between policy commitment and implementation" (O'Connor, 2005b: 41). Arguably, this was due to gender equality re-emerging within the EES for economic purposes rather than social objectives (Rubery, 2003). As in the British case, there is much debate over the impact of the EES on Irish employment policy with a divide between those who claim it has had a limited impact (O'Connor, 2007, Rubery, 2003) and those who claim an impact has occurred, albeit subtly (Goetschy, 1999).

Nonetheless, many Irish officials viewed the OMC as beneficial in providing a forum which highlighted areas requiring further action or necessitating greater attention in the

future (O'Donnell and Moss, 2005: 329). Ireland was once again ahead of the EU regarding the Lisbon Strategy. This had already been incorporated into national social partnership, moreover Lisbon had also replicated the Irish NAPS strategy, hence Lisbon priorities were a national priority. Respectively, comparative to the past, the EU was not the driving force behind national social policy's development (Laffan and O'Mahony, 2008: 156). Accordingly, a political crisis ensued bringing national social policy to a halt as the social partners became divided leading to ad hoc policy development. In addition, the three drivers for national social policy, specifically social partnership agreements, national development plans and NAPPs, "were at times operating at cross purposes" (Moran, 2010).

The Developmental Welfare State (NESC, 2005) (DWS), representing the compromise reached between the social partners, was subsequently foiled and was notable for the lack of debate it instigated (Considine and Dukelow, 2009: 77). Arguably, "delivering change in a context of success can in some instances be even more difficult than when faced with an impending crisis" (Flinter, 2005). There is a debate between those viewing economic prosperity bringing social prosperity, at least to the majority (Fahey et al., 2007), and those who claim economic prosperity exacerbated the inequalities within Irish society (Coulter and Colemans, 2003) as the EU's White Paper *Growth, Competitiveness and Employment: The Challenges and Ways Forward into the 21st Century* (EU, 1993) had cautioned.

While, the Celtic Tiger presented "a unique opportunity for the creation and development of social policies" (Quinn et al., 1999: 1) there was seemingly still a lack of demand for such development with citizens few and far between caring about the state having "a robust welfare state or not" (Millar, 2008: 102).

5.12 Phase 4: The "Sick Man of Europe"⁷⁴ as the Poster Child for Austerity (2008-Present Day)

While the onset of the financial crisis fostered a favourable environment for ratifying the Lisbon Treaty (Bruyn, 2012; Dinan, 2010b), in combination with a new Irish Protocol (The Independent, November 2010a), the crisis adversely impacted the already struggling DWS and intensified economic policy's familiar domination over social policy. It was acknowledged that unprecedented economic success had masked the mismanagement of national fiscal policy (Dukelow, 2012; Kinsella, 2012; Lane, 2011; Thorhallsson and Kirby, 2012). However, blame was apportioned to the lack of a tax base to support the growth in social expenditure. This

⁷⁴ (The Independent, November 2010a)

focus on fiscal discipline and criticism of social expenditure “shifted the problems of the crisis to the welfare state domain” (Considine and Dukelow, 2012: 268).

Throughout the euro crisis, the EU had no demand for social policy with its entire focus on economic policy, hence Irish social policy’s progress began to falter. Combined with the fact that, in contrast to the EU, national social policy is funded by economic policy, hence the crisis in economic policy became mirrored in social policy. Subsequently an initial, significant period of ‘crisis progression’ developed. A policy of European and national austerity ensued to maintain the economic system at both governance levels.

Respectively, as Ireland accepted financial assistance from the Troika, the conjoining Memorandum of Understanding consisted of: widening the tax base (Department of Finance, 2010b: 9); a restructuring of the benefit system to reduce unemployment (Department of Finance, 2010b: 10, 20); reductions in payments which protected the most socially vulnerable, namely social transfers, working age, universal child benefit, tax credits (Department of Finance, 2010b: 9) and the minimum wage (Department of Finance, 2010b: 20). The provision of means-tested social assistance persisted by way of limiting “the economic and social fallout of the crisis” (Department of Finance, 2010b: 7). Arguably, the recession was seized “as [a] political opportunity by those who want to establish Ireland as an ungenerous social welfare model and a more neoliberal welfare state” (Murphy, 2010: 5).

To reform the benefit system, Ireland began to model itself on British social policy, namely adopting Pathways to Work (DSP, 2012; 2013; 2014; 2016) and exploring the feasibility of creating a single social assistance payment, which would align Ireland to the rest of the EU and those countries from the Organisation for Economic Co-operation and Development (OECD) (DSP, November 2010). As one interviewee claimed, “the response to the Irish crisis represents adaptation of practices which are to be found working in other countries” (Interview 15, December 2015). Of all the social issues it was the unemployment crisis which “quickly became one of the most serious consequences emanating from the crisis” (Considine and Dukelow, 2012: 9). The (youth) unemployment crisis was unprecedented in Ireland, even relative to the 1980s, meaning Ireland once again became “no country for young men” (The Financial Times, September 2012). Unemployment rapidly increased from 4.6% in 2007 to 14.2% in 2011 (Kinsella, 2012: 224), reaching a peak of 15% in 2012 (The Financial Times, February 2014).

The government was unable to create an appropriate policy response leading to “policy paralysis” (Murphy, 2010: 6) as the crisis spread mechanically to national social policy.

Arguably the government's focus was misplaced rather than absent, focusing on achieving the economically necessitated social cutbacks rather than the unemployment crisis (Social Justice, 2014: 8). Accordingly, both the EU's Youth Guarantee and SIP were created and adopted under Ireland's presidency of the European Council in 2013 to fill this policy void. Ireland, unsuccessfully, attempted to reverse roles with the EU to revitalise the austerity-focused ESM to one based on social investment (Ireland, 2013). Analogous to the years of the Great Famine, a policy of encouraging emigration was also allegedly implemented so to ease the unemployment crisis (BBC News, December 2013).

However, Ireland remained a country of immigration rather than emigration with migrants comprising 11% of Ireland's population (Krings, 2010). This 'crisis progression' in employment policy was transformed into 'crisis diversity', which will be explored in greater detail within Chapter 7. The economic crisis penetrated deeply into social policy engendering a new social problem, namely the working poor, requiring a new social policy response. In 2010, working poor adults accounted for 30% of those experiencing poverty (Watson et al., 2012: iv). By 2014, of the 750,000 people living in poverty, 16% of adults were classified as working poor (Social Justice, 2014: 1).

Homelessness also came to typify the Irish crisis as a cap on rent supplements, a lack of (local authority) housing and the decline in construction fostered a housing boom (BBC News, June 2014). Correspondingly, with the emergence of the working poor a "new dimension to the homelessness problem" (The Irish Times, April 2014) arose as the profile of homeless citizens changed substantially to comprise those with employment. Official statistics showed 3,351 people as homeless with 1,660 of these people coming from within the labour force thus accounting for half of the homeless population (CSO, 2012: 7). Ireland was at risk of becoming "the homeless capital of Europe" (BBC News, June 2014) as 'crisis progression' persisted. This was "the economic cost of failing to address that social issue" (Interview 14, November 2015).

To address the housing crisis significant investment was required. However, as one interviewee reported,

"when we raised this with European officials they say that is a domestic issue, if Ireland increases its taxes then it can invest in housing. Yet, when we raise it domestically we are told, no we cannot do that because of EU rules." (ibid).

Social partnership also became a significant victim of the crisis as the economic crisis spilled over into a political crisis, once again adversely impacting on the vision of a DWS and creating a dramatic change in the political context (Interview 23, March 2016). At this time, a perception of social partnership being undemocratic and bypassing parliament proliferated. A rupture emerged due to the decision to place the burden upon workers, the poor and the young leading to the marginalisation of both the Irish Congress of Trade Unions (ICTU) and business leaders (Regan, 2013: 3). Such strained relations created fractures within the national wage agreement as the ICTU assented to a reduction in expenditure but not public sector pay. The government rejected the ICTU's strategy creating a deadlock between the social partners.

Consequently, the government superseded the Non-Payment of Wages Act through new legislation so to further reduce public sector pay to achieve the necessary cuts. Irish Business and Employers Confederation (IBEC) subsequently withdrew from the process, meaning for the first time in twenty-three years Ireland was without a national social partnership agreement (Regan, 2013: 10). Ad hoc agreements such as the Croke Park Deal (McDonough and Dundon, 2010: 17) and an informal private sector agreement between ICTU and IBEC (Regan, 2013: 10) ensured industrial peace. The president of IBEC, Larry Murrin maintained, "social partnership has had its time" with policy solutions likely to be produced on a "sector-by-sector or company-by-company basis" (The Irish Times, September 2014). Ultimately, contrary to media reports, "it was the Irish government's plan, rather than a plan imposed from outside, that formed the basis for the ongoing fiscal adjustment" (Fitzgerald, 2014: 9).

While the EU fixed the parameters and "specified the coat horse", the government made the policy decisions (Interview 23, March 2016). In the absence of social partnership, Ireland subsequently "turned to powerful external institutions for its legitimacy" (Moran, 2010: 10-11). December 2013 saw Ireland become the first crisis country to exit "financial rehab" (BBC News, December 2013), however austerity continued (The Guardian, December 2013a; The Financial Times, July 2014) with pockets of 'crisis progression' persisting and pockets of 'crisis diversity' flourishing. Ireland had the highest employment growth in the EU as unemployment decreased to 12.1% but also possessed the second highest rate of unemployed households in the EU (The Financial Times, February 2014), indicating a deeper problem persisting within Ireland's labour market. Within the crisis, rather than Ireland

revitalising the EU or vice versa, the EU (response) was a threat to Ireland through limiting national public spending⁷⁵ (Interview 14, November 2015; Interview 21, February 2016).

The Irish recovery continued at pace, by July 2015 Ireland's economy had grown larger than even the Celtic Tiger years and had the highest growth in the Eurozone for the second consecutive year (The Guardian, July 2015). Correspondingly, the social landscape also improved, combined with a strengthening of the construction industry (RTÉ, June 2015). Youth unemployment improved to a rate of 14.5% in February 2017, while unemployment overall decreased from 8.8% in February 2016 to 6.6% in February 2017 (CSO, 2017) as policy responses generated results. Homelessness is the outlier with having persisted throughout the recovery, from 912 families recorded homeless in February 2016 (Department of Housing, Planning, Community and Local Government Report, 2016) to 1,239 families homeless in February 2017 (Department of Housing, Planning, Community and Local Government Report, 2017). However, with the upturn in construction over time this social issue should surpass, allowing policy space for 'crisis diversity' to supersede 'crisis progression'.

5.13 Conclusion: 'Crisis Progression' and 'Crisis Diversity' in Action II

"The development of social policy is not a simple story of linear progress...from the past to the present, [social policy] can be marked as much by repetition and regression as by progression" (Considine and Dukelow, 2009: 22). In this spirit, this chapter has shown how Britain and Ireland at different times, and by different actors, have seen national social policy accelerated, arrested or facilitated by EU social policy developments, and vice versa, with reciprocal revitalisation occurring. Correspondingly, EU social policy has had various moments of opposition ('crisis progression'), out of which progress ('crisis diversity') has been borne as national social policy has responded in diverging ways. Ultimately, this demonstrates the historical and continual presence of a 'crisis spectrum', with member states transitioning along the spectrum throughout the different development phases based on their national political contexts and structures.

In reference to our original three questions:

- Is 'crisis diversity' or 'crisis progression' occurring within the development of EU and national social policy?

⁷⁵ Porte and Heins (eds.) (2016a) argue this control on national budgets, due to the EU's focus on fiscal consolidation with the increased monitoring and application of EU processes as a result of the euro crisis, is creating unprecedented EU intervention in national welfare states. Ultimately, the EU can indirectly influence national social policy through their direct control over national economic policy.

- Is the EU level exhibiting the same crisis pattern as the national level, or are they different as in the euro crisis and what are the implications of this?
- How have Britain and Ireland interacted with EU social policy developments and has this interaction changed from pre-euro crisis to during the euro crisis?

Regarding Question 1: In relation to the crisis pattern both ‘crisis diversity’ and ‘crisis progression’ are occurring within the development of EU and national social policy. The key arguments for ‘crisis progressionists’ in relation to EU and national social policy are:

EU Social Policy

- Economic and political crises have spilled over mechanically into social policy and inhibited its development, e.g. the ‘empty chair crisis’, oil crisis and ERM crisis.
- The ongoing euro crisis has led to a lack of demand for EU social policy initiatives.

National Social Policy

- Actively harnessed ‘crisis progression’ in the British case has inhibited EU social policy development, such as the Social Charter which initially became a social protocol instead. This actively harnessed ‘crisis progression’ aimed to keep EU social policy out of the British social model and attempted to shape a limited EU social policy.
- Economic crises translated into political crises in Britain which have impeded EU social policy, such as ‘Black Wednesday’ which caused ratification issues over Maastricht and led to the emergence of the UKIP party which became a permanent opposition to the EU due to such strong feelings of opposition.
- The euro crisis has led to national efforts and attempts to weaken EU free movement in Britain as a result of an economic crisis once again translating into a political crisis, significantly threatening the EU’s foundations.
- In the Irish case Maastricht was controversial, even an EI-enthusiast such as Ireland could not avoid a political crisis over the new treaty which, albeit momentarily, inhibited EU social policy progress.
- In the Irish case, the euro crisis has spilled over into the political realm rendering social policy initiatives obsolete, thus hindering Irish social policy’s development and damaging the EU’s immaculate record for being a positive force in Ireland.
- The economic crisis has spilled over into Irish social policy. National social policy is now mirroring the crisis in economic policy, subsequently national social policy development has become impeded within national employment policy.

In contrast, the key arguments for 'crisis diversifiers' in relation to EU and national social policy are:

EU Social Policy

- EU social policy and its regulatory sphere has regularly advanced in the aftermath of economic crises, such as in the case of the SEA.
- The ongoing euro crisis has not affected EU social policy, it is able to innovate and suggestions for its progression are being proposed.
- While there is a lack of political demand for individual EU social policy initiatives in the ongoing euro crisis, there is demand for a significant advancement of the ESM, namely to foster a social union.

National Social Policy

- Moments of political crisis due to opposition to further EI did not inhibit a Eurosceptic Conservative government downloading EU social policy, such as the political crisis over Maastricht which did not inhibit the government downloading concepts from the EU level to revitalise national social policy, creating the Citizens Charter and the Patient Charter.
- In the British case, under a Labour government EU social policy revitalised national social policy after political and economic crises in the 1980s and 1990s; the EES made inroads within the nationally guarded area of employment policy and Britain set the agenda for the first time during the mid-1990s.
- The 1980s economic recession led to an increase in EU structural funds to Ireland which in turn created the conditions for the introduction of social partnership.
- The economic crisis counterintuitively ensured the Irish ratification of the Lisbon Treaty; as Ireland began to experience social difficulties this encouraged Ireland to remain supportive of the EU to ensure financial and political support should the state need it, thereby progressing EU social policy.

Regarding Question 2: The two governance levels are exhibiting the same crisis pattern facilitating EU and national social policy whereby 'crisis progression' has recurrently led to 'crisis diversity'. The EU level is clearly exhibiting a pattern of 'crisis diversity', with EU social policy developing through organic crises where crises act as a catalyst for policy development. The national level is similarly exhibiting a pattern of 'crisis diversity', where periods of crisis have been followed by periods of national social policy progress.

The Irish case is demonstrating clear 'crisis diversity', following the trajectory of EU social policy's development due to an absence of national demand to drive Irish social policy. Irish social policy was accelerated by EU social policy developments as the national level responded enthusiastically. 'Crisis progression' has only occurred when EU social policy activity declined. Contrastingly, in the British case national social policy has been facilitated by EU social policy developments. British party politics has actively driven stronger politically charged periods of 'crisis progression'.

This has created a reoccurring political crisis in response to EU social policy developments with the aim to restrict these developments and shape EU social policy in order that the EU does not supersede or dictate the state's extensive role and management of national social policy. As Buller (2006) outlined in Chapter 2, and supported by the analysis of the British case in this chapter, the Europeanization process is subject to competing discourses with different normative connections held by different national groups who use the EU to gain strategic advantage over one another. It is these competing discourses which politicise the Europeanization debate at the national level.

This common crisis pattern has facilitated the progress of EU and national social policy whereby member states have flexibly reversed roles with the EU at times when EU social policy has been stifled. For example, Ireland reversed roles to upload the NAPS which manoeuvred around those member states opposing the EU's role in addressing poverty, particularly Germany. Britain reversed roles with the EU in the 1990s under New Labour to modernise the ESM after Britain, under the Conservatives, had significantly inhibited EU social policy development. By implication, this analysis of EU social policy is further evidence for the existence of 'bi-directional' Europeanization occurring in the EU system which was identified in Chapter 4.

Regarding Question 3: Despite having the same crisis pattern, Britain and Ireland have had different relations and interacted very differently with EU social policy developments, driven by very different dynamics. Responding to Radaelli's (2004) demand to bring politics back into the study of Europeanization, this analysis of EU social policy does exactly that. British social policy responses to EU social policy developments have been influenced by its pre-existing welfare state, economic crises and driven by the highly political context in which social policy operates. Meanwhile, Irish social policy has responded more acceptingly on account of Ireland having no social model to consider and in a contrastingly non-political

manner, instead driven by fiscal demands which have dictated national social policy responses and initially constrained the extent to which Ireland could exhibit its EI-enthusiast attitude.

This demonstrates why the euro crisis cannot become an existential crisis as different structures exist at the national level just as they do at the EU level, as aforementioned social policy has a different structure to economic policy, hence there is no uniform structure for 'crisis progression' to occur. Prior to the euro crisis both states were open to EU social policy, albeit in the British case this was on a limited basis which was "all politically and ideologically driven" (Interview 11, April 2015), namely in the areas where the EU facilitated Britain's pre-existing, comprehensive national welfare state. During the euro crisis both states have become more cautious in their approach to EU social policy developments thus demonstrating, as Buller (2006) advocated in Chapter 2, the increasing relevance and importance of the EU's impact upon domestic politics. In the British case, the historical political divide over the EU has been exacerbated as Eurosceptics feel vindicated in their opposition to the EU, consequently reaching crisis point over the issue of free movement, demonstrating the disproportionate strength of Euroscepticism in Britain in comparison to other states (Interview 4, February 2015).

In the Irish case, there was a political consensus over EU policy that "it's European it's a good thing" (Interview 21, February 2016). However, post-crisis Ireland has converged with Britain's politicisation of the EU. Irish politics like Spanish politics (González, 2017) has been politicised by the euro crisis, substantiating Saurugger's comments in Chapter 2 that "Europeanization inevitably turns more political over time" across and within member states (2014: 190). There has been much debate over the lack of a debate and discussion over joining the euro (Interview 21, February 2016) which was so positively conceived of and yet has become unprecedentedly problematic. Thus, there is now a debate to be had in Ireland over EU social policy as the national context becomes more self-aware of its EU membership and EU (social) policy becomes increasingly questioned and politicised, as one actor stated "it [the euro crisis] has certainly woken up the governmental system" (ibid). Respectively, as Featherstone (2003) maintained in Chapter 2, Europeanization stresses the core changes in contemporary politics and "is central to an understanding of the contemporary politics of the continent" (2003: 20).

The proceeding chapters will analyse specific areas of national social policy in Britain and Ireland to explore whether this national crisis pattern is mirrored and what the implications are for the EU level, starting with the British case. The next chapter explores how

Britain used national welfare policy mechanisms in control of the state to manage welfare entitlement of EU nationals in the context of EU free movement where national immigration policy is invalid.

Chapter 6

Britain, Free Movement and the Stable Euro Crisis

"As far as the freedom of movement is concerned...this is a basic principle of the EU since the very beginning and I am not prepared to change this because if we are destroying the freedom of movement other freedoms will fall in a later cause. So I am not ready to compromise in an irresponsible way." (Incoming President of the European Commission, Jean-Claude Juncker, October 2014⁷⁶)

"Countries need flexibility so they can make changes to their welfare systems to better manage migration...Are we going to find the flexibility to address the concerns of the UK and work together to fix this?" (PM David Cameron, December 2015⁷⁷)

"It does not look like there is going to be a huge amount of scope to change things dramatically, other than if we leave the European Union." (Interview 5, March 2015)

These quotes epitomise the two competing conceptions of the principle of EU free movement, exemplifying the dispute between the EU and Britain which led to a turning point in their relationship. For many political commentators at the time, the unprecedented challenging of the EU's principle of free movement substantiated their belief that the euro crisis was a crippling crisis of progression and the EU was potentially on the path to disintegration. However, as we know today, the euro crisis was contained, EU free movement was maintained, and Britain voted for 'Brexit'. Conversely, as the final quote alludes to, at a time of substantial instability there was significant stability at the EU level. It is this stability from free movement as a 'locked in' EU policy area which compelled a significant discussion within

⁷⁶ (The Guardian, October 2014)

⁷⁷ (BBC News, December 2015)

British social policy over how to mitigate the social impact of EU free movement, namely controlling EU nationals' access to welfare benefits.

This chapter examines the case study of Britain and the British response to the free movement of EU nationals during the euro crisis within the state dispute with the EU. The chapter will analyse how the euro crisis facilitated the state in its ability to exercise the social mechanisms at the national level and develop new social policy to inhibit EU nationals' access to welfare benefits. It will identify the crisis pattern within British welfare policy, deciphering whether a 'crisis spectrum' is at play. Furthermore, this analysis will examine how the euro crisis had notably no effect on the process of Europeanization with Britain's attempts to de-Europeanize, so to keep EU social policy out of the British welfare model, ultimately failing due to the EU's rigid defence of the principle of free movement. This defence of free movement created an equal defence over the process of Europeanization with both the policy area and the process left untouched by the euro crisis.

Immigration policy will be referred to within the chapter but it is not the focus of this analysis. Immigration policy is purely of contextual importance within this chapter. The references to immigration policy merely serve to provide the important context in which the social policy responses were operating. Furthermore, to facilitate exploring the focus of this chapter. Specifically, how Britain used those social policy mechanisms which were in control of the state to manage welfare entitlement of EU nationals in the context of EU free movement where national immigration policy is invalid.

As many of the interviewees remarked, the "significant source" (Interview 11, April 2015) of Britain's dispute with the EU was over the conceptualisation of free movement. Britain, politicians and public alike, treated free movement as a form of immigration. For the EU, free movement was a form of mobility⁷⁸ and a political right of EU nationals afforded from EU citizenship, thus notably distinct from immigration, which conferred other political rights and certain social entitlements at the national level⁷⁹. Hence the significant national social policy discussions that ensued from the immigration debate. This chapter will, filling the current gap in the literature identified in Chapter 3, examine the national social debates and social policy developments which emerged from the national immigration debate in response to the significant rigidity at the EU level. The crisis pattern identified within this chapter will

⁷⁸ For the purposes of this chapter and to use the correct terminology this thesis will refer to 'EU mobility' when discussing the movement of EU nationals.

⁷⁹ See Favell (2014) for a brief analysis of why free movement is not immigration.

serve as a point of comparison for the succeeding chapter, in terms of how responses from specific areas of national social policy are being impacted by the euro crisis. Three questions will be posed in this chapter, namely;

- Is 'crisis diversity' or 'crisis progression' occurring in the crisis response from national welfare policy?
- Does the crisis pattern identified within British welfare policy and its interaction with EU social policy mirror that identified previously in Chapter 5?
- What has been the impact of the euro crisis on Britain's national social policy response in welfare policy, and what does this tell us about the EU in 'crisis mode'?

The analysis is divided into three-time periods, documenting how Britain came to use its national welfare state as "an exclusionary mechanism" (Interview 11, April 2015) to counter the social impact of the EU's principle of free movement. The first period from 2010 to 2011 identifies how the immigration debate has its origins outside of the euro crisis and how the social tensions over EU nationals' access to British welfare benefits were borne. This section accounts for the introduction of the Right to Reside test, designed to counter the broad definition of a 'worker' at the EU level and thus control EU nationals' access to national welfare benefits. This test was to become a significant source of conflict between the EU and Britain, acting as a significant strain on political relations.

The second period charts the height of the free movement debate between 2012 and 2014 accounting for the significant development of British social policy to exclude EU nationals from the British welfare state with the introduction of a new single welfare payment Universal Credit and other welfare initiatives. The section also documents the heightened tensions over the Right to Reside test as the dispute over the test reached its peak with the EU referring the case to the ECJ. This was despite a separate court case supporting Britain's contention that free movement was linked to employment and an EU national's ability to be financially independent. Accordingly, it documents how 'crisis stability' played out at the EU level and how the path was created for 'Brexit' as both Britain and the EU remained immovable over their respective policy stances as the British welfare model clashed with the conception of EU citizenship.

The third period from 2015 to 2016, up to when the British EU referendum campaign began, documents the triggering of 'Brexit' as 'crisis stability' continued within the EU's first

and only response to Britain's concerns within the renegotiation package, with only minimal policy reforms pledged in relation to the EU's regulation on social security co-ordination. This chapter finds that 'crisis diversity' at the national level was met with significant 'crisis stability' at the EU level, substantiating the findings within this thesis so far for a 'crisis spectrum' at play (see figure 7). This analysis also substantiates the claim made hitherto, building upon those findings from Chapter 4 and Chapter 5, that the euro crisis is not an existential crisis as evidenced by free movement remaining untouched. Hence, the crisis pattern of 'crisis diversity' in British welfare policy is found to mirror national social policy's historical development (Chapter 5) and the national level within the euro crisis (Chapter 4). Similarly, Britain's crisis interaction with EU social policy accords with its negative historical interaction (Chapter 5). However, the chapter finds, in contrast to Britain's interaction with the EU historically (Chapter 5), that Britain is unsuccessful in reversing roles with the EU due to the EU's rejection of the national policy the state was attempting to 'upload' to the EU level. This suggests that revitalisation occurs not only both ways but along a spectrum. Ultimately, the chapter concludes that the British case demonstrates, against the traditional view of crises, that the EU in 'crisis mode' does not mean the end of the EU.

6.1 Phase 1: The Mismanagement of Managed Migration (2010-2011)

6.1.1 Pre-Crisis Concerns: The Dawn of Britain's Anti-Free Movement

"The big event was 2004" (Interview 5, March 2015). As discussed in many of my interviews, the source of Britain's concerns with free movement paradoxically lay outside of the euro crisis period. Hence, in order to identify the crisis pattern within the free movement debate we must first reflect on past events to be able to analyse the debate going forward. The 2004 enlargement had "marked a historical watershed" (Galgoczi et al., 2011: 5), as the largest enlargement of the EU in its history. Correspondingly, it led to Britain's largest influx of immigration in its history (Salt and Millar, 2006: 335) being one of only three member states to operate an open borders policy. Hence, it is possible to argue that prior to 2004 free movement never existed, or at the very least not in the form it does today (Interview 9, April 2015; Interview 3, December 2014).

The unprecedented arrival of EU nationals caused anxiety among the British public as Eastern EU nationals resided in localities "less accustomed to migration" (Interview 5, March 2015). Respectively, these areas lacked the integration structure to receive them, creating significant social challenges (Interview 3, December 2014). A "perceived threat" (Interview 8, March 2015) from EU free movement subsequently embedded into the national political

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Immigration policy is experiencing a 'crisis of stability' due to free movement being a 'locked in' policy area. The tensions within EU free movement have been pushed to the edges, namely to EU social security co-ordination, pertaining to welfare benefits and national welfare policy. National level innovation is occurring thereby saving the EU from an overwhelming political crisis; member states are saving the EU.

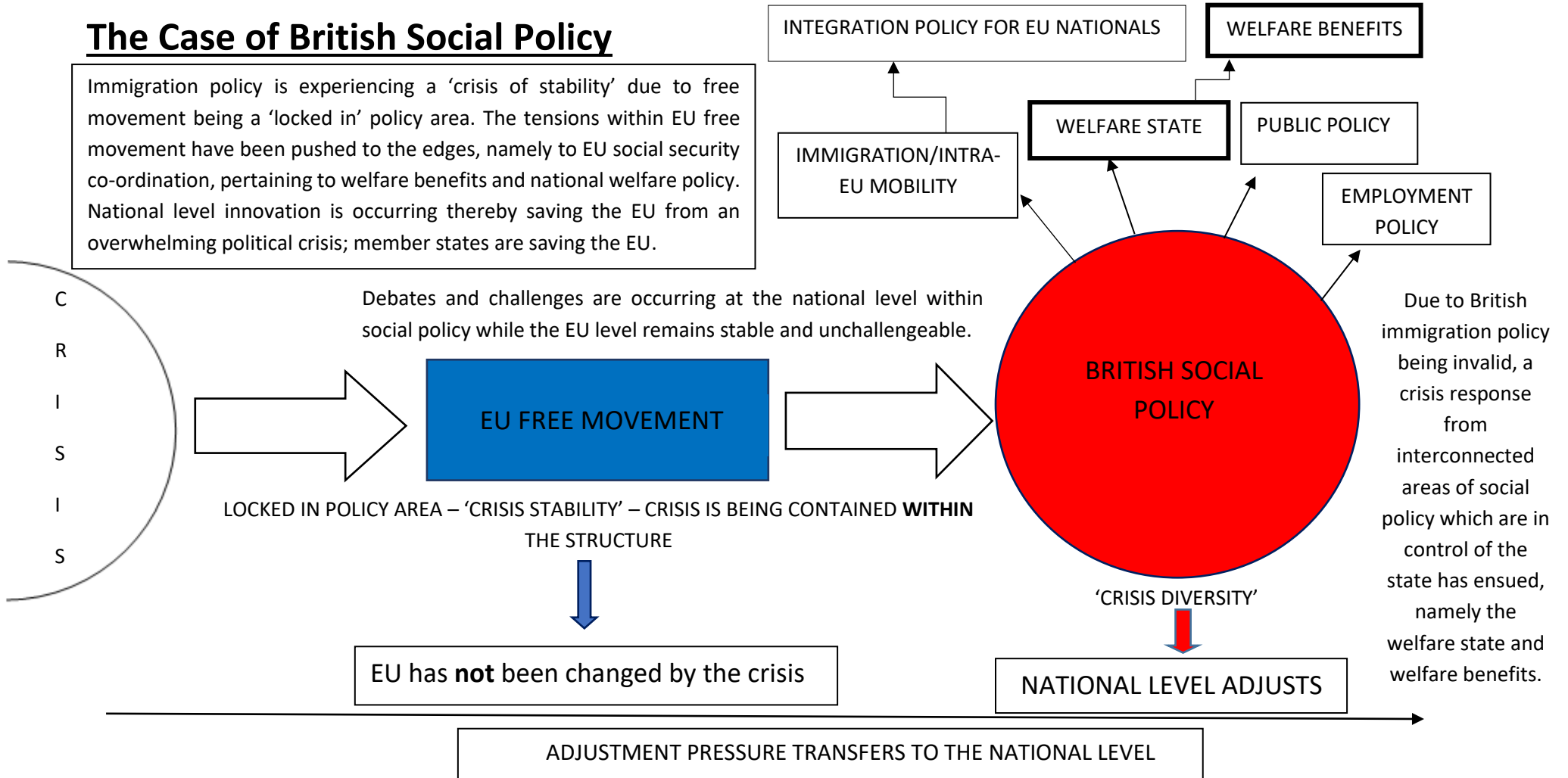


Figure 7

discourse. As a by-product of this, “the integration question” (Interview 5, March 2015) in relation to EU nationals has become much debated as several interviews highlighted⁸⁰ (Interview 3, December 2014; Interview 5, March 2015; Interview 12, May 2015).

Prior to the ten new member states accession, a political debate occurred over the extent to which EU nationals should be able to access welfare benefits on entry. The principal concern was that welfare benefits and social housing would be readily available and act as a pull factor for EU nationals. If welfare states became the driving force for EU mobility, this would lead to an increase in the movement of non-economic EU nationals, thus placing a substantial burden on the national welfare system. In turn, this would lead to competition, potentially a ‘race to the bottom’, between member states in order to deter EU nationals, eliciting an “erosion of the welfare state”⁸¹ (Munz et al., 2006: 38). The Conservative party and Confederation of British Industry (CBI), had advocated for a longer time frame before the new EU nationals could access the welfare state (Clark and Hardy, 2011: 6).

However, Tony Blair reassured the public that EU nationals would not be able to come “simply to claim benefits or housing. There will be no support for the economically inactive” (The Guardian, April 2004). These concerns drove two policy developments, namely the introduction of the Workers Registration Scheme and a new Right to Reside Test. This test was to become the source of great dispute throughout the crisis period epitomising the difference of opinion between the EU and Britain which was to drive the free movement debate. The Right to Reside Test supplemented the EU’s Habitual Residence Test⁸² (HRT). It required EU nationals to prove they were economically active before they could access non-contributory national welfare benefits (BBC News, September 2011b). Hence, irrespective of the euro crisis “immigration was becoming more of an issue” (Interview 8, March 2015) as reflected in the escalation of political and public anxiety.

⁸⁰ Again, this appeared to be a debate that was separated between those viewing free movement as ‘migration’ and those conceiving free movement as a ‘political right’, as one interviewer commented “if you do not see these people moving to different countries as migrants then you miss out totally on the debate around integration” (Interview 12, May 2015). This was reflected when I questioned the relevance of integration policy to addressing British concerns around free movement in one interview to which the interviewee remarked, “they cannot be subjected to integration policy, member states are not allowed to do it” (Interview 9, April 2015).

⁸¹ See Gary Freeman (1986) who maintains that European welfare politics has become ‘Americanised’, creating a mirror image, whereby an open policy of migration interacts with the closed nature of the welfare state to create a political conflict to the latter’s detriment.

⁸² This applied to those nationals from the European Economic Area which included EU nationals and those who are part of the single market namely, Iceland, Switzerland, Norway and Lichtenstein. It also applied to returning British nationals.

6.1.2 New Crisis, Old Concerns, New Policy Response

Following the 2004 enlargement, combined with the precipitation of the global economic recession, Britain lost its confidence in the economic arguments for immigration (Interview 3, December 2014) due to the emergent social challenges. At this time, the EU remained resolute in reinforcing free movement and the associated regulations with the proposal of a Free Movement Card to create “a step change in favour of mobility” (Monti, 2010: 22). Additionally, a three-pronged approach to guarantee free movement rights in practice was formulated namely, ensuring the rights were “fully enforced on the ground by Member States”; simplifying the exercise of free movement rights; and, raising awareness amongst EU citizens of their free movement rights (EC, 2010: 22). This filtered into the planned dedication of the year 2013 to EU citizens, raising awareness of free movement rights.

The advent of the euro crisis caused EU labour markets to respond vastly differently to one another as EU-wide unemployment ensued. ‘Crisis progression’ took hold as a “separate public concern crisis” (Interview 12, May 2015) ignited with the euro crisis exacerbating pre-existent immigration concerns (Interview 3, December 2014). Subsequently, immigration policy’s development became hindered with the policy “no longer operating in a thoughtful place” (Interview 3, December 2014) as it undertook a ‘firefighting’ role to placate public fears. Immigration policy initially responded to this ‘public-concern-crisis’ as, akin to those concerns in 2004, public concern led to the government introducing sweeping changes to policy in “a response to the perception that immigration policy had failed” (Interview 9, April 2015). Hence, analogous to the 2004 enlargement, the election of the new Conservative-led coalition government in 2010 “had more of an impact on migration policy than the Eurozone crisis” (Interview 12, May 2015).

The new 2010 government started a reversal of New Labour’s ‘open door’ policy on EU mobility. The government pledged to “apply transitional controls as a matter of course in the future for all new EU Member States” (Cabinet Office, 2010: 21), while retaining support for ongoing EU enlargement. Additionally, there were numerous changes to immigration policy in relation to non-EU nationals, such as a temporary cap placed on non-EU migration of 24,100 (House of Lords Library Note, 2010) and on skilled migration to the size of 21,700 (BBC News, November 2010).

One of the key changes that influenced other government policy on immigration (Interview 12, May 2015) was the then Home Secretary, Theresa May’s cap on net immigration of “tens of thousands” (The Telegraph, January 2010). The cap came under considerable

political criticism. Nonetheless, migration pressure groups, such as Migration Watch, and the CBI welcomed the cap for breaking the connection between economic migration and migrants who could reside in Britain, with priority given to those with a job offer, which they viewed as substantially benefiting the economy (BBC News, November 2010). However, as one interviewee observed, these policies did little to restore public confidence as non-EU migration was not the “major driver of public anxiety” (Interview 3, December 2014).

Moreover, resources devoted to addressing the impacts of immigration were either removed or dissipated, through mainstreaming these resources into the public services (Interview 5, March 2015). In particular, the Migration Impacts Fund was terminated. In the context of a government determined to reduce and reform the “bloated and inefficient welfare system”, which discouraged the unemployed from seeking employment (The Guardian, May 2010), they maintained the cap was more useful in addressing the impacts of immigration and that it was a non-priority funding stream in the context of austerity policy (The Guardian, August 2010). This policy change created what local authorities termed a “perfect storm”, with “numbers increasing and resources being scaled back at the same time” (Interview 5, March 2015).

Hence, under the new Conservative led coalition government policy of austerity, welfare reform, and retrenchment there was growing concern over the number of EU nationals arriving to Britain to take advantage of British welfare benefits, so-called ‘benefit tourism’ (Papademetiou et al., 2010: 58). The recession combined with an austerity policy and higher than normal levels of migration meant people were “associating cuts and migration, thinking about them side by side” (Interview 5, March 2015). Thus, as politically the two issues became conflated so the political discourse surrounding migration policy changed (Interview 4, February 2015), acting as a further constraint on immigration policy.

6.1.3 The Beginning of the End: British Welfare State vs. EU Citizenship

The alteration in the political discourse surrounding immigration coincided with an intensifying anti-EU discourse as Eurosceptics became incited over Britain’s involvement in the bailouts of Ireland (£10 billion, see Chapter 4), Portugal (£4.2 billion), and Greece (£1 billion). This was despite declarations from both the PM and Chancellor to avoid such bailouts. The Adam Smith Institute also criticised Britain’s involvement, claiming such actions reversed the benefits of the country remaining outside of the Eurozone and made “a mockery of the spending cuts” (The Telegraph, November 2010d). Ultimately, the Eurozone crisis cast doubt

over the economic competence and benefits of the EU, bestowing more political questioning in Britain.

Consequently, a “significant argument” developed that the government was driving immigration anxiety not the public (Interview 9, April 2015; Hatton, 2014: 8). After all, in Britain there was a substantial electoral and political incentive in targeting free movement and perpetuating “the ‘threat’ of open doors eastwards as a tool for berating the impact of the EU” (Favell, 2008: 703), particularly under a Eurosceptic Conservative government. Some of those interviewed claimed the issue with free movement was a “fig leaf” (Interview 1, December 2014) for the lack of national investment that had led to the social challenges with free movement. Others similarly claimed the issue with free movement was “a scapegoat for domestic problems” (Interview 10, April 2015). For instance, David Cameron, the PM at the time, cited the threat of mass immigration contributing to the governments controversial decision to provide an unprecedented £10 billion loan to the Irish state. He asserted economic collapse in Ireland “would have a huge impact on Irish people coming to the UK for work” (The Telegraph, November 2010e). As one interviewee affirmed, “free movement gets instrumentalised by political actors for whom it is convenient to instrumentalise it” (Interview 11, April 2015).

Similarly, the legal dispute between the EU and Britain over the Right to Reside test drove public anxiety over immigration. This legal dispute was a key illustration of the conceptual differences between the EU and Britain over free movement. The EU defined the status of a ‘worker’ very broadly to enable people to seek employment so to truly be a free moving worker (Interview 8, March 2015) hence, free movement “unavoidably has an impact on other national policies which are the competence of EU Member States” (Interview 6, March 2015). The EU opposed the test claiming it discriminated against EU nationals with British and Irish citizens automatically passing and accessing British welfare benefits based on their British citizenship (EC Press Release, 2011b). Despite Britain’s legal victory nationally (see Supreme Court, *Patmalniece case* 2004), the EU remained firm in its position requesting for the test to be brought “into line with EU law” (ibid) within two months.

Consequently, Britain’s relationship with the EU became strained over the matter as in comparison to other member states, the state was “more vocally resistant to Commission pressure to change various aspects of its policies” (Interview 11, April 2015). As demonstrated by Ian Duncan Smith’s, Secretary of State for Work and Pensions at the time, retort in *The Telegraph* which incited further national immigration anxiety. Smith maintained that inactive

EU nationals⁸³ arrived “with the sole purpose of accessing a more generous benefit system” (The Telegraph, September 2011b). This perpetuated those post-enlargement concerns and sowed the seeds for the national concern over so-called ‘benefit tourism’. Additionally, reflecting the uniqueness of the British welfare model, Smith maintained it presented a threat to Britain’s social contract with its citizens by way of breaking “the vital link which should exist between taxpayers and their own Government” (ibid). ‘Crisis progression’ was once again being harnessed to inhibit the EU from dictating national social policy (Chapter 5), namely in relation to paying the unemployed, so to assist the government in delivering its austerity policy.

Inevitably, on account of free movements centrality to the European Project and EU citizenship alike, the Commissioner for Employment and Social Affairs of the time, Laszlo Andor, responded defiantly. He stated that legally the EU was “very sound” with it being “very important” that where EU nationals cannot secure employment immediately they have access to welfare benefits (BBC News, September 2011b). Andor declared it was possible that EU nationals could move to a host state where benefits were higher than their home state, however “since we have a European Labour market we have to accept this as a fact” (ibid). As substantiated by an economist, free movement requires states “to let in people you do not necessarily particularly want...that is the nature of the game” (Interview 2, December 2014).

At the same time, Eurosceptic sentiments increased in Britain. A public appeal was made by Mark Pritchard, a Conservative backbencher, to Cameron to hold an EU referendum claiming “bail-out fatigue” was undermining political support in the Conservative party for an economic crisis that was “self-inflicted” (The Telegraph, September 2011a). A petition of 100,000 signatures from the public as well as MPs and MEPs from within both the Conservative and Labour parties called for a referendum on EU membership (BBC News, September 2011a). However, the motion was defeated in a vote when debated in the House of Commons (The Guardian, October 2011). This vote incited one of the largest Conservative revolts in political history (The Telegraph, October 2011).

Ultimately, three independent and interdependent tensions set the stage for an unprecedented debate over the (in)flexibility of EU free movement. Namely, British public concern over the number of EU nationals in Britain; the British politicians concerns with inactive EU nationals’ access to welfare benefits and EU membership; and an unyielding EU.

⁸³ See *Baumbast case* (C413/99) (Europa: EUR-Lex) which provided the legal grounds for EU nationals receiving welfare benefits while economically inactive.

Respectively, national social welfare policy's response to the crisis issue was to be both driven and mediated by national politics, EU law, and the politics of the rest of the twenty-seven member states.

6.2 Phase 2: The Crisis Response (2012-2014)

6.2.1 The Stable Crisis: Right to Reside and the Inflexible Positions of Britain and the EU

Initially, the EU and Britain were at a stalemate with 'crisis progression' threatening to overwhelm both governance levels. There was an impending political crisis if a limit was placed on free movement, leading to the unravelling of the EU project, and if free movement was not limited respectively. Thus, stability dominated the EU's response to Britain's concerns as free movement was "a part of being in Europe" (Interview 8, March 2015). Free movement was 'locked in' hence adjustment pressure was transferred away from the EU level. Respectively, with the EU remaining committed to its irrefutably, inflexible standpoint over not changing free movement policy, it was the euro crisis which was "offering an opportunity for re-discussing [free movement] policies" (Interview 4, February 2015).

Britain seized this opportunity, committing to its position that free movement could be adjusted to resolve national concerns. Thus, a significant period of 'crisis diversity' emerged with a significant amount of discussion ensuing over ways to limit free movement (Interview 2, December 2014). Euroscepticism was already disproportionately present in Britain (see Chapter 5). However, politically the euro crisis had increased British Euroscepticism (Interview 4, February 2015) which in turn "encouraged politicians to view European migration as a problem that requires them to make a response" (Interview 10, April 2015). Namely, adjusting social policies to appear "as if they are responding to increased migration" (ibid).

Thus, a new form of Euroscepticism was fostered, one "predominantly clothed in anti-immigrant rhetoric" (Interview 11, April 2015). Financially, the euro crisis caused free movement to challenge "the ability of countries to support high levels of EU migrants" (Interview 12, May 2015). Out of this challenge came policy change. Together these concerns created a "snowball effect" (Interview 1, December 2014) within the development of national social welfare policy, despite the ongoing euro crisis. In a dramatic transformation during the crisis period, British anti-immigration rhetoric went from being addressed in immigration policy to within social welfare policy (Interview 11, April 2015).

The policy response initially continued within national immigration policy, despite being obsolete in responding to the social impact of EU free movement. In 2012, with both Ireland and Greece seemingly on the brink of exiting the Eurozone, Theresa May, Home Secretary at the time, disclosed details of emergency immigration controls should the euro crisis deepen with the collapse of the European single currency (The Telegraph, May 2012b). Nonetheless, the EU retained its obstinate policy approach, defending free movement by way of strengthening non-EU third country nationals' free movement rights, in parallel to its defence of EU nationals (EC, 2012). The EC proposed a new EU mechanism to coordinate and "ensure complementarity" (ibid: 6) between the national and EU level approaches to third country nationals' access to welfare benefits. Opposition was raised by Britain on both political and economic grounds (House of Commons, 2012: Column Number 4-5).

Correspondingly, the EU's inflexibility over social security co-ordination regulation in relation to Britain's Right to Reside Test continued as the EC issued a second reasoned opinion due to four areas of national policy still not being brought into line with EU law (EC Press Release, 2012). Similarly, the 'European Year of Citizens 2013' further preserved free movement with the EC intent on extending the stipulated three-month period in which unemployment benefits could be exported to EU jobseekers to facilitate their free movement (EC, 2013: 8). Paradoxically, at a time of celebration at the EU level over the success of free movement and EU citizenship, at the national level Cameron announced the Conservatives would hold a referendum on EU membership, should the party be re-elected in 2015. The referendum constituted the potential for "a very dramatic change" (Interview 5, March 2015) from the euro crisis with either 'Brexit' or changes to free movement as the threat of an 'out' vote afforded both political "sway" over controlling EU free movement and an incentive for national policy innovation (Interview 3, December 2014).

At this time, Britain's policy response transferred to social welfare policy as Britain's rigid stance in not paying welfare benefits to inactive EU nationals living in the state was accommodated within national reforms of the welfare system. The Welfare Reform Act introduced a new single benefit payment, Universal Credit (UC), replacing welfare benefits treated differently under EU law respectively (House of Commons Library, 2013: 11). The government categorised UC as social assistance, on the basis it was replacing not agglomerating benefits. Thus, it was "outside the scope" of EU social security regulations and, by implication, "not exportable" (ibid). Others claimed special non-contributory would be a more appropriate classification (Sibley and Widmann, 2013).

EU nationals' access to UC was inextricably connected to employment status, with only those working, self-employed or seeking employment who passed the HRT qualifying (DWP, 2012: 4). Those not seeking work (DWP, 2012: 5), students and the inactive who had a right to reside were ineligible (DWP, 2012: 4). Contrastingly, reflecting the EU's firmer policy position, a new EU directive was created which went beyond EU law (House of Lords, 2013a: 6) to explicitly "ensure real and effective application of existing legislation" (EC Press Release, 2013b). This was in light of the "lack of awareness and consistency" (EC MEMO, 2013) within the national application of free movement rights. Hence, putting into action the three-pronged approach to guaranteeing free movement rights in practice.

Andor maintained that because of the euro crisis it was "all the more important to make it easier for those that want to work in another EU country to be able to do so" (EC Press Release, 2013b). In parliament, it was deemed the new directive did not impact on Britain in any significant way (European Scrutiny Committee, 2013; House of Lords, 2013a; House of Lords, 2013b). Nonetheless, opposition was voiced by Mark Harper who argued the directive did little in the way of addressing British concerns, maintaining the directive would "not rebalance the rights and responsibilities debate at all" (House of Lords, 2013b: 28). Harper claimed that if public concerns were not addressed, "it becomes very difficult for the public to support, first, our membership of the European Union, and, secondly, free movement rights" (House of Lords, 2013b: 12).

Euroscepticism reached its climax with public concern over Romania and Bulgaria's forthcoming accession and the economic recovery "fuelling" further inflows (Interview 5, March 2015), affording UKIP Conservative seats in local elections⁸⁴ (The Guardian, May 2013a). In this context, the EC finally referred the matter of Britain's Right to Reside Test to the ECJ after "two years of fruitless negotiation" (The Guardian, May 2013c). In addition to disputing the Right to Reside criteria, the EC also maintained that Jobseeker's Allowance was not a form of social assistance, even the non-contribution element of it (The Guardian, May 2013c). However, British officials expected both British and EU law to be amended to take into account the unprecedented public concern (The Financial Times, May 2013b).

A spokesman from the EC stated the court case was unavoidable as "the difference between us is fundamental" (The Guardian, May 2013b). Stephen Booth from Open Europe at the time commented, "if the commission wants to push the UK out of the EU, it's doing a pretty

⁸⁴ See Geddes (2014).

good job" (ibid). In response, Britain conceived the test as already aligned to EU law and "a vital and fair tool" (DWP, 2013) to safeguard British welfare benefits. The government argued that Britain was committed to the EU's principle of free movement but could not have a welfare system permitting "'inactive' migrants to become a burden on our welfare scheme" (ibid). Hence, the stalemate looked set to continue.

6.2.2 British Policy Innovation over Non-Intervention: The Battle over 'Benefit Tourism'

British welfare policy development was subsequently driven by this policy of non-payment to unemployed EU nationals as Cameron took the opportunity and "used those concerns and crises to advocate quite radical policies" (Interview 12, May 2015). The government began to think creatively over how to inhibit EU nationals' accessing British welfare benefits through national social welfare policy. There were plans to disallow EU nationals from being on council housing waiting lists for up to five years, as local councils became legally obliged to conduct local residency tests (The Telegraph, March 2013a). Additionally, there were suggestions to create a "proper residency test" in order that all foreign nationals' automatic access to claim legal aid in civil cases over receiving state benefits, housing, and other claims was terminated (The Daily Express, February 2013). Considerations were also given to restricting access to the NHS (ibid).

Cameron encouraged ministers to "think like Conservatives" (ibid) in coming up with new social welfare policy to control migrants' rights. Ultimately, such a policy would indirectly restrict population movements (Interview 4, February 2015) in the absence of being able to respond through changes in national immigration policy. On account of the burgeoning debate, by order of Andor, the EU subsequently conducted its own study into 'benefit tourism'. The study revealed inactive EU nationals comprised of a small proportion of the overall EU population claiming benefits, namely between 0.7% and 1.0% (DG Employment, Social Affairs and Inclusion, 2013: 13). The only exception to the rule was Ireland with 3% of inactive EU nationals claiming benefits (DG Employment, Social Affairs and Inclusion, 2013: 200). In Britain, the number of economically inactive EU nationals had increased by 42% in the period from 2006 to 2012 (DG Employment, Social Affairs and Inclusion, 2013: 170).

Nevertheless, the report cautioned that the figures should be treated "as order of magnitude estimates" given the lack of data on inactive EU nationals (DG Employment, Social Affairs and Inclusion, 2013: 204). The study ultimately suggested that the British concern over EU nationals' access to the welfare state was "exaggerated" (BBC News, October 2013).

However, Eurosceptics interpreted the study as evidence that Britain needed greater control over its borders and welfare alike (The Telegraph, October 2013a). Accordingly, despite attempts to disprove and discredit 'benefit tourism' the report paradoxically incited further anti-EU and anti-free movement sentiments. Conservative MP Douglas Carswell claimed it was no longer tenable to allow free use of the welfare state and allow EU nationals to "flee the Eurozone" to Britain, "it is decision time. I would rather we quit Europe and had our own system of social protection" (ibid).

Andor maintained that while he recognised regional and local pressures, the report "puts into perspective the dimension of the so-called benefit tourism which is neither widespread nor systematic" (The Telegraph, October 2013b). In opposition to this evidence, national policy development continued as the Department of Working Pensions strengthened the HRT through an IT system which tailored questions to an individual's circumstance (HM Government, 2013). In conjunction, the Home Office created a new requirement that EU nationals' right to reside through their status as 'jobseekers', and thus having access to welfare benefits, would terminate after six months unless the person in question could prove they were "actively seeking work and have a real chance of getting a job" (ibid).

Two months away from the accession of Romania and Bulgaria, 'crisis diversity' reached a high point as Cameron further utilised public concern to announce additional new social welfare policy in relation to the forthcoming new EU nationals. Within an article for the *Financial Times*, Cameron outlined the new limitations. Specifically, EU nationals would be unable to claim housing benefit, aligned with young British nationals, and would not be entitled to out of work benefits for three months. If EU nationals required ongoing financial assistance, Cameron pledged "we will no longer pay these indefinitely" (The Financial Times, November 2013).

From January, no EU national had a right to Jobseeker's Allowance for more than six months without evidence they could gain employment. Access to benefits was to be contingent on a new minimum earnings threshold which was to be introduced. All proposals, as far as the Coalition considered, were in accordance with EU law (The Guardian, November 2013). Cameron also proposed limiting free movement at the EU level by use of economic criteria and national immigration policy respectively. This comprised of new member states having to reach a certain GDP per head before free movement could be fully exercised (The Financial Times, November 2013).

Additionally, old member states would be able to impose a cap on EU mobility should their inflow reach a certain number in a single year (ibid). Once again there was a “robust response from Europe” (Interview 5, March 2015) to Cameron’s article as stability continued at the EU level and thus within national immigration policy. The EU once again stood firm as Viviane Reding, European Justice Commissioner, stated free movement was “non-negotiable” and stated if Britain wanted to exit the single market “you should say so” (Reuters, November 2013).

Andor stated that the PM’s publication was an “unfortunate over reaction” (The Telegraph, November 2013a). As an interviewee discussed, the EU’s concerns over a cap being introduced were due to the policy proposals being “such a fundamental change that it would have led to a referendum” (Interview 3, December 2014). Nigel Farage, UKIP leader at the time, attacked Cameron’s measures for being inadequate claiming “it doesn’t sound very tough to me...we are still being far too generous” (The Telegraph, November 2013b). Cameron subsequently sent a warning to the EU that Britain would veto new EU members in the future unless there were reforms to the freedom of movement principle (The Financial Times, December 2013). Despite the EU’s rejection of a cap, Britain re-attempted to respond to national concerns through immigration policy.

A proposal to place an annual cap of 75,000 on EU nationals was leaked as Conservative MPs called for the accession deadline of Romania and Bulgaria to be extended by two years (The Guardian, December 2013b). The leaked report also proposed banning EU nationals from accessing the welfare state for five years (The Independent, December 2013), in line with non-EU nationals. National social policy development continued with the ongoing political debates. Smith announced the implementation of the strengthened HRT before the end of the year (The Telegraph, December 2013a). To gain access to welfare benefits, nationals from the European Economic Area were required to provide more detail and answer more questions than previously. Innovatively, they would now be asked if their language skills were a barrier to gaining employment. Additionally, they were also required to provide evidence that they had attempted to attain employment before arriving to Britain.

Once more the EC was quick to voice its opposition, stating the test had already been harmonised and agreed to by Britain at the EU level. The EC maintained that the test was to determine “where a person’s centre of interest is located, which has nothing to do with language” (ibid). Despite the EU’s rejection of all British proposals, Cameron claimed at the beginning of 2014 that “all options are on the table” (The Guardian, January 2014). Policy

debates at the national level were also considering changes to the British welfare state. As attempts were being made to introduce a private bill to restrict EU nationals' access to welfare benefits, during the second reading Sir Edward Leigh stated, "if the only way we can deal with this problem is to move to a contributory system, perhaps we should" (House of Commons, 2014b: Column 1138). As many interviews affirmed, "Britain has lots of non-contributory benefits which is obviously a problem" (Interview 9, April 2015).

Christopher Chope, author of the bill, opposed such suggestions claiming Britain "as a sovereign country" should not have to tailor its welfare system to avoid abuse under the EU (House of Commons, 2014b: Column 1139). As an interviewee stated, Britain would not see why they should conform to the EU model and the other twenty-seven member states would not see justification to change "the whole of the EU treaties" to fit with Britain's welfare model (Interview 12, May 2015). David Nuttall maintained that if a renegotiation around welfare benefits was not possible the public "would be absolutely right to vote to leave the EU so that we can get back control over such matters" (House of Commons, 2014b: Column 1149).

With national immigration policy proposals once again reaching an impasse with the EU, the pressure moved towards British welfare policy. Subsequently, those policy proposals announced the previous November were implemented as Smith announced that from April 2014 EU nationals would be unable to access Housing Benefit, while British and Irish nationals' rights to Housing Benefit remained unaffected (DWP Press Release, 2014a). Britain also introduced a more stringent test for EU nationals to attain a 'worker' status. From the 1st March 2014, there would be a "minimum earnings threshold" of £150 per week for the previous three consecutive months (DWP Press Release, 2014b).

In addition to removing EU nationals' rights to Housing Benefit, an EU jobseeker would have to be resident for three months and successfully pass the HRT before accessing national welfare benefits. After six months, those EU nationals remaining unemployed and without evidence they can gain employment would cease entitlement to claiming Jobseeker's Allowance benefit. These proposals acted as a means by which to "cap welfare and reduce immigration" (ibid). Policy development was also being fostered by those outside the political sphere. The Institute for Public Policy Research facilitated welfare policy innovation proposing firstly, in accordance with Sir Edward Leigh and many interviews, a "stronger contributory element" (IPPR, 2014a: 67) to be re-introduced into the welfare model.

Secondly, advocating for a renegotiation of the principle of exportability in relation to paying welfare benefits on arrival and Child Benefit payments to children residing outside

Britain and, “fairer forms of conditionality” (IPPR, 2014b: 27). The government commissioned review of the balance of competences between Britain and the EU regarding free movement generated innovative policy proposals covering changes to, EU law; the exportability of welfare benefits; and, the EU’s social security rules (HM Government, 2014: 54-57). Conversely, many of those changes suggested in relation to changing EU law would have been illegal under EU law in practice. As a legal expert stated when interviewed, free movement “is not something you can adapt or change in policy terms” (Interview 8, March 2015).

Open Europe, arguably the most influential think-tank within the social debate over EU free movement at the time, advocated for a policy which stipulated EU nationals had to reside in Britain for up to three years before they either qualified for all welfare benefits through a new EU Directive on Citizenship and Integration (Open Europe, November 2014a), or qualified for access to in-work benefits (Open Europe, November 2014b). Policy development continued within the political sphere as Cameron attempted to combine the policy strategy in immigration policy to welfare policy. After multiple failed attempts to foster EU support for a cap on the number of EU nationals arriving, the PM proposed a cap on the number of national insurance numbers provided to low skilled migrants as a means to reduce the number of EU nationals arriving to Britain (The Telegraph, October 2014).

Jose Manuel Barroso, President of the EC, immediately challenged the proposal and defended free movement maintaining, “the principle of freedom of movement is essential, we have to keep it” (ibid). Barroso claimed, “any kind of arbitrary cap” (ibid) would be illegal under the principle of non-discrimination. Nonetheless, it was thought the policy would form the principal policy of the forthcoming immigration speech, until government sources denounced the new policy as speculation (ibid). Ultimately, against the background of the euro crisis, unprecedented EU free movement rigidity spawned unparalleled British social policy innovation and development.

6.2.3 British Innovation from the Impasse over Immigration

The policy response continued within national welfare policy as Cameron laid out further innovative policy proposals within his immigration speech. Cameron had promised the Tories a “game-changing new immigration policy” (The Times, October 2014). Reports in *The Times* of an “emergency break” (ibid) on the arrival of EU jobseekers were subsequently denounced as mere “speculation” (The Financial Times, October 2014). However, in anticipation of the immigration speech there were those on the one hand reporting that Cameron would stretch EU rules “to their limits” and “square” the proposals with Merkel prior

to his speech (The Sunday Times, November 2014). On the other hand, there were voices muting Cameron would ensure a “German-compliant package of measures” (The Independent, November 2014). Such suggestions were met angrily by Conservative MPs, such as David Davis who claimed there should be no such measures (BBC News, November 2014a).

At the same time, it was reported by *Der Spiegel* that Germany rejected Britain’s policy proposal of placing a cap on EU nationals (Spiegel Online, November 2014). If such a suggestion was made Merkel would reportedly rescind her efforts to ensure Britain remained in the EU. Respectively, Merkel was viewing ‘Brexit’ as a real possibility (ibid) over this policy proposal. Merkel believed such limits on low-skilled EU workers would bring EU free movement to an end (The Sunday Times, November 2014). David Davis dismissed Germany’s comments as being fuelled by domestic politics with Germany concerned that more EU nationals would go to Germany if access was restricted to Britain (The Telegraph, November 2014a). Ultimately, the speech was expected to create a path for a ‘Brexit’ with no support from Germany or the other EU states (New Statesman, November 2014).

Meanwhile, the calls for ‘Brexit’ grew as senior cabinet members including Oliver Letwin, Chris Grayling, Theresa Villiers and Michael Grove all stated Britain should leave the EU in the event that Cameron could not attain a significant reform of Britain’s membership with the EU (The Guardian, November 2014a). Merkel deemed Cameron was “putting domestic politics before and party management ahead of diplomacy” (The Telegraph, November 2014b). Prior to Cameron’s speech there were reports that Merkel had influenced the PM, deterring him from advocating a cap (The Telegraph, November 2014e). An additional influence on Cameron’s immigration speech was the ECJ’s ruling in the *Dano Case* (2014) (see Verschueren, 2015; Thym, 2015). The ECJ ruled that Germany did not have to pay welfare benefits to an inactive Romanian national. Hence, the judgement reinforced Britain’s contention that “free movement is still linked to employment and the ability to support yourself” (Interview 9, April 2015).

In the wake of the British immigration target being abandoned (The Telegraph, November 2014c), Cameron gave his immigration speech which signified a significant change in national tactics (BBC News, November 2014b) rather than changing the game. In a “sea change” (Interview 3, December 2014) Cameron concentrated new policy efforts on reducing the number of EU nationals arriving to work in Britain through welfare policy, as Open Europe advocated, rather than addressing ‘benefit tourism’ per se. Cameron outlined how EU nationals would have to be resident in Britain for four years before being entitled to welfare

benefits, including Child Benefit and tax credits, and social housing. In what would have been “a fundamental change to what free movement is all about” (Interview 3, December 2014), EU jobseekers would be required to have a job offer before arriving to Britain. Those who did not would be ineligible for welfare benefits.

Cameron stated a new law would be passed so that EU jobseekers could not claim UC, which would be enacted within existing EU law. Those jobseekers who after six months were still without employment would have to leave Britain. Additionally, Child Benefit would no longer be paid to children residing outside of Britain (Prime Minister’s Office, 2014). Ultimately, Cameron presented a “welfare problem rather than an immigration problem” (The Telegraph, November 2014d), declaring “EU jobseekers who don’t pay in will no longer get anything out” (Prime Minister’s Office, 2014). Cameron stated these proposals provided “a bigger element of control” than an “arcane mechanism within the EU” (ibid), referring to the absent cap. He claimed such a mechanism would be under the control of the EC and not Britain (ibid).

Arguably, Cameron had reached “a cul-de-sac” after taking attempts to change EU law “to its limit and drew back” (Interview, 5, March 2015). Cameron stated Britain would not launch “a fundamental assault” on free movement but would “rule nothing out” if the EU did not respond to concerns (Prime Minister’s Office, 2014). EU reaction to Cameron’s speech was predictably negative. Germany accused Britain of blackmailing the EU (The Guardian, November 2014b). Poland stated its opposition to proposals advocating for Britain to change its welfare state to a more contributory system, with the principle of equal treatment being “an absolute red line” (The Telegraph, December 2014). An EU official ruled out treaty change on the grounds “it could be counterproductive” (The Guardian, November 2014b). The EU was experiencing a “shut down” in some areas so to avoid opening a “Pandora’s box of other problems” whereby “things start to unravel” (Interview 12, May 2015). Meanwhile, the EC stated Cameron’s proposals were “part of the debate” (BBC News, November 2014c).

Nationally, threat of another Conservative revolt emerged as Eurosceptics responded angrily to reports of Merkel’s interference and were concerned the proposals were inadequate (The Telegraph, November 2014e). Farage maintained that while Cameron had taken away “one or two of the pull factors, you cannot control immigration as a member of the European Union...that is something he isn’t going to challenge” (The Guardian, November 2014c).

6.3 Phase 3: The British Negotiation (2015-2016)

6.3.1 EU Policy Stability

Against the background of the wider European migrant crisis, which significantly impacted the British debate at the time but is outside the scope of this thesis to discuss, the Calais Crisis and the reignition of the sovereign debt crisis in Greece, the 2015 General Election⁸⁵ led to an unexpected majority win for the Conservative Party. Accordingly, Cameron announced that an in/out referendum on Britain's membership of the EU would be held before the end of 2017 (Prime Minister's Office, 2015), and set out his position for the forthcoming EU negotiations. This included: policy proposals for EU nationals to be ineligible to claim in-work benefits and housing for four years; terminating the payment of Child Benefit to children living outside Britain; and, reigning back ECJ judgements that had expanded free movement rights (Prime Minister's Office, 2015).

Stability at the EU level continued despite the threat of the impending British referendum. The EC, along with numerous member states, reacted characteristically resolute in its position on free movement branding Cameron's proposals as "highly problematic" (The Guardian, November 2015). Germany continued to state that free movement and non-discrimination were "non-negotiable" and an achievement of EI that could not be "haggled over" (The Telegraph, October 2015). Nonetheless, Donald Tusk, the EU Council President of the time, proposed peripheral policy changes in response to British concerns. Hence, although there were signs of 'crisis diversity' at the periphery, free movement itself was not undermined, indicating fundamental stability at the EU level. As one interviewee stated prior to the 2015 general election, "there will have to be some reforms to free movement over the next few years" (Interview 12, April 2015).

Within Tusk's draft negotiation package, in relation to EU nationals' free movement rights in accessing welfare benefits, policy reforms included changes to the EU's secondary legislation. Firstly, there would be changes to the regulations surrounding social security co-ordination. In regard to Child Benefit, Britain was still required to pay those with children outside of the state. However, policy would be introduced to permit payment of Child Benefit at the rate of the member state in which the child was living (European Council, 2016a: 15).

Secondly, there were changes to the regulation on the free movement of workers. A new "alert and safeguard mechanism" (European Council, 2016a: 15) would be introduced. In

⁸⁵ All mainstream political parties "shifted their view and position" on EU nationals access to welfare benefits, outlining "tougher policies" (Interview 12, May 2015).

a clear response to Cameron's Open Europe-influenced policy proposals, this allowed Britain to suspend payment of in-work benefits to new EU nationals for four years in response to "an exceptional magnitude" (ibid) of EU nationals arriving. The package stated that this suspension would be permitted for "an extended period of time" (ibid). Over these years, the limits on EU nationals' access to the welfare state would be incrementally removed "to take account of the growing connection" between EU nationals and the host state's labour market (ibid).

Notably, EU nationals' entitlement to access national welfare benefits could be temporarily suspended under these new proposals. This mechanism would be enacted under one of the following three conditions, namely where EU nationals were: impacting on the operation of "essential aspects" of the welfare system and "primary purpose" of in-work benefits; creating "serious" and persistent problems within the employment market; or, exerting "excessive pressure" on the "proper functioning" of national public services (ibid).

Nonetheless, the package clarified that the mechanism would be under the jurisdiction of the Council and EC. There were also changes to primary law regarding new "appropriate transitional measures" (European Council, 2016a: 16), without detailing the specifics. Thus, the EU had successfully upheld free movement in the context of unprecedented challenges.

6.3.2 The Dawn of a New Crisis

At this point the other twenty-seven member states politics became imperative, as "in order to have innovative policy making you need support from the rest of the EU" (Interview 12, May 2015). Four countries including Poland were opposed to the restrictions proposed on EU nationals' access to welfare benefits twenty-four hours before head of states were to meet at the final summit to agree on the package (BBC News, February 2016a). There were also clashes over how long the emergency brake on welfare benefits should last (The Independent, February 2016b). Nonetheless, these policy changes were agreed to by virtue of Cameron compromising on his original negotiation position (BBC News, February 2016b). The emergency break could operate for seven years rather than thirteen, meanwhile Child Benefit rules would apply immediately to new EU nationals only, rules would apply to currently residing EU nationals from 2020 (ibid). These changes were to become effective on the event of a successful referendum over Britain's EU membership (European Council, 2016b).

Despite Cameron declaring a victory for Britain, nationally politicians and the media judged the package as a failure. Cameron claimed Britain now had "tough new restrictions on access to our welfare system for EU migrants" with "no more something for nothing" (The

Independent, February 2016c). However, the package came under heavy criticism from within and outside the Conservative government. Conservative Liam Fox branded it “watered down in every area” (The Independent, February 2016a), meanwhile Boris Johnson claimed, “what would be better would be if we had a brake of our own” (Sky News, February 2016a). Open Europe were more receptive to the deal calling it “a step in the right direction” (Open Europe, 2016) with it being “the largest single shift in a member state’s position within the EU” (ibid). For Eurosceptics the package reinforced their belief that the only means for Britain to gain control was to leave the EU (The Independent, February 2016d).

Most importantly, the public overwhelmingly viewed the settlement as being a bad deal for Britain with 44% claiming it made them more likely to vote in favour of ‘Brexit’ (Sky News, February 2016b). After the cabinet assented to the government campaigning to remain, Cameron announced that the date of the EU referendum would be 23rd June 2016 (The Independent, February 2016d). Thus, public dissatisfaction over the negotiation settlement, with Cameron having to compromise over EU nationals’ access to welfare benefits, arguably meant the ‘out’ vote for ‘Brexit’ on the 23rd June had been confirmed. A ‘Brexit’ vote was subsequently the “big long-term impact” of the euro crisis (Interview 12, May 2015). Ultimately, national politics had been forced to compromise with EU politics as economics and politics clashed, leading Britain to the exit door and a new crisis to begin.

6.4 Conclusion: ‘Crisis Progression’ vs. ‘Crisis Diversity’

“I do not see...that this is some crisis that requires some fundamental re-evaluation of free movement” (Interview 9, April 2015), and neither did the EU. In this spirit, this chapter has shown how there was substantial stability within the most unprecedented, protracted crisis of the EU’s history. The challenge on EU free movement created significant British welfare policy development. In turn, an uncharacteristically rigid EU response ensured free movement remained untouched (‘crisis stability’), despite significant instability within the EU system. This stability contained the euro crisis within economic policy and confined the free movement debate to the national level. Ultimately, substantiating the findings within this thesis so far, this demonstrates the presence of a ‘crisis spectrum’ at play.

In reference to our original three questions:

- Is ‘crisis diversity’ or ‘crisis progression’ occurring in the crisis response from national welfare policy?

- Does the crisis pattern identified within British welfare policy and its interaction with EU social policy mirror that identified previously in Chapter 5?
- What has been the impact of the euro crisis on Britain's national social policy response in welfare policy, and what does this tell us about the EU in 'crisis mode'?

Regarding Question 1: in relation to the crisis pattern both 'crisis diversity' and 'crisis progression' are occurring within the crisis response from national welfare policy. The key arguments for 'crisis progressionists' in relation to social welfare policy are:

- The euro crisis *has* spilled over into free movement producing a 'domino' effect.
- The euro crisis *has* spilled over from the EU to the national level, as an EU economic crisis characteristically translated into a national political crisis (Chapter 5).
- Once again, Britain actively harnessed 'crisis progression' to inhibit EU policy dictating and being incorporated into national social policy.

In contrast, the key arguments for 'crisis diversifiers' are:

- The political crisis facilitated national social welfare policy developments over EU nationals' welfare eligibility.
- In particular, the threat of an 'out' vote in the referendum and public concern alike facilitated national social welfare policy development.
- The crisis response is one response of many, largely dominated by national politics, as a Conservative government who was being politically challenged by UKIP "enhanced this anti-immigrant discourse and anti-immigrant stance, there are other responses that are possible" (Interview 11, April 2015).
- The national social welfare policy developments ensured there was no excess rigidity within the EU system.

For 'crisis stabilisers' the key arguments are:

- The EU did not adjust free movement, creating an area of stability and containing the euro crisis within economic policy, due to the damage it would inflict on the EU system with being a core, foundational policy; the EU viewing

such policy change as unnecessary; and, the EU not desiring such a change in policy.

- Free movement anchored the system down allowing surrounding policy areas, namely British social welfare policy, to react flexibly and the rest of the system to be amenable.
- Free movement ensured there was no excess flexibility at a time of crisis when the system was already in flux.

Regarding Question 2: The crisis pattern identified in British social welfare policy, does mirror national social policy's historical development (Chapter 5), and the national level within the euro crisis (Chapter 4). Namely, a pattern of 'crisis diversity'. The euro crisis prompted an immigration debate over free movement and proceeded to act as a catalyst for social welfare policy development. Specifically, 'crisis progression' led to 'crisis diversity' as welfare policy developed through an organic crisis. 'Crisis progression' emerged as the euro crisis exacerbated public concern over the number of EU nationals arriving to Britain. This was viewed as a threat, particularly to the welfare state. Thus, supporting Saurugger's (2014) key factors for member states (non)compliance during a crisis in Chapter 2, free movement became a significant salient issue which incrementally became politicised within Britain leading to an increased resistance and attempts to renegotiate the EU policy. The EU's inflexibility forced a national policy response.

Respectively, out of threat came opportunity as UKIP heightened and capitalised on these concerns. Meanwhile, the 2010 to 2015 Conservative government utilised public concern to create new welfare policy, aligned to national austerity policy, accommodating both the public and the politicians' concerns. Hence, while the crisis provided an opportunity for Europeanization and the expediting of the Europeanization process Britain rejected such opportunities and followed national policy strategies. Although the EU system was not overwhelmed, with experiencing 'crisis stability' in free movement, there were intervening political factors at the national level which meant the state was no longer willing to service the Europeanization process. A national referendum presented a further threat, while being politically expedient in neutralising the threat of UKIP, and facilitated welfare policy's development to reduce the desirability of an 'out' vote. Radaelli's (2004) calls for the re-introduction of politics into Europeanization studies, which this thesis begun in the previous chapter, has been answered loud and clear within this analysis. The national party politics and political ideology of the government of the day dictated Britain's crisis response.

Additionally, this analysis further substantiates Buller's (2006) assertion in Chapter 2 of the politicisation of the Europeanization debate and active political agents at the national level which make Europeanization a social construct. The interaction with EU social policy is also mirrored. Britain attempted to use national welfare policy to keep EU social policy out of the British welfare model and shape a limited EU free movement policy, however this time EU social policy was not impeded. Risse et al.'s (2001) 'goodness of fit' model (Chapter 2) can clearly be seen to be playing out in the British case as the conceptions of national and EU citizenship were a 'misfit'⁸⁶. Free movement was a direct challenge on the historical understanding of British national identity which was inextricably connected to its universalist welfare state and the states national administrative style of welfare benefits (Risse et al., 2001).

Thus, recurrent attempts to 'upload' policy from the national to the EU level were rejected and EU free movement experienced 'crisis stability'. As such, while historically Britain had successfully reversed roles with the EU (see Chapter 4 and Chapter 5) this case of national social welfare policy constitutes a failed attempt to do so. Thus, suggesting that revitalisation also occurs along a spectrum. In this instance, Britain was attempting to revitalise the EU with no significant effect on the state. Instead, the opposite occurred as revitalisation of the member state's welfare policy had no significant effects for the EU, due to opposition from the EU. Hence, rejecting the automaticity assumed within Saurugger's (2014) model, the EU did not adjust EU policy. By implication, within policy areas where member states have already committed to Europeanization there is no ability to renegotiate, hence Saurugger's model can only hold true where EU policy areas are in formulation.

Respectively, at one end of the spectrum there is revitalisation of member states with no significant effect on the EU. At the other end there is revitalisation of the EU with no significant effect on member states, which also occurred at different times historically with Britain as discussed in Chapter 5. In the middle there is revitalisation of both the EU and member states either in concurrence or not at all (see figure 8).

⁸⁶ See Ruhs (2016) who supports this contention through his analysis of how national institutions and citizenship norms shape disparate responses to free movement and its reform.

The 'Revitalisation Spectrum'

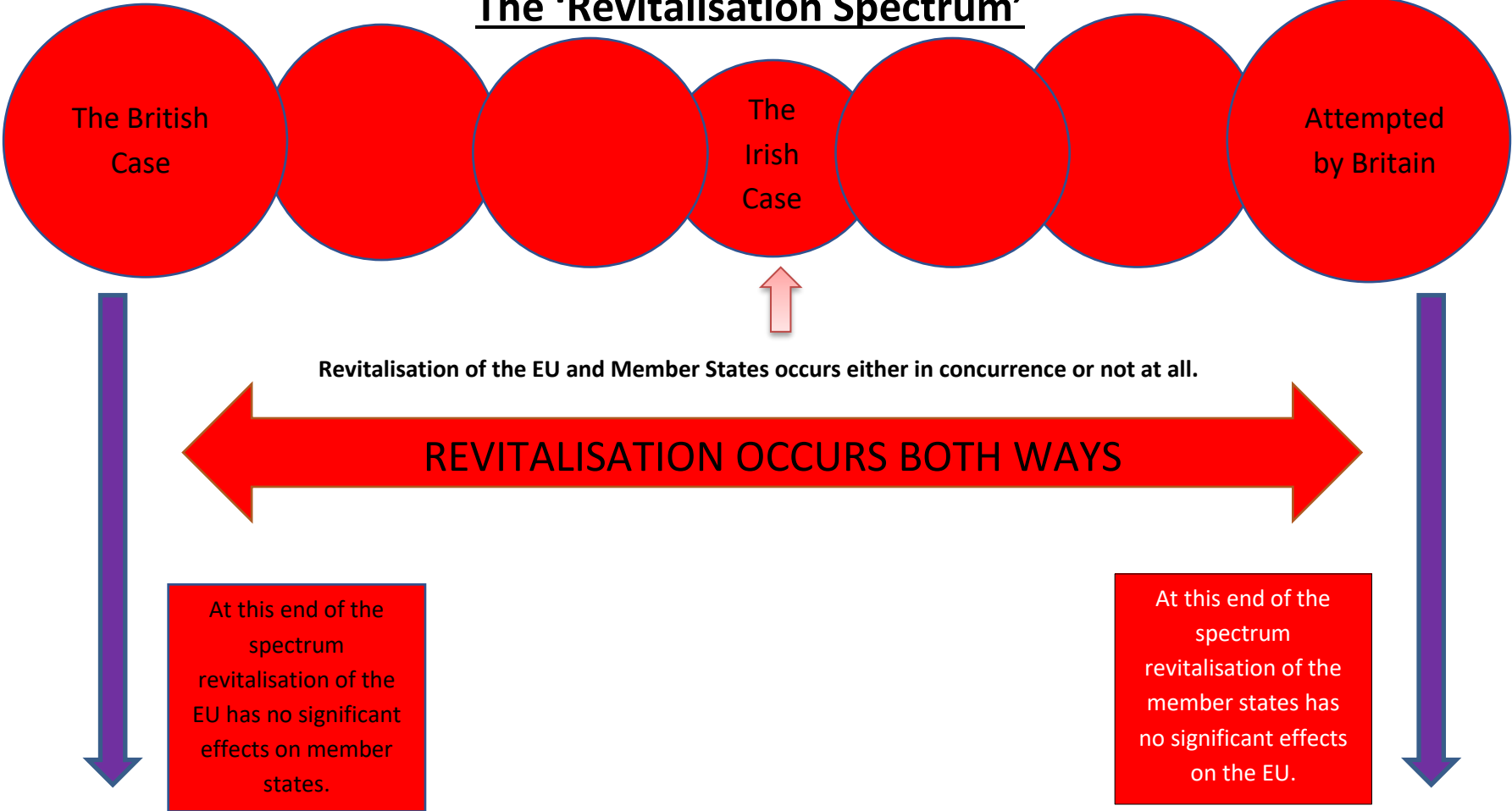


Figure 8

Regarding Question 3: The euro crisis has facilitated the British crisis response within welfare policy as evidenced by the aforementioned crisis pattern. Britain was attempting to use de-Europeanization as a defensive strategy against the destabilising effects of the crisis on the national economy. Thus, substantiating Risse et al.'s (2001) contention that adaptation to EU policy occurs in national colours. However, this attempt failed as free movement was unaffected by this strategy as the EU defended the principle creating an area of stability through the rejection of Britain's flexible policy position, despite the system being in crisis. Hence, Europeanization was untouched by the crisis with nothing gained and nothing lost. Respectively, against the classical view of crises this analysis demonstrates that the EU in 'crisis mode' does not mean the end of the EU.

National welfare policy development has not been inhibited. Hence, this case study demonstrates how a crisis can see the continuing development of the EU, possibly a stronger EU, from a crippling crisis as is the growing counter view (see Chapter 3). Ultimately, substantiating those findings in the previous chapter, the euro crisis is not an existential crisis as evidenced by EU free movement remaining untouched.

The succeeding chapter will analyse the Irish case of national activation policy under control of the Troika. It will similarly explore the impact of the euro crisis on the development of Irish activation policy and identify the crisis pattern.

Chapter 7

Ireland, The Troika and the Catalytic Euro Crisis

“The crisis created a dynamic that really there was no option but to change it, even if you didn’t agree with it.” (Interview 21, February 2016)

“The political imperative to do so might not have been there without the crisis, if anything you know the saying you shouldn’t waste a good crisis, it certainly helped to focus our minds on that part of the equation.” (Interview 18, February 2016)

“The euro crisis has created a political context in which the changes can happen more quickly than otherwise would have happened.” (Interview 13, November 2015)

Against the classical view of crises, the above quotes epitomise the stark consensus that the euro crisis was a catalyst for Irish activation policy. The euro crisis translated into an unprecedented unemployment crisis in Ireland requiring an equally unprecedented national social policy response. In comparison to the British case, with such differences to be further discussed within the conclusion of this thesis, there is a notable lack of conflict between Ireland and the EU despite the Troika controlling state policy as a parallel fiscal crisis evolved. Once again, the EU drove Irish social policy development (Chapter 5) as a new ‘active’ Irish activation system was borne out of the significant threat of the state’s financial crisis and collapse in employment.

This chapter will examine the case study of Ireland and the use of national activation policy to respond to and address the unprecedented levels of unemployment in the euro crisis. The chapter will explore how the euro crisis positively impacted on the state’s ability to exercise and develop activation policy. It will identify the crisis pattern within Irish activation policy, deciphering whether a ‘crisis spectrum’ is at play. Furthermore, it will identify how the euro crisis had a similar expediting effect on the process of Europeanization at the national level.

This case study acts as an interesting comparison to the previous case study on Britain. Ireland is a Eurozone member state and was a crisis country after becoming one of the first member states to collapse despite the government's attempts "that Ireland wouldn't be associated with the so-called PIGS" (Interview 21, February 2016). Ultimately, this chapter's focus on a different sphere of national social policy, within a different member state, demonstrates the flexibility of the theoretical logics and the fact they can be applied to a variety of policy areas.

This chapter will follow an identical structure to the preceding chapter, further filling the current gap in the literature identified in Chapter 3. The three key questions posed in this chapter will mirror those posed in the previous chapter in order to compare the two case studies, namely;

- Is 'crisis diversity' or 'crisis progression' occurring in the crisis response from national activation policy?
- Does the crisis pattern identified within Irish activation policy and its interaction with EU social policy mirror that identified previously in Chapter 5?
- What has been the impact of the euro crisis on Ireland's national social policy response in activation policy, and what does this tell us about the EU in 'crisis mode'?

Accordingly, to answer these questions this analysis of Ireland's social policy response within activation policy is divided into three-time periods, this time from 2009 to 2017. The analysis documents how Ireland reformed its activation policy to address the unprecedented unemployment crisis as the euro crisis made Ireland's typical strategy of using welfare benefits to support the unemployed unenforceable. The first period from 2009 to 2011 documents how 'crisis progression' initially dominated Irish activation policy with the state lacking funds to develop a social policy response as the economic crisis spilled over into national social policy. This section identifies how pre-crisis "the logic of the reform was there" (Interview 19, February 2016) and, in particular, four pre-crisis policy proposals become enacted at an accelerated pace due to the euro crisis. This meant in the crisis there was remarkable agreement between the EU and Ireland over activation policy reforms under the Memorandum of Understanding (MoU) with the Troika as the national strategy became accepted and enshrined within the conditions of the financial bailout. Hence, it was not the Troika which dictated Irish welfare to work policy during the crisis.

The second period chronicles how ‘crisis progression’ was transformed into ‘crisis diversity’ from 2012 to 2014 as the crisis fostered “a sea change in the approach” (Interview 15, December 2015) of Ireland’s activation system. This section accounts for the significant development in activation policy which was motivated by an attempt to integrate the placement and benefit functions of the welfare system, namely through a new activation strategy Pathways to Work. Accordingly, it documents how ‘crisis diversity’ occurred at an accelerated pace at the national level as social policy development occurred based on pre-crisis ideas, drawing upon experiences in other EU countries, as Ireland converged with EU activation practices, thus similarly accelerating the Europeanization process. This builds upon those findings in Chapter 6 which demonstrated that the euro crisis is not inhibiting national social policy development. It also accounts for how EU social policy was accelerated as Ireland undertook the presidency of the European Council and enacted a rapid adoption of the EU’s Youth Guarantee.

The third period accounts for Irish activation policy development outside of the Troika agreement in the present period of financial recovery from 2015 to 2017, exploring how ‘crisis stability’ ensued coupled with ongoing incremental policy innovation. It demonstrates how the crisis had facilitated Irish activation policy development with some policy practices, such as the activation conditionality on welfare payments to lone parents, having been reversed to their pre-crisis model outside of the MoU. However, structural changes fostered by the euro crisis, such as the new mixed ‘worker-mother-regime’ and the new Europeanized, coercive Pathways to Work activation strategy, are shown to have become firmly embedded into the landscape of Irish welfare to work policy.

The chapter finds that there was a social policy response and significant social policy development during the crisis period in Irish activation policy. The case of Ireland demonstrates how a ‘crisis spectrum’ is at play with Ireland moving up one end of the ‘crisis spectrum’ to the other over the course of the crisis period (see figure 9). Notably, while the euro crisis was an existential threat to the survival of the member state, “in addressing that threat opportunities arose or were found and certain policies were implemented (Interview 19, February 2016). Hence, the crisis pattern of ‘crisis diversity’ in Irish activation policy is found to mirror national social policy’s historical development (Chapter 5) and the national level within the euro crisis (Chapter 4). Similarly, Ireland’s crisis interaction with EU social policy is consistent with its positive historical interaction (Chapter 5). The chapter also finds, in contrast to the British case, that Ireland was successful in reversing roles with the EU, according with Ireland’s interaction with the EU historically (Chapter 5), through the

The Case of Irish Social Policy

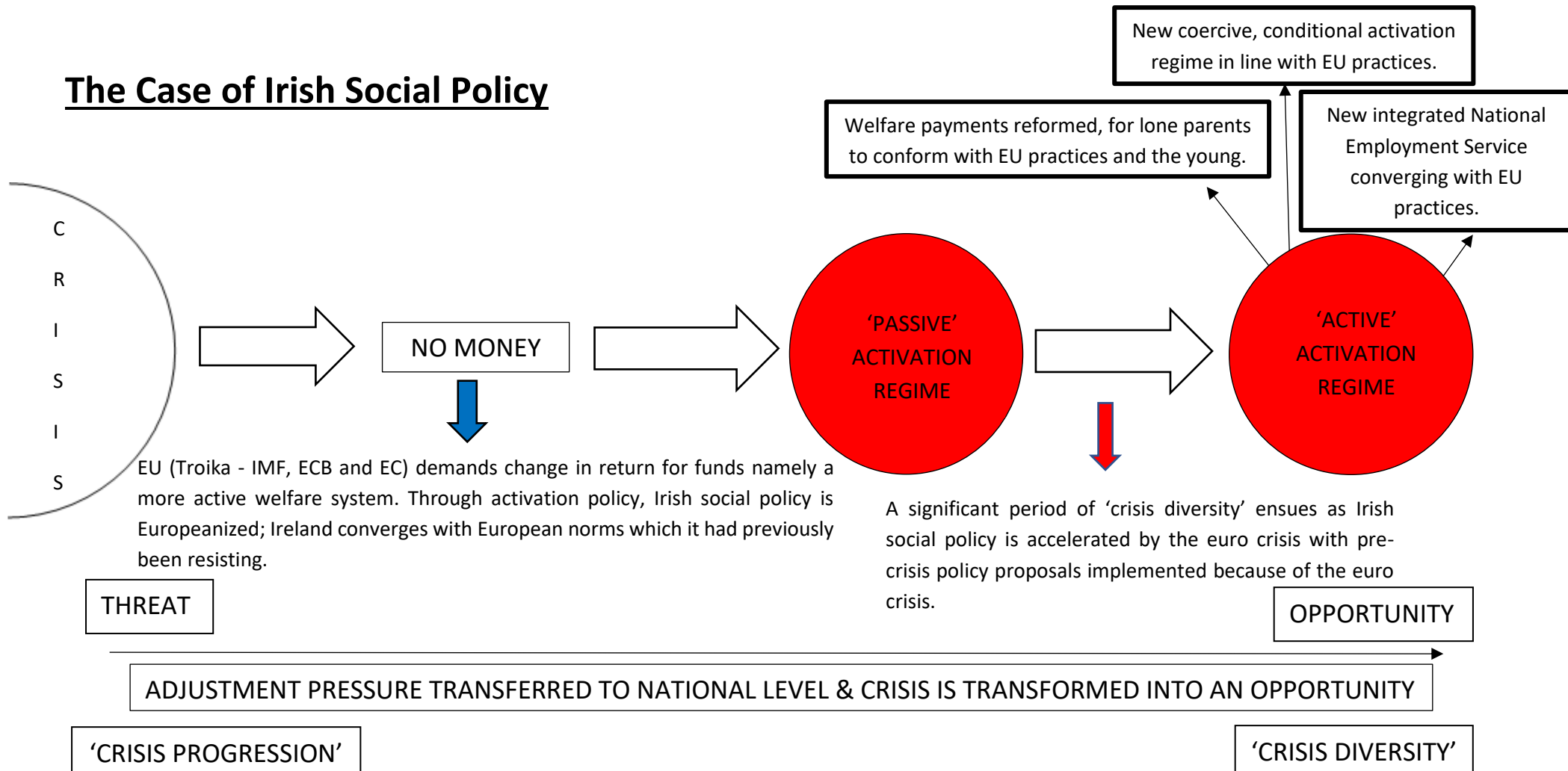


Figure 9

presidency of the European Council, accelerating EU social policy development. This further suggests that revitalisation occurs along a spectrum, as claimed in the previous chapter, and substantiates the finding in Chapter 4 for the presence of 'bi-directional' Europeanization. Ultimately, in accordance with the British case and against the traditional view of crises, the chapter finds the EU in 'crisis mode' does not mean the end of the EU.

7.1 Phase 1: The Activation of Activation Policy (2009-2011)

7.1.1 Pre-Crisis Activation Thinking

There were numerous innovative policy proposals prior to the crisis which "all had said that we needed to put more into activation" (Interview 18, February 2016), in recognition that Ireland had an underdeveloped and 'passive' activation regime which was "out of step with the rest of Europe" (Interview 15, December 2015). Arguably, this underdevelopment was associated to the historical development of the welfare state which was underpinned by a lack of national demand for a robust welfare state and thus established a minimal role for the state in citizens' affairs, creating a mixed welfare state (Chapter 5). Respectively, to understand how the euro crisis acted as a catalyst for Irish activation policy development it is integral to reflect on pre-crisis policy thinking. It is these policies which were implemented during the crisis in response to the unemployment crisis. As many interviews confirmed, "the innovation which was around ideas and policy analysis was known long before the crisis" (Interview 13, November 2015).

At the EU level both the Kok report (2003) and the Council of the European Union Joint Employment Report (2004/2005) recommended that Ireland increased access to activation programmes (2005: 42), with the latter citing "insufficient evidence of a policy response" (Commission of the European Communities, 2005: 86). At the national level it was a lack of consensus after a review of Irish active labour market programmes (DETE, 2004) rather than a lack of innovative policy ideas which meant activation policy was not pursued more rigorously. In accordance with EU recommendations, the National Economic and Social Council (NESC) advocated a significant boost to Irish activation policy at a time of political stalemate. The NESC's DWS (2005, see Chapter 5) proposed a significant paradigm shift in national activation policy by basing this new welfare state model on three concentric circles of activation, services, and income supports. The aim for Ireland was to "increase the size of the activation circle without impacting on the size of the other two" (Interview 18, February 2016).

Additionally, the NESC made specific activation policy proposals. Firstly, to rid the Irish system of its unfriendly employment benefits system (2005: 55) the NESC advocated replacing

the contingency-based criteria of Irish welfare payments, which created “perverse incentives” to remain unemployed (2005: 74), with a new single welfare payment for working age unemployed. The NESC proposed an Irish variant of flexicurity⁸⁷ with a new baseline “participation income” payment (2005: 219), with conditionality based on a person’s barriers to employment (2005: 220) and requiring “meaningful participation” (ibid) in activation supports. Welfare payments to lone parents were cited for supporting “a lifetime dependency on social welfare” (2005: 182).

Additional proposals supporting the reform of the welfare benefit system were voiced beyond the NESC. FÁS claimed Rent Supplement for lone parents receiving the One Parent Family Payment (OPFP) incentivised dependency on the state (2005: 43) and thus proposed an uplift in the threshold for secondary benefits (2005: 42). Ireland’s largest activation programme Community Employment (CE) was also criticised for incentivising OPFP recipients to remain on welfare (2005: 44). A more radical reform was proposed by the McCarthy Report, advocating the abolishment of “double payments” (2009: 17) altogether.

The introduction of an age differentiation in unemployment benefit was also recommended with a “grading of jobseekers’ assistance by age” (McCarthy et al., 2009: 70) and replacement of Jobseeker’s Allowance to those aged under twenty-five with alternative supports which were “more developmental for the young people concerned” (NESC, 2009: 92). Succeeding the NESC’s criticisms of OPFP, the government proposed to replace this with a new Parental Allowance payment. The payment was conditional upon the participation of lone parents in the National Employment Action Plan (NEAP) when a child was aged five (DSFA, 2006: 24-26; 98-102) and would terminate when the child turned seven (DSFA, 2006: 101). The issue of childcare was acknowledged with suggestions for either paying a childcare allowance or delaying implementation of proposals until provisions were prepared (DSFA, 2006: 100).

There was significant support pre-crisis for introducing profiling into the activation system, with the Economic and Social Research Institute (ESRI) taking the lead in developing a profiling model. The system would facilitate in activating the short-term unemployed who were most at risk of long-term unemployment. An initial successful feasibility pilot study in Galway and Waterford (Layte and O’Connell, 2005) led to a national pilot in conjunction with the Department of Social and Family Affairs (DSFA). This identified the critical use of a

⁸⁷ FÁS (2006) opposed Irish flexicurity.

probability score to ascertain the possibility of claimants exiting the Live Register⁸⁸ into employment. In turn, this provided a hierarchy of need for activation supports and a “rational basis for allocating scarce resources” (O’Connell et al., 2009: 43). Claimants previous participation on CE was identified as a key characteristic for remaining on the Live Register (O’Connell et al., 2009: 32).

The NESC (2006) supported proposals for client profiling with it facilitating appropriate, timely engagement and prioritising who should be supported first (January 2006: 83). This made possible a new activation system comprising of individual progression plans for every client, detailing activation supports and their activation obligations, and the employment service acting as a “job broker” (January 2006: 86). There were multiple proposals for a single national employment service with employment supports currently split across numerous departments, agencies and organisations⁸⁹. The NESC (2006) proposed a new “networked model” (January 2006: 37) through new “Service Delivery Agreements” (January 2006: 51), creating two new ‘one stop shops’; one for employment services and one for welfare payments. This would avoid service gaps and duplications by providing a personalised “needs-based approach” (January 2006: 58) moreover, clarity over access to benefits when entering employment.

The “social partners themselves said that a lot of fundamental change is needed” (Interview 17, January 2016) as reflected in the ten year partnership agreement *Towards 2016* (T2016), which committed Ireland to introducing a new active single employment service. This new integrated service was underpinned by “an active outcome-focused individual case management” approach (Department of the Taoiseach, 2006: 57) through an innovative Social and Economic participation programme. This would create “a route map starting with the first point of engagement” with the DSFA (Department of the Taoiseach, 2006: 51). The McCarthy Report similarly supported the creation of a single employment service through the unification of FÁS and the Local Employment Service which it deemed “would be better placed to pursue a strong agenda of activation measures” (2009: 16).

⁸⁸ This recorded the numbers on unemployment benefit including those working part-time, seasonal and casual workers. By implication, lone parents on OPFP and spouses in an unemployed couple, who received jobseeker’s payments through their partner, typically the husband, were excluded from this register.

⁸⁹ 38 labour market and social inclusion measures were maintained by 8 government departments and 13 different agencies in combination with non-statutory organisations (NESC, 2006: xiv).

7.1.2 The Grubb Report: The “Grandfather”⁹⁰ of Activation

As many interviews highlighted, of all the pre-crisis reports it was the OECD’s ‘Grubb report’ (2009) which was the most influential. Although it could be argued that Grubb would have been implemented in Ireland regardless of the crisis, “maybe not at the pace it did because of the crisis” (Interview 21, February 2016). The Grubb report was a blistering critique of the Irish activation system which highlighted the extent to which it was out of line with international practice and requiring reform.

First and foremost, Ireland was one of a few OECD countries who had the placement and benefit functions of the national employment service separate (2009: 43). Secondly, the OECD deemed the Irish employment service as “under-resourced” with a disproportionate number of staff administering employment benefit over placements (ibid). In contrast to FÁS’s role in administering training, its role in providing job creation programmes was deemed “problematic” (2009: 131). Thirdly, Grubb was highly critical of Ireland’s welfare benefit system due to four features: the high level of welfare payments and the commitment to retain such high levels; the weak conditionality attached to unemployment benefits and lack of activation conditions attached to welfare benefits in general; recipients on unemployment payments either not seeking or available for employment (2009: 94); and, payments being premised on income rather than peoples capacity to work which constituted the Irish welfare system akin “to a non-categorised minimum income scheme” (2009: 94).

Fourthly, the report criticised Ireland’s comparatively limited use of sanctions internationally (2009: 95). Fifthly, in accordance with the NESC (2005), Ireland’s treatment of lone parents receiving benefits until their child was aged eighteen or twenty-two-years-old was considered “a sharp outlier” (2009: 135). The only other country passively paying lone parents was New Zealand (2009: 130). The report was also particularly critical of the CE training programme for its voluntary nature (2009: 105), lack of sanctions (2009: 28) and its notably low exit rates into employment, at only 30% (2009: 104). In line with FÁS’s (2005) assessment, the report maintained that rather than a form of activation “CE still functions for many participants as an alternative to regular employment” (2009: 104).

Consequently, the report recommended, as they had traditionally, for Ireland to integrate the placement and benefit functions into one “single service focused on activation” (2009: 132). This would: make employment considered as a first option; increase engagement

⁹⁰ (Interview 21, February 2016)

with the unemployed (ibid); and provide sufficient resources for systematic engagement (2009: 137). Grubb also proposed changing to “a more *coercive* approach” but noted that this novel approach “currently has few active advocates within the social partnership process” (2009: 130). Grubb recommended that the unemployed activation conditions should be “greatly intensified” (2009: 129), with payments of welfare benefits conditional on participation in activation programmes (2009: 138). In conjunction, significant reforms to inactive benefits needed to be “strategically planned and sequenced” (2009: 95). A revision of the NEAP process was also proposed (2009: 137).

Grubb supported reforms to activate lone parents, additionally recommending the adoption of the German system where transfer to Jobseeker’s Allowance was conditional on the individual’s access to childcare, rather than adequate availability nationally (2009: 90). Grubb noted that while there was no out-and-out opposition to the proposals for reforming lone parents’ access to benefits there was also “no particular lobby for this tougher approach” (2009: 89).

7.1.3 Crisis Activated Activation: The Takeover of the Troika

‘Crisis progression’ initially dominated the Irish response as the economic crisis became mirrored in social policy. In the absence of funds to support policy development of any kind policy “paralysis” (Interview 13, November 2015) ensued. Nonetheless, this phase saw the seeds sown for ‘crisis diversity’ as plans were produced for how EU funds would be spent. The arrival of the Troika signified a marked shift in Ireland’s approach to activation policy. However, contrary to popular belief, it was not the Troika that dictated national welfare to work policy⁹¹. Instead, the Troika visited Ireland, found out what policy approach the government was pursuing, and “in the case of the activation they pretty much liked our plan so they just repeated most of it in the loan agreement” (Interview 18, February 2016). Hence, the only policy pressure emanating from the EU was “to insist on immediate actions” (Interview 17, January 2016).

On account of the substantial pre-crisis policy thinking on activation, Ireland was already aware of the policy reforms required. One interviewee went as far to state that, “I can hardly think of anything to which the Troika drew our attention to in the area of welfare to work...that we weren’t aware of” (Interview 17, January 2016). The fiscal crisis created a new policy focus on austerity which shifted the emphasis from social policy to economic policy

⁹¹ As confirmed in a recent paper by Hick (2017).

(Interview 16, January 2016). This made activation policy an imperative response as funding welfare benefits became constrained when demand was at its height (OECD, 2013: 132). Furthermore, this led to welfare recipients on unemployment benefits being viewed as “the primary problem with unemployment” (Interview 17, January 2016). Thus, the policy focus was on reducing the claimant count, namely the Live Register which was politically significant with being reported on monthly during the crisis (Interview 21, February 2016).

Hence, the simultaneous fiscal and employment crises from the euro crisis created “a dynamic where the ‘Grubb report’ inevitably did become well implemented” (Interview 21, February 2016). Respectively, Ireland turned the threat of the unemployment crisis into an opportunity to implement overdue activation reforms, as the NESC stated “the moment is opportune not to ‘waste a crisis’ in this area” (NESC, 2011: 3). Within the MoU, Ireland committed to increasing its activation regime namely, reforming unemployment benefit (Department of Public Expenditure and Reform, 2010: 20); “exploiting synergies” between social assistance, unemployment benefit and active labour market policies to improve their efficiency respectively (Department of Public Expenditure and Reform, 2010: 21); and, to reduce “the overlapping of competencies across different departments” (ibid). Additionally, the conditionality in relation to taking up employment and training would be increased (ibid).

Irish activation measures were to be strengthened by a three-pronged policy approach namely, the introduction of profiling and a commitment to more engagement with the unemployed; “more effective monitoring of jobseekers’ activities”; and, introducing financial sanctions for those unemployed who do not comply with these new measures (ibid). Nonetheless, as the NESC argued at the time, “these steps would have had to be taken anyway, [and] were already in process” (NESC, 2011: 179). The expansion of the activation system was targeted primarily at two groups in particular, “the young unemployed generally and lone parents who are women for the most part” (Interview 24, April 2016).

Respectively, the crisis accelerated four pre-crisis activation policies. Firstly, there were proposals to reform the welfare benefit system in its treatment towards people of working age which strikingly saw Ireland shift to replicating British employment policy (Interview 13, November 2015). The Department of Social Protection (DSP), the new title for the DSFA, explored the potential of a single working age social assistance payment, analogous to Britain’s UC, adopting the NESC’s (2005) pre-crisis proposal for a single baseline payment. This new payment was based on Jobseeker’s Allowance (DSP, November 2010: 83), thus making an explicit connection between welfare and full-time employment (DSP, November

2010: 91). The payment, which included OPFP, comprised of a flexible three-tier activation support system, with support increasing through the tiers and each tailored to the unemployed with each level differentiated by the individual's distance from the labour market.

As the NESC (2005; 2006) had purported, claimants were differentiated by their barriers to employment and activation needs (DSP, November 2010: 83) and claimants were obligated to engage in activation supports (DSP, November 2010: 85). The new profiling system determined the level of entry (DSP, November 2010: 89). Secondly, the introduction of an age differential in unemployment benefits for the young. There were no significant welfare rate changes in the crisis with a notable preservation of all Ireland's pre-crisis basic welfare rates, except those towards the young (Interview 18, February 2016). "One quite impactful" and "striking measure" (Interview 17, January 2016) was the introduction of an age differential within Jobseeker's Allowance, as outlined in the McCarthy (2009) and NESC (2009) reports. Those new claimants aged between twenty and twenty-one received a reduced payment as did those aged between twenty-two and twenty-four (DSP, 2010: 16). Only those engaging with activation supports received the full adult payment (ibid).

Thirdly, "the change in policy towards lone parents is the prime example" (Interview 16, January 2016) of policy acceleration. The new Parental Allowance payment was incrementally introduced (Department of the Taoiseach, 2011: 51). From April 2011, new lone parent claimants would receive this new payment once the child turned fourteen, meanwhile pre-existing claimants would be phased onto the new payment over six years (DSP, 2010: 19). Fourthly, significant institutional reform ensued as recurrent proposals pre-crisis for a single national employment service were finally addressed due to the crisis, as "the reality is it would not have changed really, or certainly not at the fast pace without the crisis" (Interview 21, February 2016). This policy reform was further justified by the negative experience of young jobseekers (NYCI, 2011a).

FÁS was to be replaced with a new integrated National Employment and Entitlement Service (NEES) (Department of the Taoiseach, 2011: 7). In response to Grubb, the DSP administered this new service with FÁS only providing training supports. This was a significant change considering the historical difficulties to abolish FÁS (see Boyle 2005). Priority was afforded to those on the Live Register (DSP, 2011: 14) so "if you are not counted you don't count" (Interview 19, February 2016). Ultimately, echoing T2016, the NEES had "a primary focus on the client and a route map starting at the first point of engagement" with the DSP

(DSP, 2011: 14). “The single biggest change” (Interview 18, February 2016) was the “active, outcome-focused, individual case management” (DSP, 2011: 14) approach.

In response to Grubb, NEES established a new NEAP process in conjunction with FÁS (DSP, 2011: 8), further warranted by the critique of NEAP by McGuinness et al. (2011). This comprised of a new coercive system with new sanctions (DSP, 2011: 23) and greater monitoring of the unemployed (DSP, 2011: 10; 40). Aligned to the NESC’s (2006) proposals, a new social contract of “rights and responsibilities” (DSP, 2011: 24) was created and profiling, using the ‘Probability of Exit Score’ (PEX), determined the level of activation support (DSP, 2011: 21). The activation conditions were also increased on welfare payments.

Additionally, new policy responses emerged as the government “rapidly created programmes” (Interview 19, February 2016). A new training programme, Springboard, and a new national internship scheme JobBridge, where participants received a top-up payment for participating (Interview 19, February 2016) were created. Contrastingly the Irish, and European, response to youth unemployment was slow (ibid). By 2011 there was no policy response despite Ireland possessing one of the highest EU youth unemployment rates. The only policy proposal was a new Youth Guarantee scheme advocated by the National Youth Council of Ireland (NYCI) (2011b: 43).

Accordingly, the foundations were finally in place for enacting a radical overhaul of activation policy as “the crisis provided an opportunity for Irish policy to converge with policy practice in the rest of Europe” (Interview 15, December 2015).

7.2 Phase 2: The Activation of the Irish System (2012-2014)

7.2.1 The Catalytic Crisis: Implementation, Resistance and Reform

‘Crisis progression’ was rapidly transformed into a significant period of ‘crisis diversity’ as Ireland increased the ‘activation circle’, as the NESC (2005) had proposed, subsequently moving the national activation system up the spectrum from ‘passive’ to ‘active’ (Interview 19, February 2016). Thus, affirming Flinter’s comments in Chapter 5, delivering change was much easier in the context of a crisis. Respectively, the pre-crisis focus on training and education was radically transformed into Grubb’s ‘work-first’ approach. The collapse of Irish social partnership due to the crisis (see Chapter 5) meant many more policy changes were enacted than otherwise would have been, particularly in relation to the conditionality of welfare benefits (Interview 13, November 2015). The extraordinarily rapid increase in unemployment “created a dynamic and a pressure on the system to change” (Interview 21,

February 2016). The EU, and EC in particular, functioned as “a facilitator for the exchange of ideas” (Interview 18, February 2016) as Ireland implemented a new activation system within three years of entering the Troika agreement.

The Irish response to unemployment was first and foremost “driven by an effort to integrate” the placement and benefit functions (Interview 15, December 2015). This was further “accelerated by the crisis” (Interview 16, January 2016) through the government’s new flagship activation strategy Pathways to Work (PTW) (2012), which responded to many of Grubb’s criticisms and was adopted again from the British model. This was the key policy development to create “a sea change in policy terms” (Interview 21, February 2016) within Ireland’s approach. In contrast to the historical development of the welfare system, the state was now to play an unprecedented role in the lives of its citizens. The Tánaiste (Deputy PM) stated at the time that this constituted “one of the biggest reforms in the history of our social welfare system” (DSP Press Release, February 2012). This strategy was dependent on the creation of NEES⁹² and the new local ‘one stop shop’ Intreo offices, and aimed to activate those long-term unemployed and those who were at high risk of long term unemployment on the Live Register with a capacity to work.

Under PTW, the Irish activation service now profiled welfare claimants on registering at Intreo, which would produce a PEX score and lead to creating a personal plan back to employment (DSP, 2012: 12). The PEX score facilitated an individual, tailored service as the tool by which claimants were differentiated, as the NESC DWS (2005) had proposed. The lower the PEX score the more intensive the activation supports. Those claimants with the lowest PEX score worked one to one with a case officer. Contrastingly, welfare recipients could no longer ‘park’ on state benefits with the state increasing its engagement with the unemployed. There was a new requirement for any new welfare recipient after 3 months of being unemployed to attend a group engagement. Those unemployed after 18 months were referred to a work placement or training (DSP, 2012: 4). Hence, this new case management approach meant “each job seeker is contacted proactively, we don’t wait for them to contact us we contact them” (Interview 18, February 2016).

There was priority for those on the Live Register in taking up places on activation programmes (DSP, 2012: 6) and employment opportunities alike (DSP, 2012: 19). There was

⁹² Simultaneously there was a significant reform to integrate the Further Education and Training sector into one agency, SOLAS and new Local Education and Training Boards which is beyond the remit of this thesis to discuss (see Department of Education and Skills, 2012).

also increased engagement with employers, drawing on the experience of Germany (Interview 18, February 2016), to provide an easier transition from welfare to work (DSP, 2012: 9). A new coercive activation system was introduced with strengthened financial penalties for those who did not engage with the new PTW process (DSP, 2012: 18). There was a commitment to introduce the new single working age assistance payment in three years to “simplify the social welfare code and minimise any incentive” to remain on benefits (ibid). Ireland discovered very quickly that the IMF were “the good boys, the nice people were not who you thought they would be” (Interview 23, March 2016), with focusing on the social aspects *and* the economics of activation. This was reflected in the IMF’s emphasis on the importance to “demonstrably protect the most vulnerable” (March 2012: 20) when implementing this reform.

In addressing the issues with inadequate staffing resources for placements, PTW included consideration of outsourcing service delivery for employment supports to the long-term unemployed in what was “quite a different move for the system” (Interview 19, February 2016). The outsourcing model was based on Britain’s work programme, however it was “very significantly different to the UK model” (Interview 18, February 2016) on account of the focus on the long-term unemployed, and involving private providers being paid on the basis of their performance (DSP, 2012: 21). Both the EU (EC, April 2013: 28) and IMF (April 2013: 26) enthusiastically approved of this policy change. In response to the criticisms regarding CE, one-third of the schemes places were to be readjusted towards short-term activation programmes and monitored to ensure participation in the programme led to increased employability of the individuals participating (DSP, 2012: 17). The EC consented to Ireland’s new activation strategy stating, it “addresses the right priorities” however “swift implementation is now crucial” (EC, June 2012: 41).

Further reforms to welfare benefits were enacted during this phase as the government came under pressure from both the EU (EC, June 2012: 39) and IMF (IMF, March 2012: 20) to reform the welfare system, thus fostering “a good deal of experimentation precisely because of the crisis” (Interview 15, December 2015). Budget 2012 reformed the basis on which Jobseeker’s Allowance and Jobseekers Benefit was paid. Sundays were now included and Jobseekers Benefit was assessed on a five rather than a six working day (DSP, Budget 2012a). This had the effect of reducing the amount paid to recipients, thus incentivising those on the Live Register combining part-time employment with welfare benefits into full-time employment.

Reforms to secondary benefits were further accelerated with the “the largest reform of housing support in a generation” (Department of Housing, Planning and Local Government, 2013) through the creation of a new Housing Assistance Payment (HAP). This was administered by the local authorities. It aimed to replace both Rent Supplement and the Rental Accommodation Scheme in an effort to integrate previously disparate housing supports under the Department for Housing, Planning and Local Government (ibid). While HAP was being developed and rolled out, those on Rent Supplement with a long-term dependence on housing support were transferred to the Rental Accommodation Scheme. This permitted those individuals in receipt of housing support to undertake full-time employment for the first time after Rent Supplement was further cited as providing disincentives to employment (Callan et al., 2012; CIB, 2012 and 2013).

Despite the pressures for change from continued increases in unemployment levels, there was resistance to some policy changes, as one interviewee reflected “the welfare state has been more resilient than it felt like during the crisis.” (Interview 13, November 2015). In particular, national resistance emerged in relation to the proposals for a new single working age payment, which were due to be submitted to the EC by March 2012, despite support from the IMF (IMF, March 2012: 20). A parliamentary report by the Joint Committee on Jobs, Social Protection and Education (Houses of the Oireachtas, 2012) recommended a delay in implementing the new payment until activation supports and quality employment was available (2012: 28). The committee cited the NEES as underdeveloped and lacking the capacity to manage a further increase in their case load (2012: 11). The committee also raised concerns over the negative repercussions for those dependent on these payments namely lone parents, carers, and those who were disabled (2012: 6). It maintained a new payment should have “new structures and not just an amalgamation of payments” (2012: 29).

Activation programmes were also reformed by recommendation from the DSP’s review of employment supports (November 2012). The ‘passive’ features of the programmes were removed to increase the transition from welfare to employment including: shortening the duration of participation on certain programmes; a greater role for the DSP in referring and monitoring participants; and overlapping programmes were either amalgamated or terminated thus reducing expenditure on activation programmes. The IMF praised the report (IMF, April 2013) while the EC stated, “it is important that these DSP recommendations are acted upon quickly” (EC, April 2013: 28).

In response to pre-crisis criticisms from Grubb, FÁS and ESRI regarding CE, there were significant reforms to CE with the DSP attaining responsibility for recruitment and participation on the programme restricted to one year, extending to a second year was only permitted in circumstances where a qualification would be obtained on completion (DSP, November 2012: 41). There was an emphasis placed on job searching and developing a personal progression plan in a timely fashion prior to completing CE. In accordance with proposals by the ESRI (see Collins, 2012), the DSP outlined a new structure for CE with two separate streams for activation and services supporting the community (DSP, November 2012: 42). This new structure was piloted, however other recommended reforms were delayed for further discussion to the EC's disapproval who stated, "a greater sense of urgency in this reform process is warranted" with a "more fundamental re-think of some schemes" required (EC, July 2013: 30).

Reforms to lone parents OPFP continued at an accelerated pace. Budget 2012 reduced the qualifying age limit of a child to twelve-years-old with further reductions on a phased basis to limiting qualification to children aged seven-years-old cited (DSP, Budget 2012b). However, the Minister for Social Protection at the time, Joan Burton, pledged not to introduce an activation requirement on the event of a child turning seven until there was a system of "affordable and accessible childcare in place (Irish Examiner, April 2012). The temporary half rate payment for those with a weekly income above €425 was terminated (DSP, Budget 2012b). The income thresholds for means testing OPFP were reduced from €146.50 to €130.00 for both new and pre-existent lone parents with further decreases earmarked up until 2015 (ibid). Additionally, lone parents on OPFP were no longer permitted to participate in CE, who were previously the largest cohort on the activation scheme, with the government moving to a "one person, one payment position" (DSP, Budget 2012c) as the McCarthy report (2009) had advocated.

Resistance arose in relation to the activation of lone parents leading to a reversal on their exclusion from JobBridge (TASC, 2012: 16), and significant criticism of the gender-blind nature Irish activation policy was taking (NWCI, 2012) as "the crisis crowded out the gender issues" (Interview 19, February 2016). The problem was that Ireland's mixed welfare state was leaving women, historically assigned a role to provide care in society, in an ambiguous activation position (TASC, 2012: 2). Nevertheless, resistance proved insufficient to stop the policy change both for lone parents or the single working age payment as OPFP became aligned to Jobseeker's Allowance, in line with the DSP's (2010) earlier proposals, through a new Jobseekers Transition payment (JST) (2013). Hence, as the opening quote of this chapter

stated, during the crisis it was not possible for actors to stop policy change even when they disagreed with it.

JST, originally conceived as Personal Allowance, established a new requirement for lone parents with children aged seven to fourteen-years-old to engage with the new activation process. JST mirrored Jobseeker's Allowance in all but one respect whereby lone parents were permitted to seek part-time rather than full-time employment. In the event that a lone parent did not engage with the activation process financial sanctions would be applied. On children turning fourteen-years-old lone parents would then be transferred onto Jobseeker's Allowance, if social assistance was still required, thus requiring the lone parent to be available to work full-time.

In a reversal of the minister's pledge to delay full implementation of these reforms until a Scandinavian model of childcare was in place, from July 2013 to July 2015 the qualifying age limit would be reduced to seven, hence after July 2015 those with children aged above seven-years-old would no longer receive OPFP (TheJournal.ie, May 2013). Mogstad and Pronzato (2012) demonstrated the risks associated with this activation strategy in Norway, the model Ireland was following. Respectively, seven years after the first activation proposals regarding lone parents, a 'work-first' policy regarding lone parents was finally implemented within a mere three years of entering the Troika agreement, "we needed to make this reform and it was easier to make it in the context of a crisis" (Interview 19, February 2016).

Lone parents were also activated through a second new payment, the Back to Work Family Dividend (BTWFD) announced in Budget 2015 which aimed "to compensate for the loss of welfare payments for unemployed parents who are returning to work" (DSP, 2014: 32). This payment lasted two years for those lone parents and long-term job seeking who had children and successfully secured employment or became self-employed from January 2015, without affecting entitlement or the rate of Family Income Supplement (DSP, Budget 2015a) received. On the termination of employment and a return to social welfare payments the BTWFD would cease to be paid (DSP, 2017). Lone parents in receipt of JST would be ineligible for this new payment.

Further innovative crisis programmes were implemented with the introduction of Gateway, work placements under local authorities, Momentum, another new training programme, and JobsPlus a new employer subsidy scheme (DSP, 2013: 26). JobPath, the outsourcing of service delivery to private providers, was cited for implementation in 2015, it was to be "user-centred" (LMC, 2013: 7) and "seamlessly integrated into the Intreo Service"

so to retain a 'one stop shop' model of delivery (DSP, 2014: 21). A new "Better off in Work" statement was introduced for welfare claimants on engagement with Intreo stating the financial benefits of being in employment rather than dependent on the state (DSP, 2013: 23). Additionally, a new "overarching and appropriately resourced Employer Engagement Strategy" (LMC, 2013: 5) was created through the 'Employers Charter' as employers became a very important part of Ireland's activation equation (Interview 18, February 2016). This committed Ireland's largest companies to hiring 50% of its staff from the Live Register and participating in the upskilling of the unemployed (DSP, 2014: 17).

Policy remained notably absent in addressing the youth unemployment crisis. Budget 2014 entailed further age differentiation to young people's Jobseeker's Allowance with new claimants aged eighteen to twenty-four years of age receiving a weekly payment of €100 (DSP, Budget 2014), previously €144. Those new claimants twenty-five years of age received a weekly payment of €144, previously €188, with increases to €188 per week once aged twenty-six (ibid). Those aged eighteen to twenty-five who participated in the Back to Education Allowance Scheme would receive a weekly payment of €160 (ibid). Those below twenty-five no longer entitled to Jobseekers Benefit would receive the lower rate of Jobseeker's Allowance (ibid). As a by-product of this targeted activation, combined with the political perception that continuing emigration was a lifestyle choice for young people and "not being driven by unemployment at home"⁹³ (TheJournal.ie, January 2012), the narrative surrounding the young unemployed changed to "the narrative of the scroungers" (Interview 21, February 2016). However, political pressure began to mount as young people started to resist welfare cuts through a "We're Not Leaving" campaign (Irish Times, November 2013).

Respectively, over the course of the Troika agreement "a key achievement of the programme" was to establish an activation system to address unemployment (EC, December 2013: 10), particularly long-term unemployment, as Europeanization became actively received by Ireland. As an interviewee observed, "it is remarkable to see the degree of commitment to the EU and EU processes" by Ireland (Interview 7, March 2015). Ultimately, "it is the particular Irish variant of the euro crisis" which has changed the Irish welfare state (Interview 15, December 2015).

⁹³ University College Cork conducted a study which found more people were emigrating from employment than from unemployment (Glynn et al., 2013).

7.2.2 An Irish Guarantee for the Young Unemployed

The acceleration of policy development also occurred at the EU level during the crisis with the rapid adoption of the EU's Youth Guarantee under the Irish Presidency, as Barroso's comments highlight, "it's not common for Member States to adopt our proposals in six months" (EC Press Release, 2014). Despite having largely overlooked youth unemployment nationally, the policy was top of Ireland's agenda as the state took presidency of the European Council in 2013 with jobs as a priority and the Youth Guarantee as a key area marked for progress (Ireland, 2013). Ireland seized the political opportunity afforded by the presidency "to take a lead at a European and international level" (Interview 21, February 2016) as the state reversed roles with the EU in leading EU social policy development.

This was despite two uncharacteristic mismatches between Ireland and the EU. Firstly, there was an underlying reluctance in the Irish system to adopt the initiative due to the scale of the unemployment problem and young people representing "a relatively limited part of that"⁹⁴ (Interview 15, December 2015). Ultimately, Ireland viewed youth unemployment as "a problem that will solve itself" (Interview 21, February 2016). Secondly, while Ireland was irrefutably positive and compliant to EU policy, national resistance emerged in adopting the EU wide initiative as the EU Youth Guarantee espoused the older pre-crisis model of activation policy with a focus on training and education⁹⁵. Hence, the Youth Guarantee directly conflicted with PTW (Interview 21, February 2016). Accordingly, similar to Britain, the EU Youth Guarantee became interpreted as supporting "what we had already determined was the appropriate practice for Ireland" (Interview 18, February 2016).

Nevertheless, the EU's Youth Guarantee was seemingly adopted by Ireland as the EU required (EC, July 2013: 30). However, with the state turning to the OECD for an appropriate model a 'work-first' approach was once again promoted. The OECD recommended an "escalator-style approach" (OECD, 2014: 23) from low intensity activation supports to high intensive interventions with different phases treating different cohorts of the young unemployed at different times. The first phase involved treating those already four months

⁹⁴ This was one of the big misconceptions in the crisis whereby "contrary to the volume of discussion, youth unemployment is not where the large numbers are, accounting for only 13% of those who are long-term unemployed and 21% of the overall figure" (Interview 14, November 2015).

⁹⁵ "to ensure that within 4 months of leaving school or becoming unemployed, every young European gets a good offer for a job, education or training. If there is one main lesson to draw from experiences in Member States it is that the better educated and the better trained young people are, the lower unemployment is" (EC Press Release, 2013d).

unemployed with a low PEX score through inexpensive interventions (OECD, 2014: 22) namely, an enhanced PTW with participation on JobBridge and JobPlus (OECD, 2014: 25).

The implementation of intensive supports from the very outset was seen as unnecessarily expensive, particularly in light of the ongoing incremental recovery of the youth labour market (OECD, 2014: 23). The second phase would start at different times for different PEX scores, with the OECD suggesting a nominal start of nine months after the first phase, for those youth remaining unemployed with continued entitlement to benefits dependent on participation in the Youth Guarantee (OECD, 2014: 23-24). A third treatment phase would eventually be created for those who were long-term unemployed and had additional barriers to employment, such as health conditions or addiction (OECD, 2014: 23). It was recommended that the Irish Youth Guarantee should be targeted at those receiving unemployment benefits, meanwhile those young and unemployed not on benefits would be incrementally incorporated into the Guarantee (OECD, 2014: 27).

Respectively, this provided Ireland with multiple chances of activating young people without claimants repeating activation programmes which had been unsuccessful the first time around (ibid). The OECD proposed that Ireland invested more into post-programme support which it deemed as underdeveloped (OECD, 2014: 32). The OECD recommended that young lone parents should be included within a Youth Guarantee but on a voluntary basis and with access to all supports under the Guarantee (OECD, 2014: 25).

The Irish government “tried to cherry-pick” the EU Youth Guarantee (Interview 21, February 2016), ultimately implementing a “tailored version” of PTW for young people (Interview 18 February 2016). There were significant financial sanctions and a more stringent mutual commitment agreement to reflect the “higher level of engagement and commitment” expected to the activation process (DSP, January 2014: 20). In return, the DSP committed to providing an offer four months after the one-to-one interview (DSP, January 2014: 19). Against the OECD’s proposals young lone parents and the disabled were excluded (Interview 20, February 2016).

Further age differentiation was introduced with those under the age of eighteen, unemployed and without secondary education provided “a quality ‘second chance’ educational/training pathway outside the school system” (DSP, January 2014: 11). Those aged nineteen to twenty-four would be provided job search assistance or “a quality offer of training, education or work experience” (ibid). Following the OECD model, Ireland would treat those with low PEX scores first and after nine months those who had a medium and high PEX score

would be incorporated and provided a quality offer (DSP, January 2014: 11-12). Those under twenty-five unemployed for more than a year were prioritised for engagement in 2014 with an offer of a work experience programme four months after registering under the Guarantee (DSP, January 2014: 21). Hence, the Irish Youth Guarantee's "priority was to get young people off the Live Register" (Interview 20, February 2016). Adopting the OECD's recommendation for post-programme support there would be a further one to one meeting with a case offer on completion of an activation programme (DSP, January 2014: 19).

Respectively, adaptations were made to pre-existing activation programmes, such as JobsPlus where the qualifying period for employers was reduced from twelve to four months (DSP Press Release, November 2014), and activation places were ring-fenced (DSP, February 2015a). One new programme was created, Experience Your Europe which assisted young people attaining an internship, apprenticeship or employment in another EU state (DSP, February 2015c). Hence, while the EU Youth Guarantee failed to create national policy specifically to address youth unemployment it successfully placed a focus on the needs of the young in Ireland for the first time in the crisis (Interview 22, February 2016). Additionally, the EU funded pilot was held in Ballymun an area traditionally possessing a large contingent of unemployed with an unemployment rate "four times the national average" (ibid). The EU pilot provided Ireland the capacity to "pilot something that was more innovative" than what was currently on offer (ibid). As the majority of interviews overwhelmingly concur, "Ireland would not have piloted the scheme if we had had to invest in it" (Interview 13, November 2015).

7.3 Phase 3: The Rise of the 'Celtic Phoenix'⁹⁶ and Resurrection of Irish Employment (2015-2017)

'Crisis stability' has embedded into the Irish system with minor moments of 'crisis diversity' as Ireland's recovery has seen the unemployment level decrease to 8.8% for unemployment in general and 19.2% for youth unemployment in December 2015 (CSO, 2016). In stark contrast to previous economic crises, "this time around unemployment started to fall before economic growth started at all" signifying that, while not all attributable to the new activation policy, "activation doesn't appear to have done any harm" (Interview 18, February 2016). From the EU level, Ireland was perceived as a "good pupil" for implementing all the reforms the Troika had demanded (Interview 7, March 2015). However, while the student was good inside the classroom, outside it was a very different story.

⁹⁶ (The Economist, November 2015)

The new activation system, deemed by some to be a “low-road” of activation policy (Murphy, 2016), remained in place. However, in the absence of the threat from the fiscal and unemployment crisis the present phase has arguably witnessed a retreat on lower rate welfare payments and the strict conditionality on welfare benefits introduced during the crisis. There has been a striking return to increasing weekly benefit payments in Budget 2017 by €5 inclusive of Jobseekers Benefit, Jobseeker’s Allowance and OPFP with this increase in payment in addition to the reinstated Christmas bonus (DSP, Budget 2017). The bonus was abolished in the run up to the crisis and has been reintroduced since Budget 2015 increasing from 25% (DSP, Budget 2015b) to 85% by Budget 2017 (DSP, Budget 2017).

Additionally, the replacement of JobBridge is a case in point. The new national internship scheme has a new focus on skills and training, providing a national work experience programme as recommended by the Labour Market Council (LMC, 2016). The new programme would be based on voluntary participation, provide an equivalent payment to the national minimum wage for undertaking the scheme, and a “greater emphasis on skills development for interns” (LMC, 2016: 4). Similarly, there has been a loosening of conditionality on lone parents since Ireland’s exit from the Troika agreement. 2015 saw the successful completion of the OPFP activation reforms with those remaining lone parents on OPFP transferring to Jobseeker’s Allowance, JST and Family Income Supplement if they had a child seven-year-old or older thus providing “enhanced access” to activation services (DSP, 2015: 39). However, following recommendations from a report by the Joint Committee on Social Protection (Houses of the Oireachtas, 2017), which was supplemented with the evidence from the study by Millar and Crosse (2016), Budget 2016 (DSP, Budget 2016) and Budget 2017 (DSP, Budget 2017) stipulated increases in income disregards for OPFP and JST. Accordingly, “the change has been less intense than policy actors intended because there was quite successful campaigning” (Interview 13, November 2015).

The national resistance also continued in regard to the EU’s Youth Guarantee, with the rejection of substantial and significant policy lessons produced by the Ballymun Youth Guarantee pilot (see Delvin, 2015; DSP, February 2015b; Duggan et al., 2015; Carroll, 2015). Consequently, the national rollout of Ireland’s Youth Guarantee continued to adopt an enhanced PTW strategy. As such, further adjustments to pre-existing programmes have been made through the creation of JobsPlus Youth, a youth stream of the JobsPlus employer incentive scheme to encourage employers to hire young unemployed people (DSP Press Release, February 2015). Additionally, a new programme First Steps, which is a work experience and training programme for young people, was also launched (ibid). The NYCI has

been highly vocal in its dissatisfaction with the rollout of a national Youth Guarantee and particularly the lack of a partnership approach by the DSP (NYCI, 2016), and was highly vocal on the EC's report which claimed positive results in Ireland from the national Youth Guarantee (NYCI Press Release, 2016; also see EC, 2016).

Nonetheless, structural changes have remained in place as reflected in the continued resistance to the EU's Youth Guarantee with the 'work-first' PTW strategy remaining the dominant approach to activation policy. Furthermore, the latest update to PTW2016-2020 reflects the continuation of the new Europeanized, conditional, coercive activation system (DSP, 2016: 27-29) which thus appears to be a permanent feature on the Irish welfare to work landscape. As reflected in the renaming of the DSP to the Department of Employment and Social Protection (Irish Times, September 2017), which demonstrates the permanency and commitment to Ireland's new, integrated activation strategy. Arguably, the MoU was stronger in Europeanizing the Irish system than both the EES and OMC (Murphy 2016: 16). Additionally, while rate changes to OPFP and JST for lone parents have been reversed the structural shift in the gender regime to "a much more mixed woman as-worker-mother-regime" (Interview 13, November 2015) has also remained. As an interviewee stated, "in terms of the crisis to date we have in a sense and to use a cliché turned it into an opportunity but we can probably only do that once." (Interview 18, February 2016).

7.4 Conclusion: 'Crisis Progression' vs. 'Crisis Diversity'

"The very notion of crisis involves both threat and change. Certainly, you can see that in the Irish case" (Interview 15, December 2015). The dual threat from the financial and employment collapse created the political will, previously absent, to radically reform the Irish activation system, creating a new coercive, conditional and integrated system of employment supports. The unemployment crisis was initially confronted by a muted response ('crisis progression') as the state's lack of funds inhibited a policy response. EU funds afforded Ireland the opportunity to introduce innovative policy at an accelerated pace as EU demands were responded to in an archetypal, enthusiastic manner.

Overdue, pre-crisis thinking was vigorously implemented as the unprecedented unemployment crisis was responded to by unprecedented changes to the Irish welfare system ('crisis diversity'), comprising of tough measures "that were not easy for our culture" (Interview 17, January 2016). Over the course of the Troika agreement Ireland's activation system was transformed from its 'outlier' status, and is today a state who "speaks out even more for these rules to be respected" (Interview 7, March 2015). Ultimately, substantiating

those findings in the thesis, this demonstrates the presence of a ‘crisis spectrum’ at play as Irish activation policy “across the crisis, moved from being ‘crisis progression’ to then ‘crisis diversity’” (Interview 19, February 2016).

In reference to our original three questions:

- Is ‘crisis diversity’ or ‘crisis progression’ occurring in the crisis response from national activation policy?
- Does the crisis pattern identified within Irish activation policy and its interaction with EU social policy mirror that identified previously in Chapter 5?
- What has been the impact of the euro crisis on Ireland’s national social policy response in activation policy, and what does this tell us about the EU in ‘crisis mode’?

Regarding Question 1: In relation to the crisis pattern both ‘crisis diversity’ and ‘crisis progression’ are occurring within the crisis response from national activation policy. The key arguments for ‘crisis progressionists’ are:

- The euro crisis *has* spilled over into employment policy creating a ‘domino’ effect.
- The euro crisis *has* spilled over from the EU to the national level, as the economic crisis became mirrored in both economic and social policy, initially inhibiting a crisis response in social policy and subsequently inhibiting the development of a new single working age assistance payment.

In contrast, the key arguments for ‘crisis diversifiers’ are:

- The euro crisis led to the Troika taking over the Irish state leading to significant Europeanization of Irish activation policy as the “Troika and OECD overlapped and Europeanisation [was] clearly evident” (Murphy, 2016: 11).
- The euro crisis created the demand for long-standing policy proposals of activating lone parents and integrating employment supports as “the crisis has provided the opportunity to introduce policies which

would have been much more difficult to introduce in a non-crisis period” (Interview 24, April 2016).

- The euro crisis unprecedentedly increased the role of the state in the social affairs of its citizens which served to “fasten its journey” (Interview 13, November 2015) towards an even more mixed welfare market model.
- The crisis response has been dominated by an economic approach when “there’s many ways to solve a problem but at the moment the only way we are looking at it is from an economic perspective” (Interview 22, February 2016).
- The threat of financial collapse and high unemployment rate led to decreases in welfare payments, without this threat welfare payments have steadily begun to increase again in the present recovery phase demonstrating how the euro crisis acted as a catalyst for policy change.

For ‘crisis stabilisers’ the key arguments are:

- Activation policy created in the crisis remains in place in the post-crisis period.
- In a continuation from the historical development of the Irish welfare state, the demand for activation policy has emerged from EU membership through the Troika and Ireland’s MoU agreement, with a notable lack of national demand both pre-crisis and during the crisis period.
- Again, in a continuation from the historical development of the Irish welfare state, economic policy has continued to dictate social policy’s expansion.
- A Youth Guarantee was implemented in a previous crisis (Interview 24, April 2016).

Regarding Question 2: The pattern of ‘crisis diversity’ identified in Irish activation policy does mirror national social policy’s historical development (Chapter 5), and the national level within the euro crisis (Chapter 4). The fiscal crisis served to place a constraint on the welfare state in addressing Ireland’s unprecedented unemployment crisis, creating an existential threat to the state economically, politically and socially. ‘Crisis progression’

emerged as the state lacked the finances to develop a policy response. This lack of finances, compounded by its marginalised role in social policy, led to a partnership of convenience, this time, with the Troika. Subsequently, 'crisis progression' provided the conditions upon which Europeanization was necessary, hence the crisis provided an opportunity for Ireland to Europeanize its activation policy and converge with EU practices. Thus, as had occurred historically, Ireland followed the trajectory of EU social policy, through converging with European practices, which was accelerated by the Troika as Ireland followed their demands for rapid policy development. The state accepted these demands for a swift response and significant policy change as "this change has been on the cards for quite a while" (Interview 14, November 2015).

Consequently, Ireland's 'passive' activation system rapidly changed to a highly 'active' regime as the euro crisis was transformed from a significant threat to an opportunity, as Ireland adopted tried and tested models from EU member states and "customised them" (Interview 18, February 2016) to address their unemployment crisis. Thus, further substantiating Risse et al.'s (2001) contention that adaptation to EU policy occurs in national colours and demonstrating the presence of 'horizontal' Europeanization. Additionally, the Irish case corroborates Kühnhardt's (2009) conception of EI as a contingent process of oscillation between challenge and response (2009: 3) with "courageous responses" required to transform a crisis into a new opportunity (2009: 10), as discussed in Chapter 3. Ultimately, 'crisis diversity' encouraged Europeanization as policy developments expedited the process of Europeanization and provided the opportunity for Europeanization which was essential for the survival of Ireland, and by implication, the EU.

Ireland, once again, reversed roles with the EU as the state drove EU social policy under its presidency of the European Council, equally fostering accelerated policy development at the EU level as the EU's Youth Guarantee became adopted by member states in a matter of months. Hence, the Irish case represents the middle of the spectrum as revitalisation was occurring both within the EU and Ireland in concurrence. Subsequently, providing further support for the claim that revitalisation is occurring along a spectrum as identified in Chapter 6. This also substantiates the presence of 'bi-directional' Europeanization identified in Chapter 4.

Regarding Question 3: The euro crisis has very clearly facilitated the Irish crisis response within activation policy, as evidenced by the pattern of 'crisis diversity'. Ireland used Europeanization as a defensive strategy to mitigate the destabilising effects of the crisis,

implementing overdue reforms to update their activation regime in order to respond and address rising unemployment. Irish social policy development was not inhibited, it was strikingly and significantly accelerated by the euro crisis as “the innovations in Ireland in the welfare sector, they were obvious things to do but they were enabled by the crisis” (Interview 18, February 2016). Despite the EU system being in crisis, the EU governed Ireland’s economic and social policy, placing strict demands and conditions on policy development facilitating the establishment of a new activation system. Respectively, in accordance with the British case study, against the classical view of crises the Irish case demonstrates that the EU in ‘crisis mode’ does not mean the end of the EU. Irish activation policy has demonstrated how a crisis can mean a stronger EU, one that member states are even more committed to. Ultimately, the euro crisis is both a threat and an opportunity; the determining variable is the response from national actors within the state.

The final chapter will now conclude by comparing the Irish and British case studies, drawing concluding observations and ultimately answering those questions this thesis aimed to answer at the outset.

Chapter 8

Conclusion: The Euro Crisis as a Threat and an Opportunity for Social Policy

“The whole nature of crisis is that it can be both...If you have a crisis then that challenges the fundamental underpinnings of your system, be it a social system or any other system, so on the one hand it is a huge threat. On the other hand, in order to deal with such a crisis to the fundamental workings of a system you have to introduce change.” (Interview 15, December 2015)

“I do not think the euro crisis will end the EU, I think it will be somewhere in between, mostly ‘crisis progression’ with a few aspects of ‘diversity’.” (Interview 12, May 2015)

This thesis has been motivated by the lively debate over the role of crises in the EU, exploring the juxtaposed perspectives of those who hold a traditional view of crises, purporting that crises are the potential death of the EU, and those who see them as contributing to the development of the EU, and possibly a stronger EU. The euro crisis was explored to see whether crises really are the death of the EU as many, in the media particularly, claim or whether we are in fact seeing a ‘crisis spectrum’ at play.

The research has made three key contributions to the field of Europeanization theory, EU crisis literature and euro crisis literature respectively. Firstly, the thesis has applied Europeanization theory and examined the Europeanization process in a time of crisis. Europeanization theory emerged in a benign context and has primarily been considered in non-crisis times. The euro crisis initiated a movement in Europeanization research to explore the effect of a crisis on the Europeanization process (see Saurugger, 2014; Triandafyllidou, 2014; Christou and Kyris, 2017; González, 2017; Windwehr, 2017). This thesis has contributed to this new theoretical discussion, taking Europeanization theory further than it has currently been applied by analysing new countries and new policy areas. In particular, the thesis has

examined the cases of Britain and Ireland, analysing the response from welfare policy to the free movement of EU nationals and within activation policy respectively.

Secondly, the impact of the euro crisis was explored through the application of a novel 'crisis spectrum' comprising of three crisis logics: 'crisis progression', 'crisis diversity' and 'crisis stability'. These three novel crisis logics employed Europeanization theory to identify the type of crisis pattern occurring, to decipher whether policy was developing because of the euro crisis or was being inhibited by the euro crisis. Furthermore, to identify if and what type of Europeanization was occurring in the euro crisis. The thesis developed these logics on the premise that the EU is flexible and needs to be flexible to survive. Consequently, the thesis has provided a new framework with which to examine: the EU system in a crisis; the Europeanization process in crisis times; and Europeanization theory in crisis times. This has contributed to examining and conceiving the impact of crises on the EU in a way which has not been done before.

Thirdly, the thesis has contributed to widening the euro crisis debate by looking at the crisis from a new and different perspective, namely from the perspective of social policy. Social policy was the instrument used to explore the impact of the euro crisis on the Europeanization process. This is a surrounding policy area which has been overlooked by academics due to the scholarly focus on the core crisis area of economic policy, as was demonstrated in Chapter 3. While the crisis literature on economic policy is important, the other side of the coin to economic policy is social policy. The economic literature is highly significant on account of the nature of the crisis, however it has omitted this interconnection and interdependence between the two policy areas. Yet, in practice underpinning social policy is monetary policy. Accordingly, this research is complimentary to the research already conducted within the economic field by providing an analysis of the impact of the euro crisis on the other side of the coin.

Hence, it was equally important to look at the surrounding policy areas both for how the euro crisis has impacted on the rest of the EU system and for what it has demonstrated with regards to EI and European crises overall. This is a scholarly opportunity that has been underdeveloped. Thus, the thesis has examined the euro crisis from a different perspective to the majority, with the euro crisis literature having considered the impact of the euro crisis on the ESM and national welfare states as a collective. This is where the thesis has filled the gap in the current literature, bridging the literature on EU crises and the euro crisis in particular, with literature on social policy.

There were an array of (European) policy areas that could have been explored. Social policy was chosen as the instrument to explore the impact of the euro crisis on the Europeanization process due to two key features. Firstly, within crisis countries austerity programmes it was social policy which was being adjusted and regulated, acting as an important shock absorber in the crisis, as had consistently occurred at times of economic crisis. Secondly, in comparison to other policies, the jurisdiction over social policy had been highly contentious between member states and the EU. Thus, social policy was deemed an excellent litmus paper for testing the impact of crises on European policy responses as well as EU and member state policy interactions. Social policy's treatment within the current crisis was telling for how the EU operates in 'crisis mode' and for how member states use Europeanization and/or de-Europeanization as either an opportunity or a defensive strategy against its debilitating effects. This focus on social policy led to two core research questions being posed:

- What is the impact of crises within the EU on member states' social policy responses?
- How flexible and adaptable are member states?

These broad research questions motivated three principal aims by which the impact of EU crises would be explored, these were:

1. To explore if 'crisis diversity' is occurring in the euro crisis, demonstrating the presence of a 'crisis spectrum' which is currently being overlooked;
2. To explore the role of crises in Europeanization and the resulting impact on national social policy;
3. To explore the role of member states in the current euro crisis and by proxy, their role within the EI process.

Ultimately, underpinned by Europeanization theory, this thesis aimed to identify the specific crisis patterns at the European, national and social policy levels as well as within specific areas of social policy to decipher whether the euro crisis really was the potential death of the EU.

8.1 Conclusions: "Crisis Proversity"⁹⁷

The dominant view of the euro crisis, particularly during its early stages, was one of a traditionalist view of crises with the collapse of the Eurozone leading to the collapse of the EU itself. The protagonists of 'crisis progression' expected to see events occurring in economic

⁹⁷ (Interview 9, April 2015) "I would not see them as entirely separate and distinct from one another".

policy mirrored within social policy. As social policy is so expensive the crisis in economic policy, in theory, should be undermining social policy. However, the findings from this research, by means of the three core aims, have illustrated that crises do not always occur in a 'domino' effect mechanically spreading to other connected policy areas, despite the dominance of this progressionist discourse in the euro crisis debate. Instead, the euro crisis created economic pressures which strained social policy, forcing a policy response and adjustment to the crisis leading to the development of social policy. Hence, the euro crisis has occurred along a 'crisis spectrum' with the crisis being both a threat and an opportunity.

As the research incrementally analysed the EU system closer, 'crisis diversity' became an increasingly common feature of the euro crisis. *Chapter 3* conducted a literature review of the European crisis debate on EU crises which countered this appearance of a dominant 'crisis progressionist' discourse. The chapter demonstrated that there was a growing number of 'crisis diversifier' interpretations as the euro crisis progressed. *Chapter 4* proceeded to examine the crisis pattern occurring in the initial period of the euro crisis at the European and national levels. This chapter contributed to providing support for those 'crisis diversifiers' identified in the previous chapter, elucidating that 'crisis progression' was not the order of the day in the euro crisis, despite the domineering media narrative. While the EU level was displaying a pattern of 'crisis progression', the national level was exhibiting 'crisis diversity' which was bubbling away underneath the surface of the crisis.

It was argued that the predominant perception of 'crisis progression' was a media creation through an EU-centric focused analysis which overlooked national activity. The analysis demonstrated a role reversal between member states and the EU by virtue of the two disparate crisis patterns. This allowed a 'crisis cushion' to form whereby national crisis responses were automatically and unconsciously resolving national issues in conjunction with the EU. Thus, reinforcing the EU's structure and ensuring its survival. The states were identified as flexibly, in an uncoordinated fashion, prohibiting the perpetuation of 'crisis progression' through this role reversal.

Chapter 5 examined the system more closely analysing the crisis pattern within both the historical development of EU social policy and national social policy in Britain and Ireland, and the crisis period. The chapter further displayed a mixed pattern of 'crisis progression' and 'crisis diversity' as pre-crisis moments of 'crisis diversity' were recurrently borne out of 'crisis progression', with crises acting as a catalyst for the development of EU social policy and national social policy. The chapter found that, due to the identical crisis patterns, historically

Britain and Ireland had flexibly reversed roles with the EU and drove social policy's development at times when EU social policy was stifled. Thus, maintaining the development of and concurrently reviving EU and national social policy. Moreover, by exploring the different British and Irish social policy responses in the crisis the chapter argued that a uniformed, mechanical crisis of 'crisis progression' was not able to occur in the absence of a uniformed structure at either the EU or national level.

The thesis finally conducted its closest examination of the EU system through exploring the crisis pattern within specific areas of national social policy. *Chapter 6* explored the crisis response from British welfare policy. This examined how welfare policy mechanisms in control of the state were used to manage the welfare entitlement of EU nationals, in the context of EU free movement where national immigration policy is invalid and a highly divisive national immigration debate. Meanwhile, *Chapter 7* analysed Irish activation policy. For Britain, the initial threat from 'crisis progression' was actively harnessed by national actors for their own agendas meanwhile, an uncharacteristically rigid response emerged from the EU fostering 'crisis stability' within free movement. Thus, creating an area of stability within a core EU policy area and containing the euro crisis within the EU structure. This subsequently created a significant period of 'crisis diversity' in British welfare policy as the 2010 to 2015 Conservative (led coalition) government utilised the threat of public concern over the social impact of the free movement of EU nationals on the welfare state to create innovative national social policy.

Nonetheless, Britain was unable to reverse roles with the EU as it had historically, testifying to revitalisation also occurring along a spectrum. The British case demonstrated one end of this spectrum. Although Britain attempted to revitalise the EU with no significant effect on the state, in actuality the EU's rejection of Britain's policy meant changes at the national level had no significant effect on the EU. Hence, even in one state and one specific area of social policy there were various complex processes and different crisis patterns occurring at different times, simultaneously.

The Irish case contributed to providing clear evidence for a 'crisis spectrum' at play with the response to the unprecedented unemployment crisis moving up the spectrum from 'crisis progression' to 'crisis diversity'. The chapter demonstrated how the constraint on the welfare state from the fiscal crisis created an existential threat to the state. The events predicted by protagonists of 'crisis progression' came into realisation as Ireland's lack of funds undermined the development of social policy. Nonetheless, social policy was not undermined

for long as the Troika took control of the state and Ireland turned the euro crisis from a significant threat into an opportunity to implement overdue reforms to their welfare state. This led to the creation of a new 'active' activation system to address unemployment.

Ireland also seized the opportunity, through the EU presidency, to reverse roles with the EU and drive the European response to youth unemployment. Hence, the Irish case represented the middle of the spectrum as revitalisation occurred concurrently within the EU and Ireland. The euro crisis afforded Ireland an opportunity to converge with EU practices which it actively embraced, as the Europeanization process and the implementation of pre-crisis policy proposals were accelerated by the crisis during an extensive period of 'crisis diversity'. Accordingly, it can be seen how both those contrasting crisis perspectives are equally overlooking the larger 'crisis spectrum' of possibilities for what is happening in the euro crisis.

Ultimately, while there are elements of 'crisis progression' in the euro crisis, this is not the domineering crisis pattern as many media and political commentators purported. Instead, 'crisis diversity' has featured significantly in the euro crisis, borne out of the threat from 'crisis progression'. Hence, rather than being opposed to one another these two perspectives are in tension to one another with a spectrum of possibilities between them. Academics and political commentators alike are merely seeing one end of the spectrum, one part of a highly complex and interdependent picture of the euro crisis.

8.2 Implications: National Impact and Response to the Euro Crisis

It is acknowledged that this thesis only compared the two cases of Britain and Ireland. Hence, to attain a fuller picture of the impact from the euro crisis on social policy responses it would be necessary to analyse a greater number of the twenty-seven member states available and a greater number of policy areas. Nonetheless, the case studies of Britain and Ireland appear to imply a disparate impact from the euro crisis on member states' social policy responses, with different parts of the 'crisis spectrum' activated at different times and in different ways.

Regarding the first research question: *What is the impact of crises within the EU on member states' social policy responses?* In both cases, the euro crisis facilitated national social policy responses. The euro crisis sustained and accelerated Europeanization in Britain and Ireland respectively, resulting in significant innovation for national social policy in both member states. However, in both the British case and the Irish case the euro crisis initially

constrained national social policy's response to the crisis creating the conditions for the economic crisis to translate into a significant social crisis. In Britain, the national social response to the political and public concern over the payment of welfare benefits to inactive EU nationals was constricted by the EU's rigid defence of free movement. This in turn created a further threat as a national referendum on EU membership was held as a by-product of the 'misfit' between the conceptions of national and EU citizenship in the crisis conditions.

In Ireland, a simultaneous fiscal and unemployment crisis was experienced as "economic misfortune [spilled] over immediately into social policy" (Interview 17, January 2016) in a 'domino' effect. The economic collapse threatened a corresponding social collapse as the state was unable to administer welfare benefits as they had typically to facilitate people moving from welfare to work on account of the scale of the unemployment crisis and the constraint on finances. Nonetheless, 'crisis progression' did not overwhelm the system and impede national social policy's development rather, a response was incited from within British welfare policy, and similarly from Irish activation policy.

However, there were disparate impacts from the euro crisis on British and Irish social policy responses to Europeanization. In the former, the state attempted to de-Europeanize national social policy, moving away from servicing the principle of free movement by restricting EU nationals' entitlements to British welfare benefits to de-incentivise EU nationals taking residence in the state. The EU retained this core area of Europeanization despite the unprecedented challenges from Britain, hence leading to 'Brexit'. Contrastingly, the euro crisis simultaneously accelerated Europeanization in Ireland as the demand for new activation policy created a corresponding opportunity for Ireland to converge with EU activation policy practices, under the direction of the Troika and as recommended historically by the OECD. Arguably this demonstrates how Eurozone membership enhanced the transformation of the domestic arena to the EU system, as economic integration required social integration for economic purposes as "all their [EU] focus during the crisis was on economics" (Interview 21, February 2016), which in the context of the bailout was inescapable. In contrast, Britain outside of the Eurozone had the flexibility to impede the transformation of the national level. Hence, as Risse et al. (2001) claimed in regard to Europeanization in non-crisis times in Chapter 2, adaptation to the EU in the euro crisis occurred in national colours, which in turn advanced the development of national social policy.

Additionally, this incongruent impact from the euro crisis is exemplified by the fact that EU free movement did not become an issue in Ireland despite their higher unemployment

level, a similar austerity policy, and similarly implementing radical reforms to their welfare benefits which resulted in severe cuts for the young in particular. The Irish state was overwhelmingly positive towards EU free movement hence the potential negative consequences were not considered. Furthermore, the state had a history of emigration and a highly international labour market. Hence, it can be seen how the pre-crisis social policy relationship between the EU with Britain and Ireland was consistent during the euro crisis. Britain's antagonistic relationship with EU social policy became non-existent as Britain disengaged through the rejection of EU free movement from the national social structure, followed by EU membership. Ireland retained its enthusiastic relationship as the state continued to follow the trajectory of EU social policy. Notably the occurrence of 'Brexit' has been a significant and lasting change from the euro crisis in Britain's relationship with the EU as the euro crisis enhanced Britain's Eurosceptic disposition. The implications of 'Brexit' are discussed within the postscript which follows this chapter.

Regarding the second research question: *How flexible and adaptable are member states?* Member states are highly flexible and adaptable depending on the policy area and national conditions. The case studies exhibit a divergence in the flexibility and adaptability of Britain and Ireland in response to the euro crisis. Chapter 4 demonstrated how the EU's flexibility originates from the diverse and autonomous policy activity of member states. The national crisis response differed from the EU's crisis response, with the resolution of national issues unconsciously reinforcing the EU's structure and allowing the system to continue to operate and exist. Thus, saving the EU from the euro crisis by means of 'crisis integration' which was creating a revived EU from the crisis.

Chapter 5 illustrated how a crisis pattern of 'crisis progression' recurrently leading to 'crisis diversity' historically facilitated the member states flexibly reversing roles with the EU at times when EU social policy was stifled. This revitalisation of EU social policy facilitated EU and national social policy's progress. Hence, member states have historically facilitated the process of Europeanization and the EI process alike providing flexibility and adaptability to the EU system in those policy areas that are intended moreover, required to be flexible. The case studies demonstrate the limits of this flexibility moreover, how revitalisation of the EU/member states does not occur in a uniform manner rather it occurs along a spectrum, similar to the euro crisis.

The British case represents a rigid crisis response in adapting to the EU, showing the limits of member states' flexibility. Paradoxically, by responding in such a rigid fashion Britain

assisted in reinforcing the EU structure as EU officials and member states united over Britain's opposition to EU free movement, something the euro crisis itself had failed to do. Once it emerged that the EU would not be flexible over free movement rules, even with the impending national referendum over EU membership, Britain exited the union rather than responding flexibly to the rigidity of free movement and participating in the Europeanization process. Hence the British case illustrates the inflexibility of a state when EU policy challenges and infringes upon historical national identity, administrative styles and institutional structures.

Contrastingly, the Irish case represents a flexible crisis response in adapting to the EU as both the EU and national levels were concurrently revitalised. This enabled Ireland to adopt the much-needed tougher activation measures which ultimately rescued the EU by assisting in the financial re-stabilisation of the Eurozone. In turn, the EU level was also revitalised as Ireland was successful in flexibly reversing roles with the EU, similarly accelerating EU social policy through the rapid adoption of the EU's Youth Guarantee in response to unprecedentedly high EU-wide youth unemployment levels. Consequently, Europeanization was both reinforced and reinvigorated in the Irish case through the simultaneous revitalisation of EU and national social policy.

These varying degrees of flexibility again demonstrate the impact of Eurozone membership on national crisis responses. Ireland was able to be flexible in response to the crisis with being economically integrated and possessing a social system which emulated EU social policy. Britain had retained its national economic policy and was thus equally defensive over its national social structure creating a more rigid response to crisis conditions. Accordingly, Eurozone membership provided Ireland with greater flexibility in responding to the crisis hence, providing the state with greater power than if they acted independently. After all, it was only with the demand from the EU that a new 'active' activation policy was implemented, independently this had proven difficult to enact.

Hence, concurring with the findings in Chapter 4, these diverging responses from Britain and Ireland arguably helped to save the EU in the euro crisis namely, Ireland reinforced and revitalised the Europeanization process when it was under significant attack at the core from Britain. Ultimately this illustrates how revitalisation also occurs along a spectrum with revitalisation occurring both ways and on a continuum. Thus, demonstrating the flexibility of member states to respond in a number of different ways to a crisis. At one end of the spectrum there is revitalisation of member states with no significant effect on the EU (attempted by Britain), while at the other end there is revitalisation of the EU with no significant effect on

member states (British case). In the middle there is revitalisation of both the EU and member states either in concurrence or not at all (Irish case).

8.3 Implications: EU Impact and Response to the Euro Crisis

8.3.1 Theoretical Implications: Europeanization in Crisis Times

Europeanization theory has gone further than traditional EI theory, explaining the impact of the euro crisis on EI at the European and national level, analysing the role of national institutions during adaptation and examining Britain and Ireland's individual crisis responses to the Europeanization process. The findings from the research overwhelmingly demonstrate that the process of Europeanization was not inhibited by the euro crisis, thus providing evidence in support of 'crisis diversifiers' that not all crises occur in a uniform, mechanical fashion signalling the death of the EU. In the euro crisis there was simultaneous convergence (Ireland) and divergence (Britain) to EU social policy, as occurs in non-crisis times, illustrating the utility of Europeanization theory beyond traditional EI theories and how integration is a process rather than an end product.

This occurred through both 'bi-directional' Europeanization, which was found to be occurring throughout the different governance and policy levels, and 'horizontal' Europeanization in the Irish case. Thus, demonstrating the obsolescence of unidirectional approaches to examining the process of Europeanization and the impact of Eurozone membership, as Ireland was able to 'download' and customise activation policies from its fellow member states. Moreover, this demonstrates how the Europeanization process does not involve the continual presence of EU involvement and why the term 'EU-ization' (Bulmer and Burch, 2005: 863) was rejected in favour of 'Europeanization' from the outset of this thesis.

Europeanization theory has provided further original insights into the politics of the EI process at a time of crisis. The research has shown how the Europeanization process becomes politicised during a crisis, as discussed in Chapter 5. Britain saw the process of Europeanization become subject to competing discourses, with a fervent Eurosceptic discourse in the euro crisis as a result of the economic and political crises, confirming Buller's (2006) explanation for the Europeanization process causing political tension as discussed in Chapter 2. An EU-enthusiast such as Ireland similarly saw a politicisation of the EU with the euro crisis stimulating a debate over the lack of a debate and discussion over joining the euro. This creates the conditions for a debate to be had over EU social policy as the state becomes more self-aware of its EU membership as a result of the euro crisis.

Ultimately, the euro crisis has fostered a strengthening of Europeanization within EU social policy due to both a threat (Britain) and an opportunity (Ireland) leading to acceleration and consolidation of the Europeanization process. Hence, the British and Irish case studies suggest that Europeanized policy areas are able to be strengthened at crisis times, consequently reinforcing the EU politically and operationally at a time of unprecedented uncertainty and instability. Respectively, while Lefkofridi and Schmitter (2015) were concerned with the euro crisis threatening the advancement of EI, this research has shown how the EI process is more robust than is commonly assumed in crisis times. Moreover, this threat to the EI process is precisely what is advancing the EI/Europeanization process in crisis times, albeit on a nationally tailored and nationally contingent basis.

8.3.2 Crisis Implications: The EU System in Crisis Times

The case studies are telling for how the EU operates in a crisis. The findings from the research lead this thesis to infer that the EU system did not shut down in the euro crisis, rather it continued to operate, arguably in a more enhanced role in comparison to non-crisis times with the euro crisis providing a new *raison d'être* for the EU. In the Irish case the EU was a facilitator for policy ideas and development meanwhile, in the British case the EU was an arbitrator attempting to prevent a fallout from the debate over the principle of free movement. Thus, reflecting the EU's flexibility in the euro crisis, "the European Union has been in a number of different modes in different countries depending on what stage they are at for economic turbulence" (Interview 3, December 2014).

Nonetheless, while this thesis is premised on the EU as a flexible system and one that needs to be flexible to survive, in the British case stability was of equal importance to the EU system. In particular, stability within core EU policy areas, such as free movement, allowed the rest of the system to remain amenable with flexibility in these core areas creating a bigger crisis than that already occurring. By implication, the EU is only flexible because of these core areas of stability. Moreover, the British case shows how some national actors hold a traditional view of EU crises. A sub-cohort of British actors assumed the euro crisis was a time of weakness in which to regain back the areas of power it had conceded to the EU in previous years. Thus, resolving the Europe question in Britain and reducing the political power of the Eurosceptic fractions in the Conservative party once and for all. Conversely, as aforementioned, the euro crisis facilitated the strengthening of the EU system through the simultaneous defence of Europeanization in Britain and expansion of Europeanization to Ireland. This expansion of Europeanization in the euro crisis ascribes to Lefkofridi and Schmitter's (2015) definition of a

'good' crisis in Chapter 3 as the crisis raised an opportunity for Ireland to make "their collective agreement 'spill-over' into previously untreated or ignored areas" (2015: 6).

Ultimately, the two case studies of Britain and Ireland demonstrate how the euro crisis is not merely a story of 'crisis progression' with the EU on the brink of disintegration. Instead, supporting the growing contingent of academics viewing EU crises and the euro crisis in particular within a positive framework, we are in fact seeing a 'crisis spectrum' at play with both ends of the spectrum, disintegration and a strengthening of the EU, in contention with one another at crisis times with the former driving the latter. As an interviewee commented, "I would not talk about 'crisis progression' and a uniform effect...I do not see a unilateral effect which is affecting all areas of EU policy making" (Interview 7, March 2015). The euro crisis facilitated the development of national social policy in different ways through different processes demonstrating how the location of a crisis on the 'crisis spectrum' is contingent upon those different dynamics at the time. Arguably, based on these research findings, the conceptualisation of crises as a threat to the EU needs to be reconsidered as the processes from the impact of the euro crisis are more complex than the traditional view of crises account for.

8.4 Future Research

The analysis within this thesis has demonstrated the flexibility in utilising the three crisis logics by way of application in two different EU states, with different relationships to the EU, and two different areas of social policy. Due to the eclecticism of these logics there are a number of further areas of scholarship which merit further study. The first of these areas would be to explore further the impact of the euro crisis on other EU member states, particularly another crisis country such as Greece to compare against those findings in this thesis from Britain and Ireland. It would also be of exploratory value to apply these crisis logics to different crises, both those from the past and those that occur in the future, so to identify the impact(s) of different crises in comparison to the euro crisis. This would assist in identifying whether the euro crisis has been a one-off occurrence or whether there are discernible themes and features which are consistent throughout those EU crises that have occurred so far. This thesis only looked at the euro crisis in isolation, hence a comparative study between crises is of further interest to provide a more holistic picture of how crises impact the EU. The postscript which follows this chapter demonstrates the scholarly value in applying these crisis logics to the current 'Brexit' crisis.

In addition, there would be merit in further examining the impact of a crisis on the political culture and context of EU member states. This thesis merely touched upon those political debates in the British case, highlighting how the political environment altered due to the euro crisis and contributed towards 'Brexit', and the contrastingly less politicised environment of Ireland rather than being orientated towards this area. In Britain the state is disproportionately Eurosceptic in comparison to other member states and particularly in comparison to Ireland. As the British case in this thesis demonstrated, the highly politicised debate can be easily exploited by actors who have an interest in creating issues over non-significant or minor policy matters as arguments all lead to an issue of sovereignty. In contrast, Ireland is located at the other end of the spectrum with being positively disposed towards the EU. By implication, an interest group with a particular issue is much more likely to arise, such as those who campaigned against the activation of lone parents during the crisis, rather than an issue over national sovereignty. Ireland accepted in the euro crisis that their sovereignty was temporarily devolved to the EU due to the mismanagement of economic policy. Hence, this thesis has indirectly shown the importance of the political context for the national crisis response and the interaction of member states with the EU during a crisis.

A final area of scholarship which merits further study is to further build upon Alan Milward's seminal work *The European Rescue of the Nation State* (1992). Milward argued that the EU was built to 'rescue' the nation states and states perceived integration as the only path to national reassertion after the destruction of two world wars. By implication of this thesis exploring the impact of the euro crisis on national social policy crisis responses, the research found evidence to suggest Britain and Ireland's disparate policy responses to the euro crisis helped to save the EU from disintegration. Furthermore, the thesis demonstrated how historically member states had recurrently reversed roles with the EU, revitalising EU social policy through national social policy. In turn, the case studies provided evidence demonstrating how this revitalisation occurred along a spectrum with member states exhibiting differing degrees of flexibility and adaptability. Consequently, it would be of particular value to explore whether this role reversal occurred in other policy areas and thus whether Milward's process of revitalisation was a two-way process. An in-depth analysis could explore this revitalisation process within different policy areas as well as during both other crisis times and non-crisis times. It was not the aim of this thesis to explore Milward's argument moreover, this thesis has only analysed one crisis period and one policy hence the evidence highlighted here is only suggestive rather than conclusive.

Postscript

‘Brexit’: The Beginning of the End or Only just the Beginning?

*“This isn’t one more crisis, this could very well be the crisis threatening its very existence.”
(Francois Hollande, October 2016⁹⁸)*

“There is a lesson in Brexit not just for Britain but, if it wants to succeed, for the EU itself. Our continent’s strength has always been its diversity. And there are two ways of dealing with different interests. You can respond by trying to hold things together by force...that ends up crushing into tiny pieces the very things you want to protect. Or you can respect difference...and reform the EU so it deals better with the wonderful diversity of its member states.” (Angela Merkel, January 2017⁹⁹)

Since this research was completed Britain has begun the process of leaving the EU after forty-four years of membership. EU officials remained rigid over not reforming the principle of free movement leading David Cameron to renegotiate Britain’s relationship with the EU. Cameron then sought public assent of this new relationship in a national referendum held in June 2016, which was not granted. Subsequently, Article 50 has been triggered and there are now two years of negotiations over a ‘Brexit’ deal and the formation of a new relationship with the EU outside of the union. As Chapter 6 has demonstrated, arguably it was David Cameron’s political failure that led to Britain leaving the EU. The referendum was merely a rubber stamp for the dynamics that had already been set in motion. While it is beyond the remit of this thesis to discuss events that have occurred since this research was completed it is worth noting how the crisis logics explain ‘Brexit’ and what they expect to happen next.

The logic of ‘crisis diversity’ explains the occurrence of the ‘Brexit’ crisis as the result of the inflexibility of the EU. In the absence of the EU responding in a flexible manner to

⁹⁸ (The Telegraph, October 2016)

⁹⁹ (The Daily Mail, January 2017)

Britain's concerns over the principle of free movement, Britain has responded flexibly to the crisis conceiving a new and better relationship with the EU outside of the union. For 'crisis diversifiers', these events do not signal the end of the EU or Anglo-EU relations. Instead, it is the beginning of a new start for a more fruitful relationship for Britain and the EU alike by creating a new direction for the system without breaking the system to the point of collapse. Through Britain's withdrawal the EU's survival is assured as a 'crisis cushion' is formed whereby the divisive debates over free movement can occur with Britain within the 'Brexit' negotiations rather than the debate spreading across the EU among all the member states, causing ruptures and deep rooted political divisions within the union. Hence, the crisis over free movement is now contained within the 'Brexit' crisis and process thereby enabling the rest of the EU to carry on operating as normal while the 'Brexit' negotiations are ongoing. Respectively, what 'crisis diversifiers' would expect to happen next is for a new EU system to emerge underpinned by new mechanisms and dynamics, a new Anglo-EU relationship to be established, and a new system for the United Kingdom to materialise as Scotland takes the opportunity from this crisis to potentially attain its independence.

Contrastingly, 'crisis progression' explains the occasion of 'Brexit' in more negative terms with it being the result of a 'domino' effect which is threatening the survival of the EU. For 'crisis progression' the 'Brexit' crisis has emerged due to the economic sovereign debt crisis in the Eurozone spilling over into the interconnected policy area of the principle of free movement. This has created social concerns over the principle as national crises and lack of jobs in numerous countries led to a response in free movement with an increase in EU nationals exercising their free movement rights. This crisis, in turn, has spilled over into the political issue of British membership to the EU due to free movement being embedded within member states' EU membership. Hence, 'Brexit' was the inevitable outcome from the fall out over the principle of free movement, which has its origins within the sovereign debt crisis. This has arrested EU policy development, thus ultimately signalling the beginning of the end for the EU with the first ever member state exiting the union. Respectively, what 'crisis progresionists' would expect to happen next is for a swath of member states to similarly attempt a renegotiation of their relationships with the EU, for referendums to be held over their membership, and for a mass "stampede of member states [to go] towards the exit door that could see the EU crumble" (The Telegraph, October 2016). They would also expect to see a simultaneous "existential threat to the very idea of a United Kingdom" (McEwen, 2016: 22) with Wales pressing for independence following in Scotland's path with the potential for both to leave the union and a period of 'nationalsclerosis' to ensue.

'Crisis Stability' explains the manifestation of 'Brexit' as the result of the EU defending the principle of free movement which, for 'crisis stabilisers', was essential for the EU's survival. From the perspective of 'crisis stability' the principle of free movement had to be defended. Since the principle is a fundamental tenet of the EU structure, a transformation would have caused irreversible damage placing into question the rest of the fundamental freedoms which underpinned the functioning of the EU system. Hence, ultimately undermining the whole structure and operation of the EU system. Additionally, it was viewed as unnecessary and undesired by both the EU and other member states. Free movement provided a sphere of stability in a context of unprecedented uncertainty over the euro, Eurozone and, consequently, the EU itself. For 'crisis stabilisers', free movement was the anchor in a storm for the EU, keeping it down while other policy areas responded flexibly to the crisis ensuring the rigidity and stability of EU free movement. One of these policy areas to react flexibly was Britain's policy stance over EU membership. Respectively, what 'crisis stability' would expect to see next is the EU system continuing to operate as normal, with the withdrawal of Britain making no difference due to the fundamental tenants of the EU remaining intact and unchanged.

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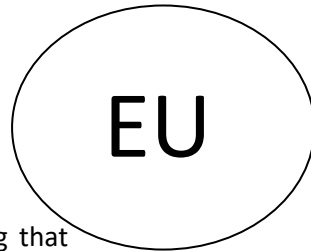
Interviews

1. Anonymous, Interview with UK Pressure Group, *Skype Interview*, 5th December 2014
2. Anonymous, Interview with academic at a UK Higher Education Institution who is also involved with a UK based NGO, *Telephone Interview*, 9th December 2014

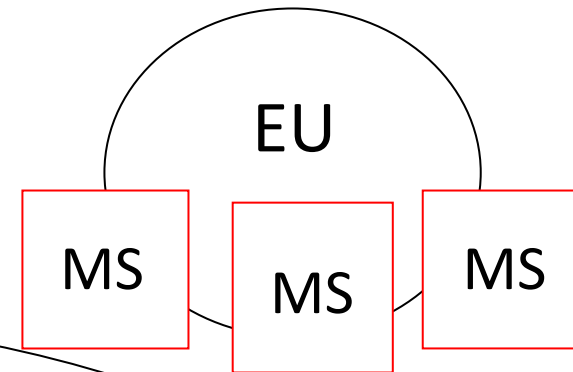
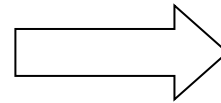
3. Anonymous, Interview with a Policy Analyst at a European NGO, *Skype Interview*, 15th December 2014
4. Anonymous, Interview with academic at an Italian Higher Education Institution, *Skype Interview*, 4th February 2015
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12. Anonymous, Interview with UK NGO, *Skype Interview*, 5th May 2015
13. Anonymous, Interview with academic at an Irish Higher Education Institution, *Skype Interview*, 24th November 2015
14. Anonymous, Interview with Irish NGO, *Skype Interview*, 30th November 2015
15. Anonymous, Interview with academic at an Irish Higher Education Institution who is also involved with a Government Body, *Skype Interview*, 16th December 2015
16. Anonymous, Interview with academic at an Irish Higher Education Institution, *Telephone Interview*, 6th January 2016
17. Anonymous, Interview with a retired Policy Analyst from an Irish Government Advisory Council, *Telephone Interview*, 21st January 2016
18. Anonymous, Interview with Irish Civil Servant, *Telephone Interview*, 10th February 2016
19. Anonymous, Interview with Irish Research Organisation, *Skype Interview*, 11th February 2016
20. Anonymous, Interview with two members of an Irish NGO, *Written Responses*, 1st February 2016
21. Anonymous, Interview with Irish NGO, *Telephone Interview*, 12th February 2016
22. Anonymous, Interview with a staff member of an Irish Job Centre, *Skype Interview*, 15th February 2016
23. Anonymous, Interview with Irish NGO, *Telephone Interview*, 2nd March 2016
24. Anonymous, Interview with academic at an Irish Higher Education Institution, *Written Responses*, 19th April 2016

Appendix

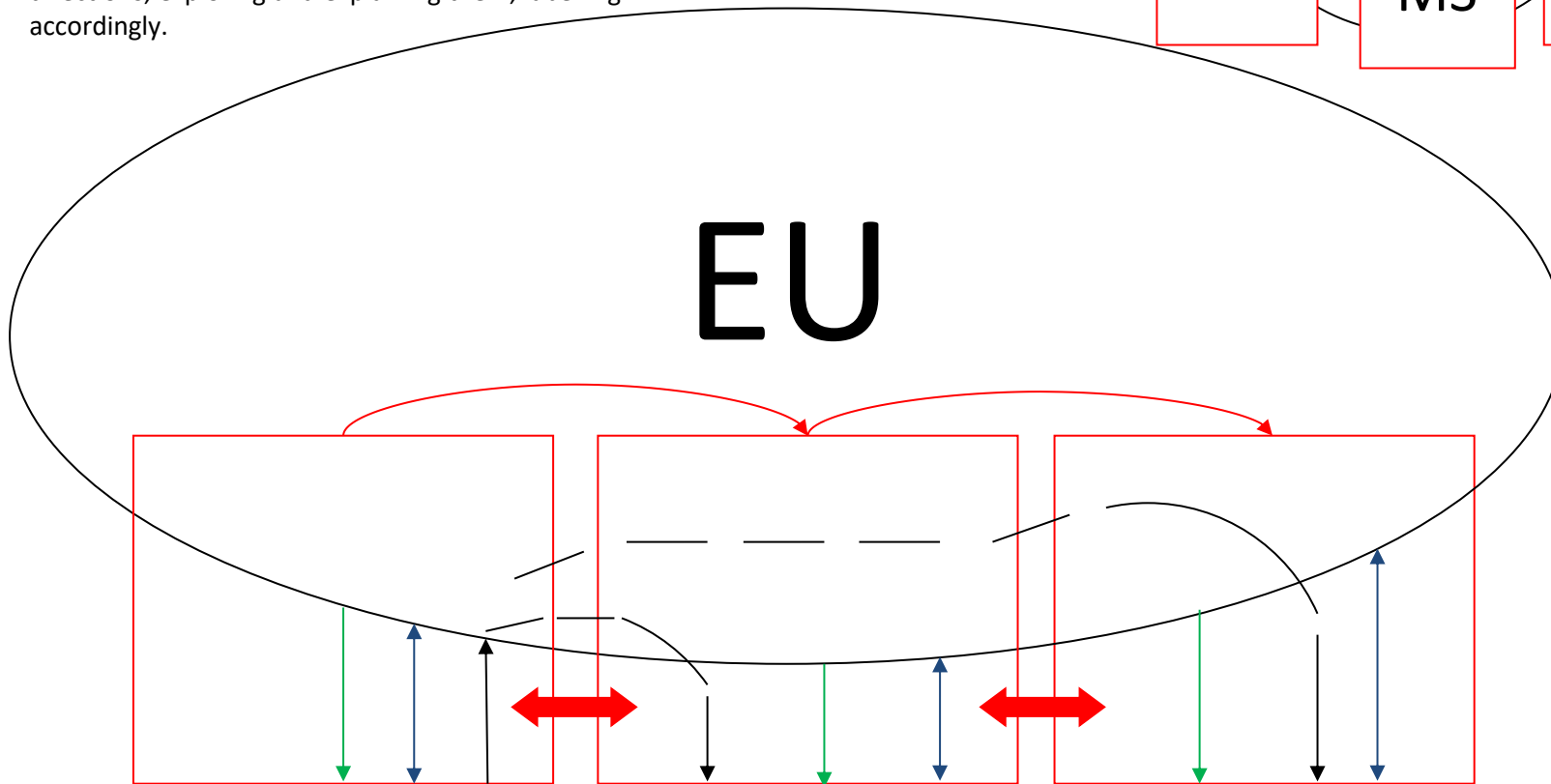
CRISIS →



Europeanization and Crises

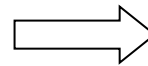
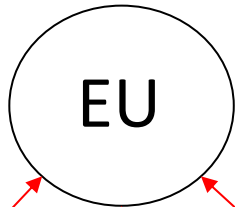
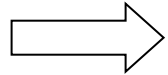
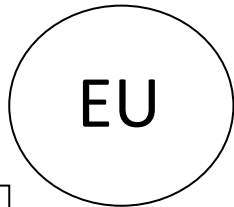


Europeanization builds on MLG by accepting that there are multiple directions which can be taken (those which MLG introduces and discusses), however Europeanization focuses on these multiple directions, exploring and explaining them, labelling accordingly.

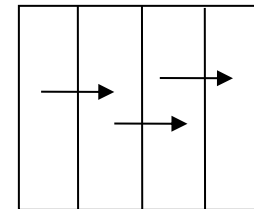
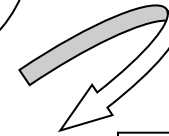
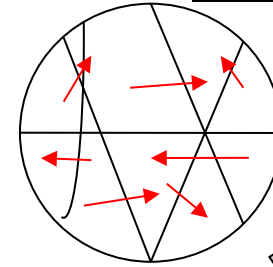


Unlike MLG there are not endless possibilities and the EU is not assumed to be involved with every option taken, it is possible for the EU to be absent in the process of European Integration. In contrast to MLG, Europeanization emphasises the voluntary basis on which MS co-operate and co-ordinate with the EU.

Crisis →



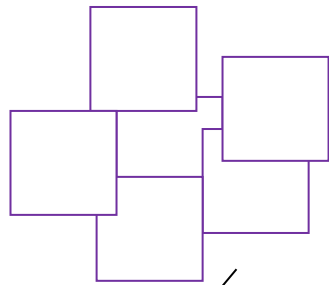
Neo-functionalism and Crises



Crisis spreads through 'Spill-over'.

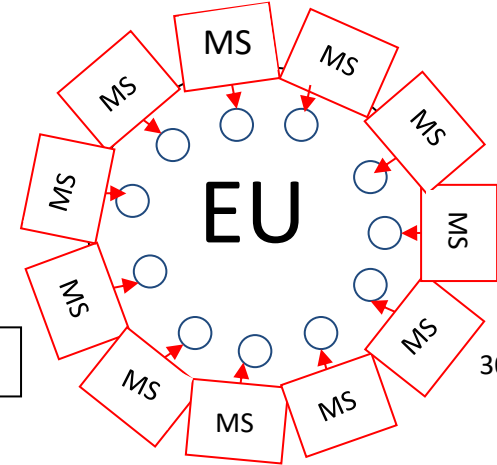
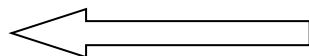
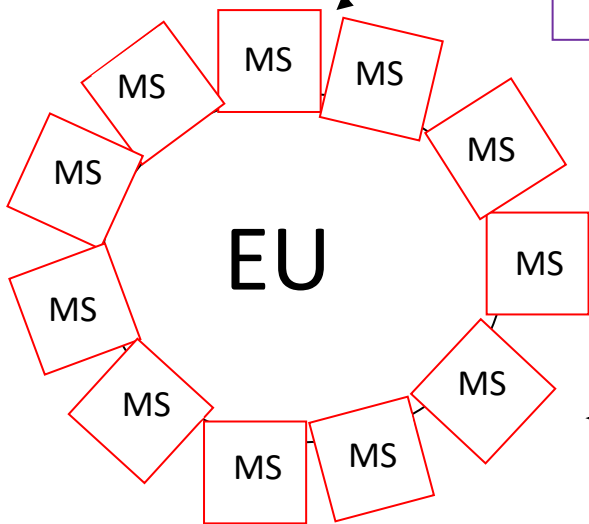
Other non-EU states see the EU's success. These states do not want to be isolated from the benefits. This leads to geographical "spill-over".
Thus, from the perspective of neo-functionalism crises are integrative, a constructive force that creates and deepens European Integration.

Member States turn towards the EU because of positive past experiences.

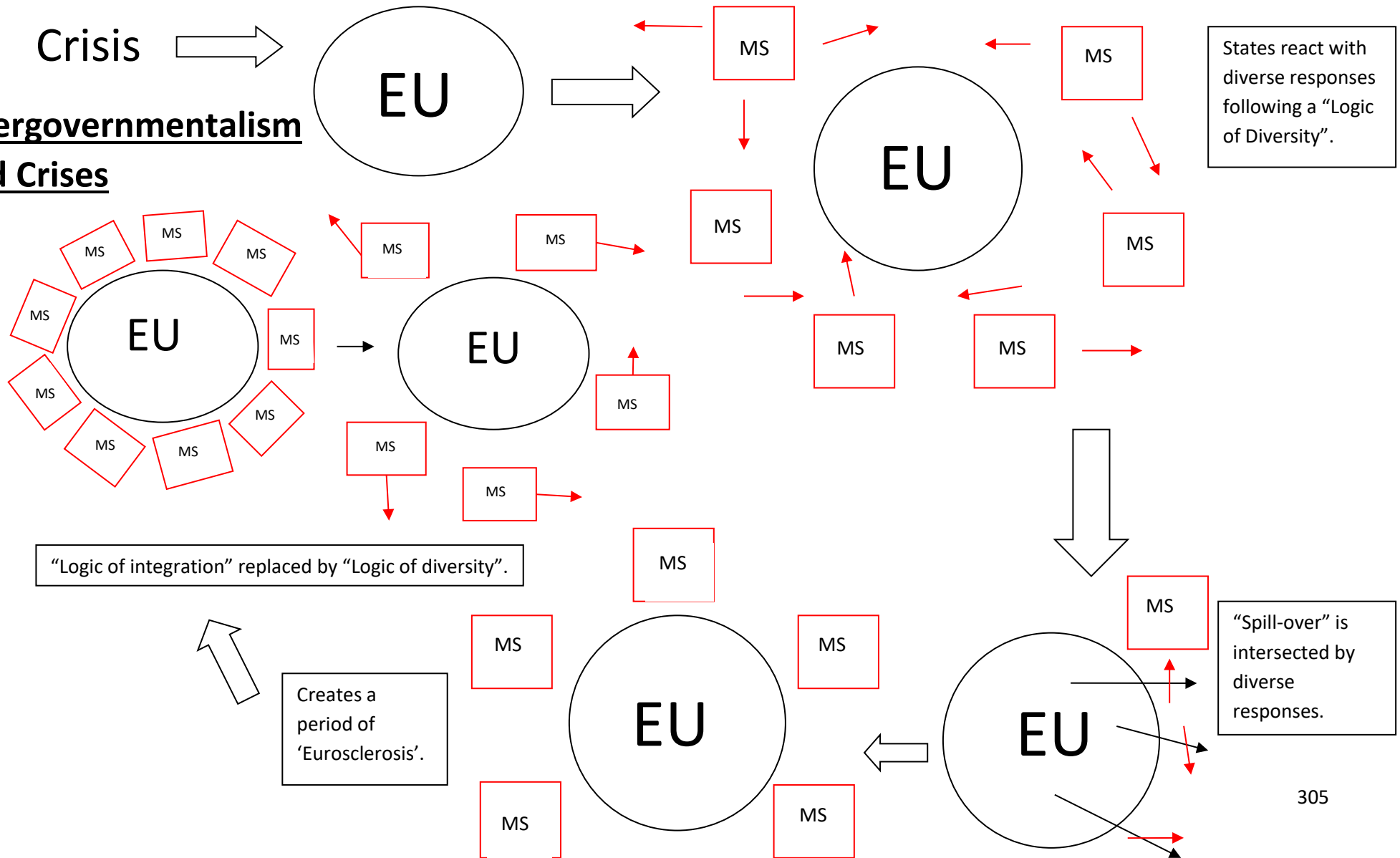


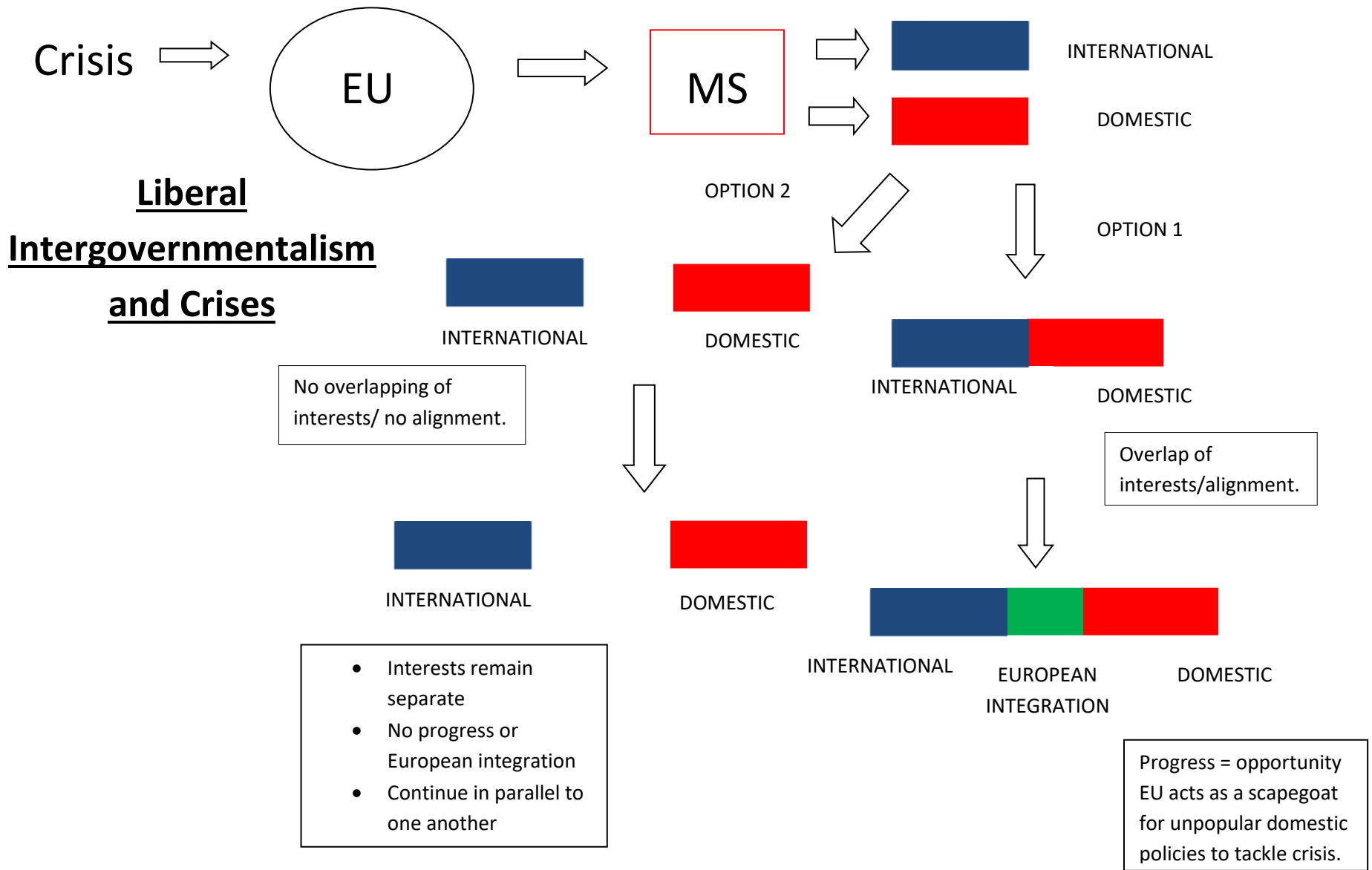
NON-EU MEMBER STATES

- Member states shift towards the EU and away from the state; states are no longer able to resolve issues at the domestic level
- The "learning process" is heightened
- States follow a "Logic of integration"
- Political "Spill-over" occurs

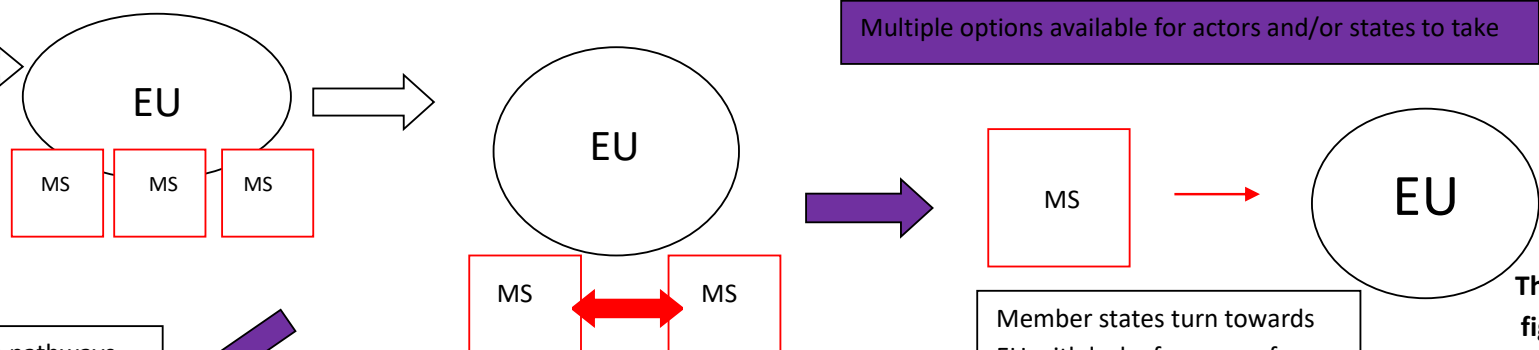


Intergovernmentalism and Crises





Crisis Multi-Level Governance and Crises



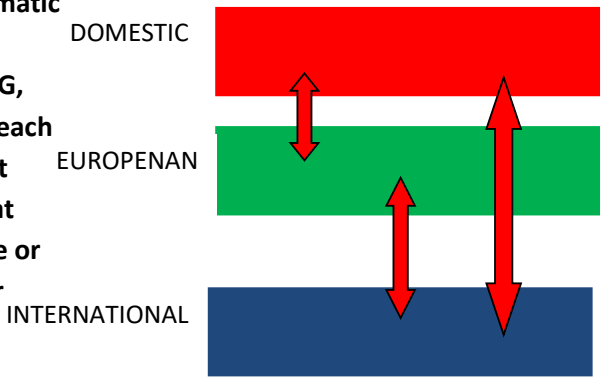
There are multiple pathways according to actors' actions. Opportunities and the range of possible actions grow as the crisis transpires.

Member states turn to each other rather than EU

Member states turn towards EU with lack of progress from interactions with each other.

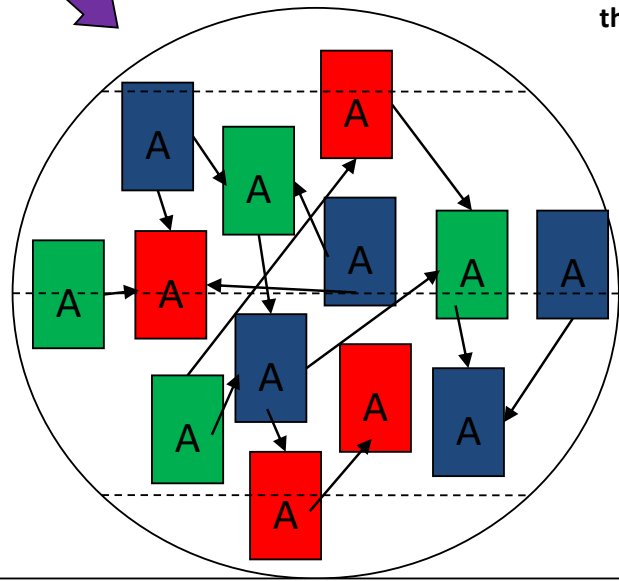
The EU remains a key figure in the process. However, European Integration will occur only when necessary and when in the interests of the member state(s).

MLG implies deepening but does not imply automatic deepening like neo-functionalism. In MLG, actors turn towards each other, but it does not necessarily imply that actors will encourage or participate in further integration.



All three levels of governance – Domestic; European and International – co-ordinate and co-operate to manage the crisis. Negotiations take place at a high level of politics and with high level actors.

Actors – low level political actors – turn towards each other. There is mutual dependence which is enhanced as negotiations heighten across the governance levels. Transnational associations form as a collective attempt to manage the crisis is created. Subsequently boundaries become less clear cut.



MLG emphasises the multiple levels on which the EU operates, co-operates and co-ordinates with.

European actors, member state actors, international actors and supranational actors all interact with one another.

Constructivism and Crises

