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Paradigm Shift Ahead?
EU Industrial Policy and the European Green Deal
in the Neoliberal Era

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Abstract

The recent EU industrial strategies and the European Green Deal are a source of continuous academic discussion. By employing a Critical Political Economy (CPE) approach, the present thesis argues that these policies did not provoke a paradigm shift away from the longstanding neoliberal hegemony. Instead, transnational industrial alliances managed to promote their neoliberal interests with some neomercantilist elements by inserting green growth into their logic. This happened in response to their declining material position, reinforced by the 2007/8 global and financial shock and the current ecological crisis. Industrial agents had greater access to decision-makers within the European Commission than environmental organizations or the progressive left, which becomes especially visible when tracing the meetings of selected agents with the Commission, and comparing the wording between industrial position papers and EU policies. Thus, the European Commission sidelined calls for structural change, and strategically selected industrial interests over socio-ecological transformative ones that worked as a counter-hegemony project to the current paradigm. These insights are gained by methods like ideal-type comparison, the historical materialist policy analysis, process tracing, and extensive analysis of primary documents.

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List of Abbreviations

ACEI	Alliance for a Competitive European Industry
CPE	Critical Political Economy
DG GROW	European Commission Directorate-General for Internal Market, Industry, Entrepreneurship and Small and Mid-sized Enterprises
EU	European Union
EEB	European Environmental Bureau
EEC	European Economic Community
EIB	European Investment Bank
ERT	European Round Table for Industry (earlier: European Round Table of Industrialists)
ETUC	European Trade Union Confederation
ECSC	European Coal and Steel Community
FoEE	Friends of the Earth Europe
GDP	Gross Domestic Product
GNDE	Green New Deal for Europe Group
HLG	High-Level Expert Group on Energy-Intensive Industries
R&D	Research and development
WU	Wirtschaftsuniversität Wien (Vienna University of Economics and Business)

1 Introduction

In the wake of the 2007/8 global financial and economic crisis, industrial production all over Europe received a severe blow, which became manifest in falling output, widespread closures of industrial plants, reduced employment, and slashed R&D and investment (Pianta, 2015, p. 139; Wyns & Khandekar, 2019, p. 326). Especially Southern European states such as Spain, Italy and Greece lost around one quarter of their industrial capacity, and up until now, no energy-intensive industry like coal, steel, cement and ceramics in the EU could reach its pre-crisis production levels, with the only exception of chemicals (*ibid.*). In response to concerns about this lingering de-industrialization, recent years have seen an astonishing rise in industrial policies on the political agenda of the European Union (Eder & Schneider, 2018, p. 108; Landesmann & Stöllinger, 2020, p. 1; Moussa, 2017, p. 13; Wigger, 2019, p. 353). Shortly after the outbreak of the 2007/8 crisis, the European Commission has published new or adapted previous industrial strategies almost every two years (European Commission 2010, 2012, 2014a, 2017, 2019, 2020a). Current EU industrial policies increasingly include 'green' aspects, with vows for environmental and ecological sustainability (Hallegatte et al., 2013, in Giordano, 2015, p. 186; Mazzucato, 2015, p. 134; Moussa, 2017, p. 14). The latest manifestations of this turn are the so-called 'European Green Deal,' proclaimed in December 2019 by the President of the European Commission, Ursula von der Leyen (European Commission, 2019), and the therein embedded policy 'A New Industrial Strategy for Europe' (European Commission, 2020a). In addition to these overarching policies, the Commission has presented sector-specific communications, especially for the energy-intensive industries like steel (for instance, European Commission 2013, 2016).

If one considers the neoliberal paradigm by which the current economic system is shaped (Peck, 2013), the surge of industrial policies at this point in time is puzzling. A downward trend in European industrial production had already been visible for decades (Wigger, 2019, p. 355). Yet, since the crisis of embedded liberalism in the mid-1980s, European politics has witnessed what Landesmann & Stöllinger (2020, p. 1) call

an “industrial policy fatigue.” Industrial policies became ‘out of fashion,’ and instead, the emerging new neoliberal logic featured a strong competition focus (Buch-Hansen & Wigger, 2010, p. 20), which culminated in abandoning the neo-mercantilist and protectionist industrial policies that had been existing before the 1980s. Preferential treatment to certain sectors via State aid was persecuted, whereas privatization and flexibilization of the labor market became center-stage, and free market competition turned into a core aspect of EU policy (Wigger & Buch-Hansen, 2014, p. 121). Arguably, neoliberalism has continued to prevail after the 2007/8 financial and economic crisis (Peck, 2013). However, despite the ongoing neoliberal paradigm, seemingly out-fashioned industrial policy has made an astonishing comeback. This leads to the research question of the present thesis: ‘Do the current EU industrial policies constitute a move away from the neoliberal paradigm, and what explains this (missing) shift?’

The reason for this two-fold question arises from the need to first establish whether we indeed witness a paradigm shift, before an explanation for this can be given. There has been considerable disagreement whether such a change is evident on the European stage or not. Various politicians and scholars went as far as to call the new EU industrial policies a “real paradigm shift,” as Kramp-Karrenbauer, chair of the German Christian Democratic Union (CDU), had announced in 2018 (cited in Bofinger, 2019, p. 1). The social democrat and former head of the Eurogroup Dijsselbloem (2017, in Wigger, 2019, p. 354) stated that the changing policy in the EU meant “moving away from austerity and putting more emphasis on deep reforms.” Pochet (2016) analyzes developments in the EU from 1993 to 2016 and the rise of national productivity boards, and concludes that “we are entering into a new phase” in which there is a “balance between the different actors” and *no* reinforcement of “the power of the dominant group” (p. 324). Others claim that in the wake of the 2007/8 economic and financial crisis, “the world’s largest economies rejected the liberal doctrine” (Kuznetsov, 2019, p. 51).

This observation, however, is challenged by several other authors. Jordan et al. (2019, p. 5), for example, state that industrial and labor relations “continue to be dominated by a liberalisation agenda.” They assert that there has been no socialization of the dominant policy paradigm. In a similar vein, Moussa (2017, p. 114) argues that the new European industrial policy has recalibrated the neoliberal regulatory paradigm at the expense of environmental and social regulation efforts, with the latter two only being included as a “low-road strategy,” while competitiveness remains the main aspect to be safeguarded. Wigger (2019, p. 354) affirms that the EU industrial strategy does not mean a backwards shift to Keynesian production modes, but instead furthers neoliberal structural adjustments by internal devaluation. In a previous publication, Wigger and Buch-Hansen (2014, p. 131) depict how these industrial policies are only a response to the crisis within the neoliberal paradigm, without challenging underlying structures. Mazzucato (2015, p. 5) further notes that state intervention is oftentimes restricted to subsidizing private investments instead of making heavy public investments. Finally, Eder et al. (2018, p. 4) stress that scholars such as Rodrik, Stiglitz and Lin have well focused on green industrial strategies “without, however, thoroughly breaking with the neoclassical framework,” and not discussing a progressive industrial policy.

Andreoni and Chang (2016, p. 500) argue that industrial policy has never completely disappeared during the neoliberalist era but instead been of a ‘horizontal’ nature. Scholars often distinguish between ‘horizontal’ and ‘vertical’ industrial policy: The former merely sets framework conditions across industrial sectors such as general tax incentives for R&D, and does not highlight actual manufacturing or industry, but rather refers to any strategy that serves the purpose of affecting the economic structure; the latter supports specifically chosen sectors, thereby favoring some activities and discriminating against others (Andreoni & Chang, 2016, p. 493; Eder et al., 2018, p. 8ff; Landesmann & Stöllinger, 2020, p. 1). Considering these opposing views concerning the nature and impact of recent EU industrial policies, it is dearly necessary to establish whether they constitute a paradigm shift or not. A blind spot of current analyses are newly issued communications such as the European Green Deal

(European Commission, 2019) and the New Industrial Strategy for Europe (European Commission, 2020a). Since both are very recent policies, issued on December 11, 2019 and March 10, 2020, respectively, they remain under-researched by existing studies. This thesis intends to fill this void, and furthermore gives examples from the steel sector, which has not been center-staged in previous research. The energy-intensive, heavy industries are particularly affected by green industrial policies, and therefore constitute a highly interesting area to study.

Going further than establishing whether a paradigm shift is present or not, this thesis also aims to clarify *why* this is (not) the case. Constructing a causal mechanism is by far not done by all academic disciplines. Scholars in economics have assessed the impact of green industrial policies on productivity and export performance, or discussed which interventions will ensure economic growth (Costantini & Mazzanti, 2012; Giordano, 2015). However, they lack current analyses of a possible paradigm shift, and do not theorize the rise and impact of industrial policies in the broader picture, let alone establish a causal mechanism. Business scholars have studied the reaction and strategic positioning of businesses with regards to a green industrial turn, but mainly take this change as given and do not discuss major shifts in the regulatory environment (Finster, Eagan & Hussey, 2001; Song & Yu, 2018; Valentine, 2010). Political science, particularly theories on European integration, could be expected to contribute more to this discussion. Industrial policy is, after all, a way to harmonize national policies on a supra-national level, and can thus be considered a means of integration. Yet, the picture painted by traditional theories is not satisfying. Neofunctionalism and liberal intergovernmentalism both do not theorize paradigm shifts or historical sequence, and generally suffer from rather deterministic and reductionist viewpoints. Social constructivism, while displaying well the role of the ideational realm, lacks a focus on the material dimension. Historical institutionalism greatly shaped the debate about paradigm shifts, especially by the works of Hall (1993), who defined paradigms as an interpretive “framework of ideas and standards that specifies not only the goals of policy and the kind of instruments that can be used to attain them, but also the very nature of the problems they are meant to be addressing” (p. 279). However, while

historical institutionalism usefully places political events in their historical context and takes past experiences as an analytical tool, it is often criticized for having “no fully theorized explanation for change” (Steinmo, 2008, p. 129). It stipulates that change is only possible in the wake of an exogenous shock – the origins of which, however, remain unexplained.

Scholars that use a more critical approach to political economy (such as Cafruny & Ryner, 2009; Drahokoupil, van Apeldoorn & Horn, 2009; Jessop, 1990, 1999; Overbeek, 2000a, 2000b, 2012; Overbeek & van Apeldoorn, 2012; van Apeldoorn, 2000; van Apeldoorn & Horn, 2019; Wigger, 2019; Wigger & Buch-Hansen, 2014; Wigger & Horn, forthcoming), however, distinguish themselves from the above. First of all, they offer a sound theoretical approach, and place European industrial policies in the context of current and past economic regimes. Furthermore, they aim to explain whether some economic crises are followed by a regulatory paradigm shift, and others not (Wigger & Buch-Hansen, 2014). By employing notions of historical materialism, neo-Gramscianism, and transnational class fractions, the so-called Amsterdam school (see Overbeek, 2000b) is particularly useful. It incorporates the material and ideational realm, and includes structure and agency. Thereby, it can assist in discovering the structural roots of industrial policies and their possibly transformative green components, and further help to identify causal pathways. Following a historical materialist tradition, Critical Political Economy (CPE) views policies as the outcome of social struggles rather than rational means (Brand, 2013, in Moussa, 2017, p. 33). The present thesis will draw upon these insights. By employing a variety of methods, amongst which ideal-type comparison, the historical materialist policy analysis, and process tracing, it will answer the question ‘Do current EU industrial policies constitute a move away from the neoliberal paradigm, and what explains this (missing) shift?’

The present thesis will argue that a paradigm shift is not evident in the European Green Deal and the New Industrial Strategy, due to a continued focus on mainly horizontal policies, the primacy of global and EU-internal competitiveness and competition, and the importance of economic growth. It identifies the prevalent

agents, namely transnational industrial conglomerations, worker's associations, environmental organizations and the progressive left, and shows how the European Commission as a strategic site for action has given industrial agents more voice than others in shaping EU policy. This is particularly evident from the high number of meetings which transnational industrial organizations had with Commissioners and Cabinet members prior to the publication of the European Green Deal and the New Industrial Strategy, and to the similarity of wording between industrial interests and the respective policies.

This research is structured in the following way: Chapter 2 elaborates on the employed theoretical approach, Critical Political Economy (CPE). Chapter 3 clarifies the methods and operationalization, such as ideal-type comparison, the historical materialist policy analysis, process tracing, and document analysis. Chapter 4 connects empirical findings from primary sources to the previous parts. Chapter 5 addresses possible limitations of this study, suggests avenues for further research, and concludes.

2 EU Integration Theories and Critical Political Economy

EU industrial policy harmonizes, synchronizes or coordinates domestic initiatives that seek to support industries on a supranational level, and thereby serves the function of furthering European integration. Therefore, we must consider the main European integration theories in the context of this thesis, neofunctionalism and liberal intergovernmentalism. Additionally, this chapter will look at two more established theories, namely social constructivism and historical institutionalism. After critiquing their strengths and weaknesses, approaches in Critical Political Economy (CPE) will be outlined in depth, showing the particular suitability of the Amsterdam school in order to explain the presence or absence of paradigm shifts.

2.1 Discussing Traditional Approaches

Neofunctionalism was developed in the late 1950s and early 1960s, when Haas and Lindberg sought to explain why the European Coal and Steel Community (ECSC) fused into the European Economic Community (EEC) (Niemann & Schmitter, 2009, p. 45). Central to neofunctionalism is the idea of ‘spillovers,’ which implies that “integration of one sector leads to ‘technical’ pressures pushing states to integrate other sectors” (Niemann & Schmitter, 2009, p. 49). Change is therefore explained by “functional interdependencies” between areas (Haas, 1958, p. 372) that lead to ever more integration of EU Member States. Neofunctionalism gives a prevailing role to supranational institutions over Member States, with the former gaining ever more competencies and influence. It is a key strength of neofunctionalism to consider not only the state and domestic agents but the rising power of supranational players, including transnationally organized interest groups (Niemann & Schmitter, 2009, p. 46). Furthermore, neofunctionalism does not see the state as unified, and rejects the reductionism of realism in which the state is black-boxed. Finally, the theory acknowledges that supranational institutions may become autonomous agents and, thus, are more than mere transmission belts of dominant states. However,

neofunctionalism is critiqued for the fact that the conditions under which spillover and forward change occurs are theoretically unclear (Niemann & Schmitter, 2009, p. 52). By focusing primarily on agents, neofunctionalism neglects structural factors and ignores the role of the ideational and material realm when explaining why integration happens. Following from the assumption of perpetual spillovers, the theory sees European integration as inevitable and unstoppable, proceeding in incremental, steady steps (Niemann & Schmitter, 2009, p. 46). Hence, neofunctionalism is unable to address major structural changes like paradigm shifts, contested policy outcomes, or even disintegration. Critical political economists (for instance, van Apeldoorn & Horn, 2019, p. 198f) note that neofunctionalism (implicitly) assumes ongoing economic growth and an increase in welfare for all. Therefore, they critique that the theory does not address “the power asymmetries inherent in capitalism” (p. 199) and is blind to inequalities in society. The organization of production, unequal distribution of gains, and possible clashes of interest (that may even obstruct further integration!) are overlooked.

As in neofunctionalism, distributional struggles among social classes within the economic capitalist system remain unaddressed in a second influential theory of European integration (van Apeldoorn & Horn, 2019, p. 198), namely *liberal intergovernmentalism*, mostly promoted by the works of Moravcsik in response to neofunctionalism (Moravcsik, 1993, p. 473). Liberal intergovernmentalism sees itself as an “application of rationalist institutionalism” (Moravcsik & Schimmelfennig, 2009, p. 67) and is first and foremost premised on states as rational utility-maximizing entities. Primacy is given to state interests that are assumed to result from the aggregated economic interests of the most powerful domestic agent (Moravcsik, 1998). Any major changes are considered to be driven by the interests of dominant Member States. While a strength of liberal intergovernmentalism is to address pressures from domestic social groups (Moravcsik, 1993, p. 481f) trying to provoke change or maintain the status quo, an ontological shortcoming is its reductionism since agents’ interests are constructed out of a void, and do not seem to have any material or ideational basis. Similar to neofunctionalism, interest groups are not seen as rooted in and

constrained by structure. Thus, liberal intergovernmentalism is unable to explain where structural change originates, or where the motivations for change may come from. There are also many empirical examples, such as competition policy, for which liberal intergovernmentalism does not hold (even Moravcsik & Schimmelfennig, 2009, p. 67 concede this). Moravcsik & Schimmelfennig (2009, p. 73) themselves also mention that liberal intergovernmentalism is critiqued for the fact that it “does not explicitly theorize pre-existing institutional rules,” thereby lacking a theoretical explanation for previous historical developments. This, however, would be essential to put political changes in their historically contingent place.

Social constructivism entered the field of European integration in the late 1990s in response to the dichotomous debate between neofunctionalism, oriented at supranational institutions, and liberal intergovernmentalism, focused on state interests (Risse, 2009, p. 144). Having emanated from International Relations and furthered by scholars like Wendt (1999), Finnemore and Sikkink (1998), and Ruggie (1998), social constructivism brought the ideational dimension into the debate, which had been neglected previously. Central to social constructivism is the logic of appropriateness, which rejects mere rational, optimizing behavior. The strength of social constructivism is a focus on interests, identities, discursive practices and culture, or ‘collectively shared systems of meanings,’ in a constructivist wording (Risse, 2009, p. 145; Wendt, 1999). As such, the ideational realm, assumed to be reproduced by agents through repeated practices, also builds the basis of change. Yet, social constructivism rejects the agency-centeredness of neofunctionalism and liberal intergovernmentalism. It rather focuses on the mutual constitutiveness between agency and structure, and agents are not seen as independent but embedded in their social environment (Risse, 2009, p. 146). Thus, institutions such as the EU are not exogenous factors which only regulate behavior – they also constitute agents’ identities. Thereby, social constructivism extends the previous emphasis on agency and brings in the interrelation with structure and ideas. Another strength of social constructivism is that agents’ preferences are not taken as given and can shift over time. Thus, when explaining change social constructivism bases this on the shifting

interests and identities of agents, which, however, stand in interrelation with the surrounding structure and are constrained thereby. Its weakness, in this regard, is to neglect the unequal distribution of (material) power in the economic system, and the arising inequalities (van Apeldoorn & Horn, 2019, p. 199). Hence, it lacks the material realm based on the underlying organization of economic production. However, an interesting feature of social constructivism is that it differs from previous European integration theories on epistemological grounds, as it denies the “possibility of intersubjectively valid knowledge claims” (Risse, 2009, p. 145).

Finally, another approach that gained popularity is *historical institutionalism*. Although institutions had already been discussed by ancient political philosophers like Plato and Aristotle (Steinmo, 2008, p. 118), the term ‘historical institutionalism’ was mainly coined in the 1990s. As the name implies, scholars of this approach view institutions, roughly defined as informal and formal rules, as a central factor to “structure and shape behavior” (Steinmo, 2008, p. 118). Until today, historical institutionalism is greatly driven by the desire to explain empirical, real-world events, making the past an analytic tool for current events (Steinmo, 2008, p. 124f). The historical record functions as empirical evidence which helps to explain why a certain outcome occurred. This ‘path dependency’ is historical institutionalism’s most central concept and assumption as it places political events in their historical context, giving importance to a specific time, place, and sequence. The theoretical conception of history is also a main strength of historical institutionalism, as the earlier-mentioned approaches cover history empirically but do not theorize historical sequences as such. Historical institutionalism is, moreover, useful to explain the stability of institutions due to path dependency, the resistance of those advantaged by the current system, or the preference of individuals to continue by existing rules (Steinmo, 2008, p. 129). However, it is often criticized for having “no fully theorized explanation for change” (Steinmo, 2008, p. 129). Indeed, the historical institutionalist scholar Hall (1993, p. 283) famously theorized about critical junctures during which “third order changes,” meaning radical changes associated with paradigm shifts, may happen. However, according to historical institutionalism, windows of opportunity for change are only created in the wake of an exogenous

shock – the origins of which are taken as given and remain unexplained. Although Hall (1993, p. 280) argues that the outcome of changing paradigms depends on the “positional advantages [of competing factions] within a broader institutional framework” and on “exogenous factors affecting the power of one set of actors to impose its paradigm over others,” it remains insufficiently explained where such exogeneity comes from. Hence, historical institutionalism is not completely apt to explain why some crises lead to paradigm shifts and others do not. In addition, the approach does incorporate ideas as a means to “recognize some social interests as more legitimate than others” (Hall, 1993, p. 292) and pays attention to agency by considering individuals as both rule-following and interest-maximizing, thereby acting both habitually and rationally (Moravcsik & Schimmelfennig, 2009, p. 68; Steinmo, 2008, p. 126). Yet, when which behavior prevails “depends on the individual, on the context and on the rules” (Steinmo, 2008, p. 126), and it is thus not fully theorized when habit or rational behavior takes over.

As shown above, all of the theories above are unable to fully explain paradigm shifts, either due to neglecting the structural and ideational realm, the material power relations in the system, or by lacking explanations for exogenous shocks and theorized motivations for agency. Additionally, these approaches mainly take into account how integration is proceeding but neglect the actual substance and social purpose of EU policies, thus ignoring a central aspect of political communications. In order to remedy these shortcomings, this thesis will build upon the works of Critical Political Economy (CPE), particularly the Amsterdam school. As it will be shown, CPE seeks to explain the content, form and scope of EU policies on the basis of its theoretical ingredients, and thereby considers agency, structure, the ideational and material dimension alike.

2.2 Critical Political Economy

Critical Political Economy (CPE) embraces a post-disciplinary understanding of economics and politics (van Apeldoorn & Horn, 2019, p. 198). In fact, the combination of both realms was already commonplace among classical political economists such as Smith or Marx (Cafruny & Ryner, 2009, p. 221; van Apeldoorn & Horn, 2019, p. 197). However, the 20th century witnessed a “disciplinary split” (Cafruny & Ryner, 2009, p. 221) between economics and political science, dividing them into the laws of the market versus the study of the political system. CPE transcends this division and provides a holistic understanding of real-world events by focusing on the mutual constitution and inseparability of ‘the economic’ and ‘the political’ (van Apeldoorn & Horn, 2019, p. 197), and criticizes other approaches for neglecting this link. As such, European integration is considered a “political project of primarily economic integration” (van Apeldoorn & Horn, 2019, p. 196). As of now, a high number of perspectives exist in the CPE tradition, which extend far beyond national borders (Overbeek, 2000a; van Apeldoorn, Bruff & Ryner, 2010, p. 215). This thesis will focus on notions of the so-called ‘Amsterdam school of transnational historical materialism,’ which includes historical materialism, class fractionalism, transnationalism, and neo-Gramscianism (Overbeek, 2000b, p. 60). Furthermore, the concept of hegemony projects will be discussed, after which the explicit theorization of paradigm shifts by CPE will be highlighted.

2.2.1 Central Theoretical Concepts

In order to understand CPE’s take on paradigm shifts, we must first outline the general features of this approach. Importantly, CPE considers social reality as a contested process (van Apeldoorn & Horn, 2019, p. 213). Different social groups, notably ‘classes’ that emanate from how production is organized, struggle for unevenly distributed gains. CPE intends to uncover the structural constraints which agents face when trying to bring about change, or when following existing logics. The contradictory nature of integration leads into the question of ‘cui bono,’ asking who benefits and who loses

from certain social power relations (van Apeldoorn & Horn, 2019, p. 198). Power asymmetries are traced back to the underlying material structures of global capitalism (van Apeldoorn, Bruff & Ryner, 2010, p. 219). Referring to Poulantzas (1978, 1973), Jessop (1999, p. 45) notes that class power comes from the social division of labor and the resulting contrasting positions of who gets what, when, and how (see also Lasswell, 1936). Classes are “further determined by their different modes of organization and their respective strategies in the different fields of class struggle” (Jessop, 1999, p. 45). The whole capitalist regime of accumulation thus centers around “the way production and consumption are organized and managed” (van Apeldoorn & Horn, 2019, p. 201).

It is important to integrate the vast influence which historical materialism has had on CPE in this respect. Historical materialism stipulates that production is indispensable for the social reproduction of a society (van Apeldoorn & Horn, 2019, p. 199; Wigger & Horn, forthcoming). As Cox (1987, p. 1, in van Apeldoorn, Bruff & Ryner, 2010, p. 215) states, “[p]roduction creates the material basis for all forms of social existence.” Relating to this statement, van Apeldoorn & Horn (2019, p. 199) explain that “production is the necessary material precondition for the exercise of any form of power.” This idea was absorbed by CPE, which features the material realm in its approach – in contrast to the before-mentioned theories. For historical materialism, it is crucial to understand how economic power is constituted, since the social relations of production form the basis for class division (Poulantzas, 1978, 1973, in Jessop, 1999, p. 43ff; Overbeek, 2000b, p. 61) – and major changes like paradigm shifts. By identifying those who own and control the means of production, it is possible to discern a social group with common interests and a shared identity, the so-called ‘capitalist class’ (van Apeldoorn & Horn, 2019, p. 199). This group operates in opposition to the ‘social class,’ comprised by labor. Their contrasting positions give rise to structural asymmetries and possibly exploitative practices (van Apeldoorn & Horn, 2019, p. 199, Wigger & Horn, forthcoming). Historical materialism views these class relationships as the most vital social relations (Brand, 213, in Moussa, 2017, p. 36). It is essential to note that class may also be internally fractionalized (Wigger & Horn,

forthcoming), and struggles can appear within and between classes. Importantly, the specifics of the social relations of production differ across the world. They are historically contingent, arising from path-dependent past configurations, and reflect earlier relationships of power (Kannankulam & Georgi, 2014, p. 63; note here the similarity to historical institutionalism). A feature found in historical materialism is the constraint placed on agents by social structure, the reproduction of such structures by agents, but also the possibility of agents to transform them, thereby provoking change (Jäger, Horn & Becker, 2016, in van Apeldoorn & Horn, 2019, p. 199).

As capitalism has no steering center but rather pushes forward certain mechanisms, amongst which the production of surplus value, competition, and the accumulation imperative (Moussa, 2017, p. 36; Wigger & Horn, forthcoming), it is particularly interesting to theorize about the role of the state in this context. Following Jessop (1999, p. 54), the state is a strategic site of political organization in which different social groups articulate their interests. In the historical materialist tradition, interests are derived from the material relations of production. Struggles on the state level lead to internal conflict and mutual contradictions (Poulantzas, 2000, p. 136, in Kannankulam & Georgi 2014, p. 62; Poulantzas, 2000, p. 159, in Moussa, 2017, p. 38), accompanied by the formation of strategic alliances of agents (Jessop, 1999, p. 55). The state can then “privilege the access of some forces over others, some strategies over others, some interests over others” (Jessop, 1999, p. 54f), thereby committing to structural change or supporting the status quo. This is what Jessop calls ‘strategic selectivity.’ The complex combination of state institutions reflects, advances or obstructs certain class interests (Jessop, 1999, p. 54). Thereby, it may reproduce structural power asymmetries. However, it is important to note that the state does not work as a coherent, rational entity that exercises power. Rather, only specific political fractions situated on different levels of the system act (Jessop, 1999, p. 54; Kannankulam & Georgi, 2014, p. 62). State power hence depends on the balance of forces within it (Jessop, 1999). Kannankulam & Georgi (2014, p. 62) state that “institutions cannot be analysed without analysing the shifting relationships of forces in a society.” In the EU, the nation state is not the only exclusive constituent of

production relations (van Apeldoorn & Horn, 2019, p. 201): EU institutions are now a strategic field for different forces as well. The fractionalizations, contradictions and struggles within the state (or supranational entity) are also visible in the “prodigious incoherence and chaotic character of state policies” (Jessop, 1999, p. 49, referring to Poulantzas, 1978, 1976). Brand (2013, p. 10, in Moussa, 2017, p. 40) affirms that policies are part and product of social struggles, but simultaneously have to fulfil the function of regulating contradictory social relations. This explains possible inconsistencies within state policies. It is important to consider the context in which a certain policy is created: Particular agents give meaning to a certain context, but this context may also be reproduced separately from this meaning (Moussa, 2017, p. 38; note here the ideational realm). According to Brand (2013, in Moussa, 2017, p. 41), the state can thereby shape how certain issues are perceived.

A further notion particularly prevalent in the Amsterdam school is fractionalism (Overbeek, 2000b, p. 64f). The different production relations and the fractionalization of capital into commodity capital, money capital, and productive capital creates several diverse class fractions, each of which has its own strategic goals, ideology and identity (Overbeek, 2000b, p. 64). All of these aspire to represent a so-called ‘general interest,’ presenting themselves as beneficial for society as a whole. When connecting this to the concept of transnationalism, scholars assert that capitalism as a global system takes place across national boundaries (Overbeek, 2000b, p. 61; van Apeldoorn & Horn, 2019, p. 202, 205). As Robinson (2005, p. 5) puts it, the “*globalisation of production and the extensive and intensive enlargement of capitalism in recent decades constitute the material basis for the process of transnational class formation,*” leading to some transnational agents becoming detached from the nation-states which they emanated from (Robinson, 2005, p. 3ff). Following Overbeek (2000b, p. 63), the notion of class now “transcends the distinction between the national and the international.” Arising contradictions between the supranational and the state level are, hence, manifestations of global capitalism and the struggles of fractionalized capital owners and labor across borders. European integration is also situated in and influenced by the global capitalist context, as classes may group across countries

according to their shared interests and ideologies, and try to influence the balance of forces on the supranational level (Overbeek, 2000a; van Apeldoorn & Horn, 2019, p. 202).

Neo-Gramscianism builds upon historical materialism and transnationalism, and views agents as situated in their material contexts (Overbeek, 2000a; van Apeldoorn & Horn, 2019, p. 200f). However, neo-Gramscian analysis pays specific attention to the ideational and cultural dimension (van Apeldoorn & Horn, 2019, p. 200). Ideas have the power to transform social structure, particularly when they become paired with power relations and thereby create ideology, which can be instrumentalized to serve certain class interests (van Apeldoorn & Horn, 2019, p. 200f). A crucial role is taken on by organic intellectuals, who – as agents of dominant classes – can spread their ideologies (Overbeek, 2000b, p. 63), and thereby further the critique or justification of current paradigms. As such, Gramscian key concepts like organic intellectuals, civil society, hegemony, and historic blocs (Overbeek, 2000b, p. 63) find great repercussion in CPE (Bieling & Steinhilber, 2000). Especially the concept of hegemony is popular, which will be outlined below.

2.2.2 Hegemony Projects and Hegemonic Projects

Hegemony is defined as ‘class rule’ – not as a relationship between states, as neorealist theory would theorize (Overbeek, 2000b, p. 63). Following Gramsci, hegemony is based on both consent and coercion (Gramsci, 1971, p. 169f, in van Apeldoorn & Horn, 2019, p. 200). Hegemony, thus, also dominates civil society, and is diffused across various state levels. By institutionalizing hegemonic ideas and practices, domination is reinforced. In this sense, hegemony is even supported by the ‘ruled’ class, which agrees to the hegemonic supremacy to a certain extent (Bieling & Steinhilber, 2000, p. 33). Should hegemony come into question, for instance, in times of a crisis, it can be backed by the coercive power of state (or supranational) institutions. In a Gramscian sense, “rule or domination rests on a consensual incorporation of competing and subaltern forces behind the ‘project’ of the ruling

force, which, if successful, becomes ‘hegemonic’” (Kannankulam & Georgi, 2014, p. 63).

Taking Gramsci’s analysis as a starting point, Bieling and Steinhilber (2000, p. 35ff) mention three levels of hegemonic analysis. The highest one is the *historical bloc*, which describes a whole social order that exists over a longer period of time. It is characterized by a (relatively) stable combination of “coercive and consensual institutions” (Bieling & Steinhilber, 2000, p. 35). The next level, the *hegemonic bloc*, comprises civil and political agents. In a society, class fractions compete against each other by following contradictory interests, and often form coalitions in order to expand their power networks. Should such an alliance stabilize itself and become dominant, it is called ‘hegemonic bloc.’ Finally, there are *hegemonic projects*, which are “more dynamic and potentially transformative” (p. 36) than historical and hegemonic blocs. These are individual political projects that strive to impact the modes of social (re)production on both a material and an ideological level. Hegemonic projects are depicted as publicly supported solutions to a pressing crisis, be it political, social or economic. Despite being single projects, they can still be “neoliberal [or Keynesian] in character” (p. 36), and thus contribute to the reinforcement or change of an existing paradigm. Literature (such as Kannankulam & Georgi, 2014, p. 64f) further distinguishes between ‘hegemonic projects’ and ‘hegemony projects’. This is an important notion which this thesis will make use of. Unlike the hegemonic projects, hegemony projects only aim for hegemony without having achieved it yet. Hegemony projects are constituted by a multiplicity of agents that do not necessarily have a central coordination. Furthermore, they are not static: Their tactics “react recursively towards specific historical situations” (Kannankulam & Georgi, 2014, p. 65). While there can only be one (or no) hegemonic project, hegemony projects can thus coexist. CPE does not simply describe hegemony projects but seeks to explain their origins, assess their internal organization and coherence, determine their contradictory potential, reveal underlying power structures, and evaluate how they reproduce or oppose the hegemonic and historical bloc in place (Bieling & Steinhilber, 2000; van Apeldoorn, Bruff & Ryner, 2010; van Apeldoorn & Horn, 2019).

2.2.3 The Role of Change in Critical Political Economy

As van Apeldoorn and Horn (2019, p. 201) state, “hegemony is never complete or stable.” How, then, would CPE explain major changes in hegemony, and in this sense, paradigm shifts? To answer this question, Gill (2000, p. 20) relates to the fundamental principles of political science as stipulated by Gramsci (1971, p. 106), the first of which states “that no social formation disappears as long as the productive forces which have developed within it still find room for further forward movement.” Thus, as long as one mode of production has ways to evolve or deepen, it will not decline. CPE scholars have extended these insights. In order to further theorize the question of when paradigm shifts will happen, some have developed a theoretical framework on major structural changes. Wigger and Buch-Hansen (2014) outline five conditions, based on CPE works on economic crises, which must be fulfilled after a crisis in order to witness a paradigm shift (see Wigger & Buch-Hansen, 2014, p. 114). This is crucial as the traditional theories in European integration do not address that crises can be triggers for change or “say very little about the *circumstances* under which such changes may or may not occur” (Wigger & Buch-Hansen, 2014, p. 114; italics in original). The first of Wigger’s and Buch-Hansen’s factors discusses “how a crisis is construed” (p. 114), relating to the ideational construction in public discourse. The second point questions “whether there is a fundamental shift in the balance of power between social forces” (p. 115), thereby including the material positions and resources of agents. Third and fourth, it is scrutinized “whether a clearly identifiable counter-project to existing regulatory arrangements surfaces” and “how regulatory institutions are able to respond” (p. 115), hence looking at agency and contestation on the political stage. The fifth and last aspect treats “whether there are broader and more encompassing changes in the overall regulatory architecture” and, thus, center-staging shifts in the whole structure (p. 115). Visibly, CPE aims to include all relevant dimensions in its analysis.

2.2.4 Evaluating Critical Political Economy

It is discernible that CPE, particularly the Amsterdam approach, offers valuable contributions to political-economic analysis. It incorporates past struggles and considers historical contingency; it includes structure, agency, the ideational and the material realm in a more balanced way; it explains agents' interests by their material basis and can explain where their motivations come from; and it gives a theoretical account of major changes. In addition, a central aspect of CPE is its emancipative nature. The motivation is to transform the social order according to standards of social justice and democratic legitimacy by scrutinizing and criticizing the existing order (van Apeldoorn & Horn, 2019, p. 203). Thereby, it stands much in contrast to the approaches mentioned above.

However, CPE approaches have also been critiqued for some shortcomings. Most notably, CPE does not employ a specific methodology, which makes it rather difficult to employ it in a structured way. However, this openness also gives flexibility and room for exploration, which is a valuable feature for empirical research. Some may also argue that CPE is hardly falsifiable as it constructs no over-arching hypotheses and has no regularities. However, this is exactly one of the strengths of this approach. CPE does not rely on a positivist epistemology, and aims to consider the historically contingent and, therefore, context-specific situation. The future is seen as open-ended and filled with a surplus of opportunities, as agents are capable of changing events and overcoming current structures (Wigger & Horn, forthcoming). The post-positivist epistemology therefore fits to this rejection of regularities.

Concerning ontology, Wigger and Horn (forthcoming) note that labor remains a subordinate, passive category which does not display agency in some CPE analyses. This goes with Overbeek (2000b, p. 76), who highlights that the agency of subordinate groups should be scrutinized more deeply, a point which this thesis tries to remedy. Van Apeldoorn, Bruff and Ryner (2010, p. 216) mention a complaint by the scholar Underhill, stating that CPE reduces all analyses to power. This is partially true, since

power is central to any political science topic. Yet, particularly the Amsterdam approach scrutinizes various manifestations of power (ideational, material) and looks at agency and structure alike, which makes 'power' the opposite of a reductionist concept. The same authors also note that CPE has some blind spots: For example, social reproduction or the rise of populist parties has not been explained by CPE (van Apeldoorn, Bruff & Ryner, 2010, p. 220). However, this could well be incorporated in future research. Finally, a critique may be that the internal discussions within CPE make it impossible to formulate coherent stances. Yet, the various viewpoints make the discussion lively, and there is no scientific field that remains uncontested – even from within.

3 Methodology and Operationalization

CPE scholars agree that history is not guided by regularities or universal laws, thereby critiquing theories such as liberal intergovernmentalism or neofunctionalism for their deterministic explanations (van Apeldoorn, Bruff & Ryner, 2010, p. 215). CPE also rejects positivism as an epistemology and refuses the possibility of a subject-object separation similar to natural sciences (Overbeek, 2000b, p. 65). Importantly, knowledge is seen as a historical and social product, and researchers cannot be fully objective as they are part of the reality they aim to explain (van Apeldoorn & Horn, 2019, p. 200). On epistemology, CPE thus agrees with the reflectivist approach of social constructivism, despite having a different ontological stance (van Apeldoorn, Overbeek, and Ryner, 2003, p. 33, in van Apeldoorn & Horn, 2019, p. 199). Methodologically, CPE conducts “open and reflexive research” (van Apeldoorn, Bruff & Ryner, 2010, p. 215). As an analytical strategy, CPE also employs a plurality of methods rather than one fixed technique, and several ways to conduct research are possible as long as there is a sound justification on theoretical grounds (van Apeldoorn & Horn, 2019, p. 200). Following the epistemological commitments of CPE scholars, this thesis refrains from constructing ‘testable’ hypotheses or juxtaposing hypotheses deducted from opposing theories. After all, such an approach would not only clash on epistemological but also ontological grounds. Instead, the present thesis builds on several methods, most prominently on *ideal-type comparison*, the *historical materialist policy analysis* (Kannankulam & Georgi, 2014) and *process tracing* (Beach & Pedersen, 2013). All of these steps will be accompanied by *document analysis*, forming an *explanatory narrative*.

3.1 Ideal-Type Comparison

In order to answer the research question of this thesis, it is essential to assess whether recent EU industrial policies, meaning the European Green Deal and the New Industrial Strategy for Europe (European Commission, 2019, 2020a), constitute a paradigm shift,

notably a shift away from the longstanding neoliberal hegemony. The ideal-type comparison is well-suited for this first step. The respective policies will be scrutinized in terms of content, form and scope; the aim is to compare them to the ideal type of neoliberalism in order to establish whether they are still neoliberal in character, or have indeed changed their inherent logic. Following Peck (2013), defining an ideal-type neoliberalism is rather challenging. The author argues that neoliberalism is a 'shape-shifter,' meaning that it reacts recursively to shifting circumstances (Peck, 2013, p. 139). As such, it can also live "antagonistically embedded" (p. 145) within welfare states, something that Peck (2013, p. 140) calls "contradictory cohabitation." Neoliberalism, like any hegemony, will always be incomplete and challenged, as it is never the only resident on the political stage (Hall, 2011, p. 727f; Peck, 2013, p. 139). Therefore, according to Peck (2013), a pure-bred neoliberalism cannot exist. Yet, if there was no common ground across all neoliberalizations, how could we know if an observed phenomenon is neoliberal or not? How to delineate neoliberalism if its constituting parts keep shifting their shape? Any definition of the very notion of neoliberalism would be impossible if there were no unifying factors, and its concept as a whole would be empty. Thus, there must indeed be some basic features that are fundamental to neoliberalism – even Peck (2013, p. 144) concedes this by outlining the "contradictory heart" of neoliberalism. It is, hence, justified to say that neoliberalism does have a central ideological core, although it may occur in an incomplete way or in contradiction to other logics. Key neoliberal features include the primacy given to capitalist competition and competitiveness; a strong notion of market freedom, going hand in hand with deregulation, privatization, and corporate tax cuts; the elimination of barriers to trade and capital, thereby giving rise to accumulation and the commodification of ever more social relations; a sympathy for public sector austerity; and a general draw-back of the state as a provider of goods and services (see also Overbeek & van Apeldoorn, 2012, p. 5). A neoliberal industrial policy must, thus, work along these features, although it may well incorporate contradictory components. A paradigm shift would be visible if industrial policies deviated substantially from the above-mentioned points, for instance, by including more Keynesian-type, active involvement of national or supranational structures, the public funding of specific

industries, and protectionist intervention in the production process of the real economy – in general, what is called ‘vertical industrial policy’ (see Andreoni & Chang, 2016, p. 493; Eder et al., 2018, p. 8ff; Landesmann & Stöllinger, 2020, p. 1). However, a paradigm shift does not necessarily only follow a Keynesian logic. A counter-paradigm to neoliberalism may take different forms, and can even come from the socio-ecological corner. For example, according to Pianta et al. (2016, p. 7, in Moussa, 2017, p. 109), a progressive ecological industrial policy could consist in “greater EU cohesion and public action, in progress towards an ecological transformation of Europe, and in greater democracy in economic decision making.” By assessing the recent European Green Deal and the New Industrial Strategy, it will become clear according to which logic these communications work.

3.2 Historical Materialist Policy Analysis

The historical materialist policy analysis aims to trace the steps that led to the (missing) paradigm shift, thus explaining why or why not a change is underway. According to Kannankulam and Georgi (2014, p. 59) change “can be explained through analysing shifting relationships of social forces.” Kannankulam and Georgi (2014) have subsequently developed the *historical materialist policy analysis*, which offers a valuable framework to address the puzzle of this thesis. It asks how tensions are created by certain discourses or practices, which thereby become political issues that challenge or support certain existing policies (Moussa, 2017, p. 39). The historical materialist policy analysis further provides tools to identify the “structural roots” of industrial policy in Europe (Moussa, 2017, p. 15). At the center of attention in the historical materialist policy analysis lies a specific empirical conflict. In order to analyze this event, the approach employs three major steps: context analysis, actor analysis and process analysis. *Context analysis* first outlines “the specific problems to which social and political forces reacted differently” (Kannankulam & Georgi, 2014, p. 63). It then aims to reconstruct the historical situation in which the conflict arose, and focuses on the material conditions that created the existing frictions. The whole first

analytical step seeks to outline the social and political struggles (Moussa, 2017, p. 42) which lay the basis for agents' strategic reactions.

The second step – *actor analysis* – represents the most complex step of the historical materialist policy analysis. Hereby, the researcher must “identify the opposing *strategies* that are pursued in the investigated conflict” (Kannankulam & Georgi, 2014, p. 63; italics in original). For this purpose, it is crucial to find prime agents and to scrutinize “what they did and said” (Kannankulam & Georgi, 2014, p. 64). This serves to identify the problem narratives which agents construct, and make clear which demands arise therefrom. Primary sources are most apt for this step. Importantly, agents are not only political parties or individuals; they also include social interest groups and movements (this corresponds with van Apeldoorn & Horn, 2019, p. 202). The identified agents may further group into alliances. This is in agreement with Gramsci's (1971, p. 179, in Gill, 2000, p. 17) notion of “structural relations of force,” meaning the formation of groups and their alignment to production. Next, groups of agents and their strategies must be attributed to certain hegemony projects. Such a procedure might be challenging as there are often a great many of viewpoints, letters, and communications by various actors. However, the central purpose is to elucidate a general common direction. An interesting notion to look at is the internal coherence of hegemony projects – in Gramsci's (1971, p. 179, in Gill, 2000, p. 17) sense, this reflects the “political relations of force,” meaning the extent of homogeneity between different classes. Having identified the respective hegemony projects, these must be placed in their relative societal position. This is done by attributing “four categories of ‘power resources’” (Kannankulam & Georgi, 2014, p. 65) to them: *Organizational* resources such as financial means, network contacts, or the possibility to use force; *systemic* resources like the ability to take impactful decisions, and to further or obstruct a system-relevant activity; *discursive, ideological and symbolic* resources that shape the public discourse and identity; and *institutional or strategic-structural selectivities* (corresponding to Jessop, 1990; Poulantzas, 1978), meaning the extent to which hegemony projects correlate to existing institutional, path-dependent

configurations like laws and markets, and are privileged or disadvantaged according to their degree of correspondence thereto.

A final component of the historical materialist policy analysis is *process analysis*. It aims at reconstructing the process of how the identified hegemony projects developed (Kannankulam & Georgi, 2014, p. 67). Process analysis, however, is not discussed in-depth by Kannankulam and Georgi (2014), leaving the researcher in methodological uncertainty. This represents a major drawback of their analytical framework. The present thesis intends to remedy this by using of process tracing, a method to detect causal mechanisms in a single-case research design, allowing the researcher to make within-case inferences (Beach & Pedersen, 2013, p. 2, 68ff). This paper will apply what Beach and Pedersen (2013, p. 63) call “explaining-outcome process tracing,” without, however, the notion of ‘testing’ a certain theory. It intends to demonstrate the process that led to a certain outcome in a specific historical case (Beach & Pedersen, 2013, p. 65). The method is particularly case-centric as it pays attention to the context in which an event is placed. It further stands in opposition to theory-centric designs which stipulate that the world can be split into single parts and subsequently analyzed (Jackson, 2011). Explaining-outcome process tracing does not aim for generalizations across cases, which would go against the epistemological basics of CPE. Rather than ‘testing’ CPE as a theory, explaining-outcome process tracing as employed here takes theory as an explanatory basis.

3.3 Operationalization of Theoretical Concepts

Apart from paradigm shifts, as outlined above, the theoretical concepts that define the explanandum and the explanans need to be operationalized. To discern structure, for instance, we follow Overbeek (2000b, p. 65), Overbeek and Apeldoorn (2012, p. 4f) and Lipietz (2012), who state that the structure of the current neoliberal capitalist system facilitates certain accumulation regimes more than others. Lipietz (2012) defines a regime of accumulation as “the stable structure of effective social demand

allowing for the smooth realisation (selling) of capitalist supply and orienting profits to new investments.” The central point of this regime is thus the constant creation of surplus, which is ‘accumulated’ through the exploitation of labor and, one could add to this, nature. According to Wallerstein (2010, p. 133, in Wigger & Buch-Hansen, 2014, p. 117), the pursuit of capital accumulation is indeed “the *raison d’être* of capitalist economies.” While many scholars discuss financial accumulation (for instance, Boyer, 2018; Overbeek & van Apeldoorn, 2012), this thesis center-stages the industrial realm and thus the real economy, notably accumulation patterns through industrial production. The real economy can be recognized by producing and trading with material, physically existing goods, in contrast to financial products.

The following concept, hegemony, is closely connected to paradigm shifts, as the latter indicates a change from one hegemonic structure to the next. Being a “form of social leadership of rule based on a combination of consent and coercion” (Drahokoupil, van Apeldoorn & Horn, 2009, p. 9), hegemony must be seen as the dominant logic according to which society and production are organized. This does not mean, however, that there is only one discourse. Hegemony may incorporate opposing interests into its world view, thereby trying to resemble a so-called ‘general interest’ (Drahokoupil, van Apeldoorn & Horn, 2009, p. 9) which is seemingly beneficial for society as a whole. By doing so, only one hegemonic discourse is created, and “some of the social antagonisms are neutralized” (Laclau & Mouffe, 1985, in Drahokoupil, van Apeldoorn & Horn, 2009, p. 9f). For the empirical work, this means that we can identify hegemony even when it is fractionalized and inherently contradictory. Although its operationalization is therefore complex, the main focus is on finding a prevailing logic that manages to incapacitate its antagonists. Hegemony *projects*, on the other hand, are smaller, more defined undertakings that back either the hegemonic discourse or its opponents. They are more coherent and less subsuming of different ideas than hegemony itself. Following Bieling and Steinhilber (2001, p. 41, in van Apeldoorn & Horn, 2019, p. 201), such political projects are “pragmatic responses to concrete national and European problems.” We can hence witness hegemony projects empirically when encountering delineated answers of agents to specific events or

crises, which follow a rather singular logic. Since different hegemony projects can exist at the same time, one may form a counter-project to another and generate political contestation in this way.

Considering the theoretical framework, it is also important to operationalize agency. Agency is visible whenever actors articulate or actively promote an interest. In Overbeek's (2000b, p. 65) words, agency is defined as the "*concrete social forces which originate from the sphere of production relations and which struggle continuously over the direction of the accumulation process.*" This can be visible in communications like position papers, policies or public letters, or in the formation of alliances and organizations of similar interests. From a CPE perspective, the notion of 'class' is essential here. As class is "grounded in economic power" (Jessop, 1999, p. 46), we can notice class relations empirically if agents take different positions in production and consumption relations, and in how these relations should be organized. Different agents may thereby form a whole 'class fraction,' which is visible when agents join forces because they have comparable positions in the current structure, particularly a dependence on certain accumulation practices, and similar material and ideational interests that are voiced and promoted. Class fractions may back an existing structure and the status quo, or also clash with currently prevailing logics, struggle for change and thereby create contestation.

3.4 Discussion of Sources

The prime documents used in this thesis were issued by the European Commission; the European Round Table for Industry (ERT); BusinessEurope; the Alliance for a Competitive European Industry (ACEI); the High-Level Expert Group on Energy-intensive Industries (HLG); the European Environmental Bureau (EEB); the Friends of the Earth Europe (FoEE); the Climate Action Network; the EuroMemo Group (European Economists for an Alternative Economic Policy in Europe); Transform! Europe; the Green New Deal for Europe Group (GNDE); and the European Trade Union

Confederation (ETUC). Concerning the analyzed position papers, statements or public letters, a large number of these documents could easily be accessed on the websites of the respective agents. Especially industrial conglomerations disclosed a high amount of recent papers. Data for process tracing, on the other hand, was taken from the European Commission's and Parliament's transparency register (European Commission, 2020f; Joint Transparency Register Secretariat, 2020a, 2020b, 2020c, 2020d, 2020e, 2020f). This also means that in order to trace agents' steps and meetings, researchers are bound to rely on data which is made available by choice of the European Commission. However, since this register is voluntary, such 'transparency by choice' makes the researcher dependent on the willingness of the Commission to disclose its meetings. A compulsory register would greatly help to make processes more accessible to the broader public, ideally with a justification as to why the European Commission meets with some agents more frequently than others.

4 Empirical Analysis

Empirical work is a necessity for CPE, as relatively abstract theoretical concepts need to be refined by the dialogue between theory and empirics (van Apeldoorn, Bruff & Ryner, 2010, p. 218; Peck, 2013, p. 150). This is the aim of this chapter. The first part will establish that we do not see that current EU industrial policies, meaning the European Green Deal and the New Industrial Strategy for Europe, provoke a paradigm shift, whereas the second part intends to find an explanation for this.

4.1 Paradigm Shift Ahead? The European Green Deal and the New Industrial Strategy

The European Green Deal is an overarching EU-wide policy, launched on December 11, 2019 by the European Commission (European Commission, 2019). Its aim is to combine economic strategies with environmental goals in response to the current ecological crisis. Looking at the strong rhetoric of the European Green Deal, one could indeed think that its content serves to provoke a deep change in production and consumption relations. For instance, the paper proposes a “fair and prosperous society [...] where there are no net emissions of greenhouse gases in 2050 and where economic growth is decoupled from resource use” (p. 2). It envisions a ‘Just Transition’ (p. 16) to create an inclusive path to a green economy. There are also vows to include the civil society, with more concrete plans to engage the public to be announced via the European Climate Pact by March 2020. According to the Green Deal, state investment is greatly needed to fund the green transition (p. 2). At the international level, the European Commission proposes import restrictions to “ensure that the price of imports reflect[s] more accurately their carbon content” (p. 5). The Commission furthermore promises to shift “the tax burden from labour to pollution” (p. 17), implying to hold unsustainable businesses accountable instead of charging taxes from the working population. One of the Green Deal’s explicit goals is to fully mobilize industry for a circular economy (p. 3), promising to “review EU measures to address

pollution from large industrial installations” (p. 24). To further the green transition, the European Commission intends to support the steel sector, for instance, in producing zero-carbon steel by 2030 (p. 8). Previously, the Commission had already issued sector-specific policies such as the communication “Steel: Preserving sustainable jobs and growth in Europe” (European Commission, 2016) and the “Action Plan for a competitive and sustainable steel industry in Europe” (European Commission, 2013). In summary, the European Green Deal seems to include several measures that stand in opposition to the neoliberal paradigm. Possible future trade barriers, the mobilization of the public sector and industry-specific policies, as shown by the example of steel production, give the air of an interventionist industrial policy. Furthermore, vows to include the citizenship, compensation of those areas that are disadvantaged by the transition, and commitments to circular economic models hint at a progressive socio-economic industrial policy.

However, despite these ambitious statements, there are several indicators that make a full-blown paradigm shift highly questionable. First of all, sector-specific industrial policies as in the case of steel are not vertical but at best horizontal. Instruments like Horizon Europe, which should fund the transition to low-carbon steel and will be launched in 2021 (European Commission, 2019, p. 18; European Commission, 2020d), only support research and innovation in general. This is also the case for previous plans for steel, like the European Structural and Investment Funds (European Commission, 2016, p. 8). Additionally, the European Commission’s guidelines had already previously excluded the use of State aid to rescue or restructure the steel sector (European Commission, 2014b, p. 5). Public sector investment is not the only focus in the European Green Deal: Great weight is put on investments from the private sector, which is “key to financing the green transition” (European Commission, 2019, p. 16). Thus, the current initiatives are decisively different from interventions as in the Keynesian era until the mid-1980s. An important notion is that the European Green Deal primarily functions as a “new growth strategy” (p. 2). Despite its target of a circular economy, the main goal still lies on increasing production and consumption, and ongoing economic growth. The focus stays on keeping competitive advantages (p.

18) to ensure constant economic progress. Additionally, the Green Deal highlights the need to “ensure the EU’s resource security and reliable access to strategic raw materials” (p. 22), indicating a continued high dependence on extracted resources. Thus, the European Green Deal is far from a transformative change. Concerning its form, the European Green Deal is only a non-binding communication, neither ratified nor signed by any other EU body or Member State. The European Commission merely “invites the European Parliament and the European Council to endorse the European Green Deal” (p. 24), and there is no democratically legitimized legislation included. The only allusions to enforcement are that the European Commission will “ensure that all relevant legislation is rigorously enforced” (p. 6) without, however, specifying details in case of non-compliance. In fact, many initiatives proposed in the European Green Deal have not been implemented, or its funding is not yet clear. For instance, the European Climate Pact, which should have been issued by March 2020 and included greater citizen involvement, has not been published as of early June 2020 (European Commission, 2020b). Importantly, it is unclear where the estimated €260 billion of additional annual investment needed to achieve the 2030 climate targets will come from. Despite the efforts to establish a “financial system that supports global sustainable growth” and the recent creation of the International Platform on Sustainable Finance to “coordinate efforts on environmentally sustainable finance initiatives” (p. 15), it is unclear who is to concretely provide the financial means. In addition, the Commission plans to use tools like the European Semester to insert sustainability into EU policies and to monitor the implementation by Member States (p. 3, 23). Yet, the European Semester – as of today – has as its primary goals “avoiding excessive government debt” and “preventing excessive macroeconomic imbalances in the EU” (European Commission, 2020c). It is therefore unfit to implement or check environmental progress, and rather promotes public sector austerity than investment.

In terms of scope, the European Green Deal covers a wide range of areas, from infrastructure over construction to agriculture (European Commission, 2019, p. 3). An explicit focus is put on industry: As an integral part of the European Green Deal (European Commission, 2019, p. 7), the European Commission launched the ‘New

Industrial Strategy for Europe’ on March 10, 2020 (European Commission, 2020a). This communication directly builds on the European Green Deal, and only reinforces the above (European Commission, 2020a, p. 1, 3). It makes highly similar statements with regards to reducing the carbon footprint of industry, increasing circularity and achieving climate neutrality by 2050, highlighting the needed contribution of energy-intensive industries like steel (p. 3, 7ff). It also mentions ‘Just Transition’ (p. 8) as does the European Green Deal. Yet, like the Green Deal, the new industrial policy primarily reinforces “Europe’s new growth strategy” (p. 3), focusing on creating new markets for increased production and consumption (p. 3; 7) and predicting that the demand for raw materials will be twice as high within 30 years (p. 14). It is strongly competitiveness-driven throughout the whole text, advocates trade liberalization, goes against shielding uncompetitive industries, and speaks explicitly against protectionism and market distortions (p. 1; 3). Instead, it calls for a “strong single market which brings down barriers and cuts red tape” (p. 1) and competition “both at home and in the world” (p. 3), and states that *“an independent EU competition policy has served Europe well by helping to level the playing field [...]. Competition brings the best out of our companies and enables them to stay competitive globally”* (p. 5). Research and development are at the center of its program, not vertical policies (p. 10). Indeed, the Commission sees the EU in the role of “[s]etting the framework” (p. 1) rather than interfering directly. The industrial strategy further includes reviewing State aid rules in order to prevent subsidy races (p. 6). Thereby, it is neatly in line with current neoliberal practices, and shows no sign of a deep paradigm shift.

Scholars have suggested that in order to address environmental threats, the economic structure may not need more but less industry (Thie, 2013, in Eder & Schneider, 2018, p. 110). Yet, the European Commission has repeatedly stated its goal to increase the share of industry in EU GDP from 15% to 20% (such as in European Commission, 2014, p. 23; European Commission, 2017, p. 2) – which must, in consequence, go at the expense of other economic sectors within the EU. This connects to previous industrial policies. Taking the example of steel, the growth of this sector remained a central point of the European Commission’s communication on steel in 2016, despite

worldwide overcapacity (European Commission, 2016, p. 2ff). However, these industries are energy-intensive and their progress concerning the green transition is too linear and slow, as the European Commission itself (2019, p. 7) states in the Green Deal. Expanding industry in the short run, thus, implies higher emissions as the sector cannot change on short notice. At the very least in the short- and mid-term, there is hence a clear contradiction between the Commission's ambitious climate targets and its parallel plans to increase industrial production.

In conclusion, while the European Green Deal and the New Industrial Strategy for Europe do include more far-reaching formulations concerning environmental aspects, social inclusion and the change of industrial production, the main logic still follows the neoliberal growth paradigm based on strong internal and external competition. It is driven by the primacy of competitiveness in the transnational capitalist economic structure, with high private sector involvement and, at most, horizontal industrial strategies. The non-binding, voluntary character falls short of what is needed for a paradigm shift and deep societal transformation. The European Green Deal and the New Industrial Strategy, thus, constitute a hybrid form of a primarily neoliberal logic which includes some opposing components like allusions to solidarity and 'Just Transition' – however, this is just in line with Peck's (2013) argument of neoliberalism as a shape-shifter.

4.2 Historical Materialist Policy Analysis Applied

4.2.1 Context Analysis

Industrial policy, especially concerning energy-intensive industries, must be seen in the founding context of the European Community. With the creation of the European Coal and Steel Community (ECSC) by the Treaty of Paris in 1952 (Bache et al., 2014, p. 93f), the common market for these products was the backbone of what later became the European Union. Heavy industry therefore had a decisive role in the early days of the European Community. During the era of embedded liberalism in which this took place,

industrial strategy was marked by neo-mercantilist and protectionist components (Buch-Hansen & Wigger, 2010, p. 20). Policies were more interventionist, State aid to specific industries was widely accepted, cartels were rarely persecuted, the European Commission generally followed a lenient course towards competition policy and primarily sought to protect the EU industry against US manufacturers (van Apeldoorn & Horn, 2019, p. 204f; Wigger & Buch-Hansen, 2014, p. 119f). Yet, from the 1970s onwards and during the emerging neoliberal paradigm after the mid-1980s, heavy industry started to fall into a downward trend, to a great extent due to saturated markets, the combination of excess production and sluggish aggregate demand (Aiginger, 2014, Dhéret & Morosi, 2014, Pianta, 2015, in Moussa, 2017, p. 96; Wigger, 2019, p. 355). In addition, the “virtuous circle of Fordism” (Overbeek, 2000b, p. 67) seemed to decline in the wake of the oil crisis, monetary crisis, and the break-down of the Bretton Woods System – and with it, the whole Keynesian paradigm came into question. According to Gill (2000, p. 27), the restructuring of capital – nationally and transnationally – led to a shift in the historical bloc. The top multinational corporations, organized via the European Round Table of Industrialists (ERT), seized a leading role by the early 1980s (Overbeek, 2000b, p. 68; van Apeldoorn & Horn, 2019, p. 204). By the early 1990s, the ERT’s orientation followed an outright neo-liberal project promoting deregulation and market liberalization (Overbeek, 2000b, p. 68; van Apeldoorn, 2000). Financial capital and export-oriented productive capital started to rise as the main accumulation strategy (Gill, 2000, p. 30), with commodification and maximum freedom of transnationally mobile capital as a result (van Apeldoorn & Horn, 2019, p. 205). In the course of the 1990s, as the corporate elite moved towards this hegemony project, neoliberal ideas found fertile ground in the political discourse, and other integration projects lost attractiveness (Bieling & Steinhilber, 2000, p. 39f). Therefore, the neoliberal hegemony project finally “prevailed, but not without incorporating elements from the [other] projects, thus neutralizing their opposition, in other words, achieving hegemony” (van Apeldoorn & Horn, 2019, p. 206). Following Wigger’s and Buch-Hansen’s (2014) framework for paradigm shifts, the five factors were fulfilled and led to a neoliberalist paradigm shift with a new logic: the

persecution of State aid and cartels, free market competition as the best way to select winners from losers, and privatizations.

During the neoliberal era, the 2007/8 financial and economic crisis hit the industrial sector, especially the energy-intensive industry, particularly hard (Pianta, 2015, p. 139; Wyns & Khandekar, 2019, p. 326), furthering its role as a descending power relation and threatening its material interests. While the European Commission made “temporary exemptions of State aid to rescue financial capital while reworking the neoliberal imperative of harsh competition” (Wigger & Buch-Hansen, 2014, p. 131), heavy industry was exempt from State aid (European Commission, 2014b, p. 5). Notwithstanding, the European Commission issued a range of EU-wide industrial policies (European Commission 2010, 2012, 2014a, 2017, 2019, 2020a). According to Moussa (2017, p. 96f), these policies had different functions. For one thing, it was argued that countries with a higher share of industry in their GDP were less affected by the 2007/8 crisis, and strengthening the real economy would therefore make countries more resilient (see also Eder et al., 2018, p. 10). Moreover, competitiveness pressures from emerging actors like China, Brazil, Russia and India were used as a rationale to act (European Commission, 2012, p. 20). Lastly, industrial policies can also be seen as a way to address climate change and environmental degradation. The variety of policies as issued by the European Commission displayed some contradictions. While the 2010 communication put “sustainability at centre stage,” as its title said (European Commission, 2010), it parallelly put great focus on competition, visible in statements like “[c]ompetition drives innovation and efficiency gains and creates the incentives for firms to increase their productivity,” asserting that “by enhancing innovation and productivity, competition policy [meaning State aid control, antitrust control and merger control] is an efficient instrument for European firms to tackle emerging global competitiveness issues” (p. 9f). The primacy of competition was kept throughout the industrial policies – for example, the 2017 industrial policy stated that *“EU and Member States' funds should be deployed as incentives to create added value in the economy without jeopardising the development of a vibrant private market for project financing. The Union ensures that State aid properly incentivises firms to invest in*

Research & Development [...] and other competitiveness-enhancing measures, and that selected companies are not given economic advantages which negatively affect competition and trade between Member States” (European Commission, 2017, p. 13).

The post-2007/8 period also witnessed another crisis. With environmental degradation and global warming on the rise, discussions about how to organize a sustainable lifestyle to ‘save the planet’ became louder. Although global climate summits had already existed since the 1990s (United Nations, 2019), the focus on environmental protection became stronger over the years. The 2015 Paris Agreement, as a binding convention, constituted a milestone in the global efforts to mitigate climate change, and envisioned “[h]olding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels” (United Nations, 2015, p. 3). EU industrial policy sought to respond to this. However, Moussa (2017, p. 106ff) mentions that environmental issues were sidelined in industrial policy immediately after the 2007/8 crisis, in favor of competition. As shown above, despite the pressure of the environmental crisis, the European Green Deal and its New Industrial Strategy do not constitute a full paradigm shift until today. The subsequent sections will thus analyze the agents that shaped the recent EU industrial policies and the processes behind policy formation.

4.2.2 Actor Analysis and Current Hegemony Projects

4.2.2.1 Neoliberal and Neomercantilist Alliances

In order to assess the persistence of the neoliberal paradigm throughout EU industrial policies, the second step of the historical materialist policy analysis scrutinizes relevant agents connected to these policies. A first large class fraction is heavy industry. Given the Amsterdam approach, this chapter will primarily look at how industry is transnationally organized, and focus on the primary agents in the European realm. This includes the European Round Table for Industry (ERT); BusinessEurope; the Alliance for

a Competitive European Industry (ACEI); and the High-Level Expert Group on Energy-intensive Industries (HLG). It is immediately visible that the industrial sector is highly interconnected. BusinessEurope, for example, is an umbrella organization of several national industrial confederations, like the Italian Confindustria (Confederazione Generale dell' Industria Italiana), the Czech SP (Confederation of Industry of the Czech Republic) and the German BDI (Bundesverband der Deutschen Industrie e.V.) (BusinessEurope, 2020f). ACEI includes BusinessEurope and eleven other industrial associations such as EUROFER, the European Confederation of Iron and Steel Industries, and EUROMETAUX, the European Association of Metals (ACEI, 2020, p. 19). These same energy-intensive associations greatly overlap with the HLG, an expert group set up by the European Commission, giving input to policy makers on industrial priorities (European Commission, 2020e). The ERT, on the other hand, is a forum comprised of 55 chief executives and chairs of multinational industrial companies such as the steel producer ArcelorMittal and the pharma firm Merck (ERT, 2019e, p. 7f) and has also published joint letters with BusinessEurope (for example, ERT & BusinessEurope, 2020). It is notable that this class fraction displays active agency trying to influence EU industrial policy making, as visible in the myriad of position papers, public letters, reports and studies (a short extract of the list includes ACEI, 2020; BusinessEurope, 2020a, 2020b, 2020c, 2020d, 2020e, 2020d; ERT, 2017a, 2017b, 2018, 2019a, 2019b, 2019c, 2019d, 2019e, 2019f, 2020b), public letters to Commissioners and other high-level politicians (BusinessEurope, 2020e; BusinessEurope & European Banking Federation, 2020; ERT, 2020a, 2020b; ERT & BusinessEurope, 2020), and direct meetings with Commissioners and their Cabinet members (see Table 1 below). A common feature of this class fraction is its focus on the real economy and production. As it is mainly made up of industrial associations, the members are jointly rooted in the threat of a declining material position described in chapter 4.2.1, but the industrial fraction reinforces that it is important, nonetheless. It likes to display itself as a sector of general societal interest by emphasizing that the future, unity and prosperity of the EU is closely connected to the fate of industry, and by stating that it has about five million direct employees and many million indirect ones (ACEI, 2020, p. 3; BusinessEurope, 2019b, p. 1; BusinessEurope, 2019c; ERT, 2019a; ERT, 2019d, p. 6;

HLG, 2019, p. 8). Thereby, industry creates an ideational realm that aims to make it of primary importance, and thus sees it justified to emphasize an “urgent need for a more proactive and strategic approach to industrial policy” (BusinessEurope, 2019b, p. 2) alongside the Green Deal. As seen in the publications above (for instance, BusinessEurope & European Banking Federation, 2020), productive capital sometimes even sides with financial capital, presumably because these class fractions aim to speak with a unified voice.

As will be shown, the industrial agents follow what will be called a *neoliberal green growth hegemony project* with some neomercantilist elements. Despite the fact that the transnational class fraction reiterates its support for climate action, a circular economy and the goals of the Paris Agreement, the most central feature throughout their recent publications is ‘competitiveness’ (ACEI, 2020; BusinessEurope, 2019a, 2019b, 2020a, 2020b, 2020c; ERT, 2017a, 2018, 2019a, 2019b, 2019c, 2019d, 2019e, 2020b; ERT & BusinessEurope, 2020; HLG, 2019). This comprises competitiveness “both at home and around the world” (ERT, 2019e, p. 2). It mostly relates to the “over-arching objective of cost-effectively reaching the EU climate targets” (ERT, 2019e, p. 4; similarly in ERT, 2019f), obtaining climate-neutral energy “at globally competitive prices” (HLG, 2019, p. 11), an increase in productivity via “efficient labour markets” (ERT, 2019d, p. 6) and “regulatory simplification and burden reduction” (BusinessEurope, 2019d, p. 4). It is generally accompanied by a great notion of urgency to provide a competitive framework for industry across the EU, and agents call for a connection between the European Green Deal and “a strong industrial strategy” (BusinessEurope, 2019e). The same type of urgency is not noted concerning climate-related issues, as the focus lies on long-term visions and a gradual transformation. This connects to previous analyses (such as Moussa, 2017; Wigger, 2019), which also identify the competitiveness primacy in industrialists’ communications.

In addition to competitiveness, strong competition is displayed as indispensable to the internal market, its ‘consumers’ and the EU as a whole (ERT, 2019c, p. 2f, 6). Yet, it is visible that the focus of the class fraction is no longer only on the internal side –

competition policy should increasingly ensure a global “level playing field” (BusinessEurope, 2019b, p. 3f; BusinessEurope, 2020d; ERT, 2019a; ERT, 2019c, p. 2f, 6f, 11 17; ERT, 2019d, p. 8, 43, 49, 53; ERT, 2019e, p. 4f; ERT, 2020b, p. 2) to compete internationally on equal terms, shielding EU industries from unfair trading practices (BusinessEurope, 2020b) and avoiding market distortions for EU companies (ERT, 2018, p. 1). For this, all countries would have to adopt stringent environmental standards. Thus, industrialists demand more international competition by removing barriers and competing globally at scale (ERT, 2019d, p. 23; ERT, 2019e, p. 4f). This proves the importance of export-oriented capital for this class fraction, in addition to the fact that a green economy should not come at any higher regulatory cost for industrial production (BusinessEurope, 2019b, p. 4; ERT, 2017b, p. 1).

In order to keep costs low, the class fraction has called for more State aid “to reduce global competitive disadvantages [...] especially in key strategic areas” (ERT, 2019c, p. 5, 18; similarly in BusinessEurope, 2019b, p. 3), increasingly so in recent publications (BusinessEurope, 2020c, p. 2). This can be considered a neomercantilist trait in the position of industrial associations. However, State aid should mostly support “research and innovation projects that contribute to growth, jobs and EU global competitiveness” (BusinessEurope, 2019b, p. 3; similarly in ACEI, 2020, p. 9; ERT, 2019a; ERT, 2019c, p. 2f, 5ff, 11, 17; ERT, 2019e, p. 3; ERT, 2019f, ERT, 2020a, p. 2; ERT, 2020b, p. 1f), and the regulatory framework should include corporate tax incentives for R&D. Also, these agents simultaneously voice that State aid should *not* mean a “move towards protectionism” or entering “into a new era of interventionism where the state ‘picks winners,’ thereby limiting and hindering other business action and competition as a whole” (BusinessEurope, 2019b, p. 2; also in ACEI, 2020, p. 5). Especially in the internal market, State aid schemes “should not depart from the principle of ensuring a level playing field” (ERT, 2019c, p. 17) but instead foster a barrier-free internal market (ACEI, 2020, p. 7; BusinessEurope, 2019a, p. 7; BusinessEurope, 2020d). Increased (temporary) State aid, thus, only serves the purpose of bringing down the costs for EU industrial production during the green transition, not hindering competition in any way. Public authorities should only provide

framework conditions for “trade, competition, research and innovation, energy, [and] intellectual property” (BusinessEurope, 2019b, p. 2), not endanger the neoliberal logic.

A decisive final element is that the European Green Deal and the New Industrial Strategy attached to it should, according to the industrial class fraction, work as a growth strategy for industry and create new markets (ACEI, 2020, p. 5ff; ERT 2018, p. 1; BusinessEurope, 2019a, p. 1; ERT, 2020b, p. 1). Industry asks to make sure that “the green transition does not lead to de-industrialisation” (BusinessEurope, 2019e) and demands to incentivize demand (ERT, 2019e, p. 4). Industry’s focus, thus, is on following a green growth paradigm, which goes neatly with the general neoliberal logic. Although there are also some allusions to a ‘Just Transition’ (such as in ERT, 2019b, p. 1), the underlying idea of industry behind a social Europe is raising “awareness on the merits and benefits of working for the manufacturing industries” or facilitating “cross-border and cross-sectoral labour mobility” (ACEI, 2020, p. 15) – and thereby, helping primarily industry instead of workers themselves. Furthermore, it remains unclear what the envisioned “fair division of the cost burden of transition” (ERT, 2019a) might look like, as industry-favoring scholars have indeed asked to shift *“the cost (for the time being) of more expensive climate-friendly technologies from the producer to the consumer [which] could help protect the competitiveness of industry while ensuring a market for low-carbon products”* (Wyns & Khandekar, 2019, p. 328).

4.2.2.2 Socio-Ecological Transformation as a Counter-Hegemony Project

In stark opposition to the above stands a number of different agents, which back the hereby called *socio-ecological transformative hegemony project*. A first conglomeration comprises environmental organizations such as the European Environmental Bureau (EEB), Friends of the Earth Europe (FoEE), the Climate Action Network and the Green New Deal for Europe Group (GNDE), which exist in great number in the EU, alongside civil-society movements like Fridays for Future. Like above, these agents display a great level of interconnectedness and cooperation on the European stage, visible in joint public letters to Commissioners and ministers of

national parliaments or the European Parliament that are signed by up to 278 climate- and development-related civil society groups (for instance, Climate Action Network et al., 2019; Climate Action Network et al., 2020; CONCORD et al., 2019; EEB et al., 2019; FoEE et al., 2019a). The agents also publish documents and position papers together (like FoEE et al., 2019b; FoEE, EEB & WU, 2020a), expressing their common interests and creating an ideational realm – however, with different priorities than the industrial class fraction.

The environmental associations are hereby considered a distinctive class fraction. While it may be argued that these agents do not quite represent a clear-cut class as they are no explicit participants in material production, their actions and positions still have class relevance as they directly speak to how production and consumption is organized. As such, the environmental fraction has been addressing the material dimension of the current economy by repeatedly pointing out the natural limits of resource use (FoEE, 2020, p. 1; FoEE, EEB & WU, 2020b, p. 1f; FoEE, EEB & WU, 2020c, p. 1). They criticize overconsumption and the paradigm of economic growth (FoEE, 2020, p. 1; FoEE, EEB & WU, 2020a, p. 2) and call for a “systemic change” (FoEE, 2020, p. 1), a “transition to a new economy” (FoEE, EEB & WU, 2020a, p. 2) and “transformative agendas” (EEB, 2019, p. 4). As the FoEE put it, “we should not be deceived that continued growth can be made sustainable by sticking the words ‘green’ or ‘regenerative’ in front of it” (FoEE, 2020, p. 1). Concrete suggestions include abandoning economic and financial targets and moving towards a set of indicators that reflect environmental standards (EEB, 2019, p. 20), replacing the Stability and Growth Pact with a “Sustainability and Wellbeing Pact” (EEB, 2019, p. 20), transforming the European Semester into an entity to “monitor progress towards the wellbeing of people and sustainability in the EU and globally” (*ibid.*), or to introduce redistributive, socially progressive tax systems and a polluter pays principle (EEB, 2020a, p. 3). Remarkably, the competitiveness language which was prevalent above completely lacks in this discourse. Environmental conglomerations also call for a far faster implementation of zero-fossil fuels or full renewable energy supply: FoEE sets this target at 2030 (FoEE, n.d.), 20 years earlier than currently envisioned in the European

Green Deal and the New Industrial Strategy. In Germany, Fridays for Future asked to reach the zero-emissions target by 2035 as opposed to 2050 in the European Green Deal, and 100% supply from renewable energies by 2035 (Fridays for Future, n.d.). Urgency to take environmental measures is a central point in the communications (EEB, 2019, p. 7, FoEE, EEB & WU, 2020b, p. 1; FoEE, EEB & WU, 2020c, p. 1). In addition, the class fraction calls for binding and enforceable targets or even laws especially for energy-intensive industries, as opposed to voluntary recommendations, and offers plans for concrete implementation (EEB, 2019, p. 7, 9; EEB, 2020a, p. 1; FoEE, EEB & WU, 2020b, p. 2; FoEE et al., 2019b, p. 3; FoEE, 2020, p. 1). Environmental action, according to these agents, should not be conditional on the action of other global players (FoEE, 2020, p. 1), and they demand the quick withdrawal from pacts like the Energy Charter Treaty, which is not compatible with reaching the Paris Agreement goals (Climate Action Network, 2019, p. 1; FoEE et al., 2019a, p. 1f). Hereby, agents directly challenge the current *neoliberal green growth hegemony project*.

Instead, a central theme for these agents is civil participation, democratic accountability, and transparency (Community Power Coalition, 2019, p. 2; EEB, 2019, p. 7f; FoEE, 2020, p. 1), giving citizens the power to contribute to the environmental transition and to bring in their priorities through democratic processes. A special emphasis is on solidarity and protecting “those worst impacted and most vulnerable” (FoEE, 2020, p. 1). The ecological transformative change should aim at narrowing inequality and provide a ‘Just Transition’ by developing benefit schemes for lower-income citizens (Community Power Coalition, 2019, p. 2; EEB, 2019, p. 4; FoEE, 2020, p. 1). Some communications even go as far as to call for an “effective EU legislation that establishes a mandatory human rights and environmental due diligence framework” (EEB et al., 2019, p. 1). The underlying goal is to “diminish the power of corporations and increase the power of people” (FoEE, 2019, p. 8). This should be supported by national and EU provisions like State aid to ensure access to renewable energy in a societally fair way (Community Power Coalition, 2019, p. 2).

The *socio-ecological transformative hegemony project* is also supported by another group of agents that can be labelled the 'progressive left.' They are organized, for instance, in the EuroMemo Group (European Economists for an Alternative Economic Policy in Europe) who voice their demands through publications like the Euromemorandum (EuroMemo Group, 2019, 2020), Transform! Europe, a network of 33 European organizations from 22 countries (Holm, 2020, p. 11), or the Green New Deal for Europe group (GNDE) which proposes a new Green Deal much in contrast to the current policy. Coalitions across Europe exist here as well: The GNDE, for example, partnered with Data for Progress, DiEM25 and the New Economics Foundation (GNDE, n.d.).

These agents coincide with the environmental ones in calling to respect the limits of the planet, not only by reducing carbon emissions but by fully transforming "our systems of production, consumption, and social relations — rewiring our systems of material production for reproduction" (GNDE, n.d., p. 4). They also call for non-market principles as opposed to GDP to measure progress and society's well-being (EuroMemo Group, 2019, p. 4; GNDE, n.d., p. 18), thereby ending the "dogma of endless growth" (GNDE, n.d., p. 17). However, the progressive left goes somewhat further than environmental actors by labelling growth the primary cause of the climate crisis, in this way explicitly critiquing the current paradigm (EuroMemo Group, 2020, p. 2; GNDE, n.d., p. 18) and the "expansionist logic of the capitalist mode of production" (EuroMemo Group, 2020, p. 9). Indeed, this class fraction goes against the privatization of gains from the green economy, and demands more public investment for societal health (Ernst & Kropp, 2020; GNDE, n.d., p. 14). This includes the public sector as a major driver of transformation which should change the EU State aid law and competition rules (EuroMemo Group, 2019, p. 3; EuroMemo Group, 2020, p. 2; GNDE, n.d., p. 6). State aid and greater public investment should serve to increase support for green industries and climate objectives, which is currently restricted in order to not endanger competition and the level playing field in the internal market (Ernst & Kropp, 2020; EuroMemo Group, 2020, p. 28). On a greater scale, the progressive left wants to fight the further commodification of social policy and labor markets (EuroMemo

Group, 2019, p. 4; GNDE, n.d., p. 13). In line with the environmental class fraction, the progressive left has a strong focus on democratic mechanisms, giving power to the people via citizen assemblies and democratically accountable bodies (EuroMemo Group, 2020, p. 2; GNDE, n.d., p. 7; Mason, 2020). Additionally, a stronger social welfare state is demanded (Kulke, 2020, p. 3). A 'Just Transition,' equality, solidarity and leaving nobody behind are center-staged, which is not restricted to the European scale: Instead, vulnerable regions like the Global South should be included (Ernst & Kropp, 2020; GNDE, n.d., p. 10, 19f). Lastly, instant action without delay is being demanded, which should go further than the 2015 Paris Agreement goals (GNDE, n.d., p. 22).

The last class fraction of interest concerning the European Green Deal and the New Industrial Strategy is organized labor. Although there are transnational agents for this purpose, like the European Trade Union Confederation (ETUC), the organization of labor is by far not as elaborated as industry, and they publish less documents and position papers. Furthermore, it is difficult to place these agents in one of the hegemony projects above. Organized labor connects to the *socio-ecological transformative hegemony project* inasmuch as it calls for a pronounced social dimension via support for vulnerable regions, a 'Just Transition,' a "fair global burden sharing among major economies" (ETUC, 2019, p. 1), solidarity mechanisms, and social protection (ETUC, 2019, p. 1; ETUC, 2020). It also backs a stronger democratic participation; yet, its focus is mainly on worker participation and the inclusion of trade unions in decision making (ETUC, 2019, p. 1; ETUC, 2020). It too wishes for increased State aid and public services for the transition (ETUC, 2020). However, these public investments should aim at steering the market (ETUC, 2020), thus focusing only on limited intervention and correcting market failures rather than deep interventions. Additionally, industrial strategies are welcomed "if the proposals are fair for workers" (ETUC, 2020), thereby not putting a focus on environmental objectives. Also, ETUC demands the further creation of supply and demand markets by EU industrial policy (ETUC, 2020) and hence, does not challenge the economic growth dogma or call for systemic changes. This is also visible in ETUC's participation in the HLG, whose

publication “Masterplan for a Competitive Transformation of EU Energy-intensive Industries” (HLG, 2019) reflects far more the *neoliberal green growth paradigm* than the *socio-ecological transformative* one. This can be explained by the fact that organized labor, especially in the industrial sector, is highly dependent on the material position and the rise or fall of the current accumulation regime, and therefore, does not critique the neoliberal paradigm as a whole.

4.2.3 Process Tracing

Process tracing aims to follow the steps of policy making in order to find proof as to why the current EU policies have provoked no paradigm shift. To this purpose, the meetings of eight agents – BusinessEurope, the ERT, the HLG (*neoliberal green growth hegemony project*), FoEE, EBB, the EuroMemo Group, Transform! Europe (*socio-ecological transformative hegemony project*) and ETUC – have been selected, and their meetings with Commissioners and Cabinet members listed (see Table 1). The time period starts in January 2019, roughly a year before the publication of the European Green Deal on December 11, 2019, and more than a year before the announcement of the New Industrial Strategy on March 10, 2020. The period for data collection ends on the latter date. This gives enough time to scrutinize which agents met with the European Commission in order to bring forward their demands and influence the forthcoming policies. The list includes all the meetings that the selected agents had which directly or indirectly related to the Green Deal and industrial policy, excluding only those few meetings completely unrelated to these topics.

Using the data from the transparency register, summarized in Table 1, it becomes visible that the industrial class fraction following the *neoliberal green growth paradigm* has had a far greater number of meetings with Commissioners and Cabinet members than those supporting the *socio-ecological transformative hegemony project*. While the three industrial agents count 56 meetings since the beginning of 2019, the two selected environmental ones only had 10. Especially two months prior to publishing the European Green Deal, BusinessEurope and the ERT had five meetings explicitly

mentioning the Green Deal. FoEE and the EEB, on the other hand, only counted one meeting on the same topic. The progressive left was not listed in the transparency register, and can thus be assumed to not have had any meetings with the European Commission. Here already, we can see a certain strategic selectivity of the Commission as it interacts with some agents more than with others.

Table 1: Meetings of selected agents with the European Commission

*Legend: Purple = industrial conglomerations / neoliberal green growth hegemony project
 Green = environmental actors and the progressive left / socio-ecological transformative hegemony project
 Blue = transnational workers' associations
 Yellow = publication of European Green Deal / New Industrial Strategy
 Grey = meetings explicitly mentioning the European Green Deal*

Date	Agent	EU body / representative	Topic
January 2019			
09/01/2019	ERT	Daniel Calleja Crespo, Director-General	Circular economy
17/01/2019	ERT	Nele Eichhorn, Cabinet member of Cecilia Malmström	Introductory meeting with the incoming Secretary General Frank Heemskerck
29/01/2019	ERT	Ann Mettler, Head	Industry 4.0
29/01/2019	ERT	Michael Hager, Cabinet member of Günther Oettinger	Introductory meeting
29/01/2019	BusinessEurope	Frans Timmermans, First Vice-President	EU challenges such as competitiveness, sustainability and Better Regulation
30/01/2019	ERT	Miguel Ceballos Baron, Cabinet member of Cecilia Malmström	EU trade policy
31/01/2019	BusinessEurope	Marika Lautsomousnier, Cabinet member of Jyrki Katainen	Single Market; jobs, growth, investment and competitiveness
February 2019			
04/02/2019	BusinessEurope	Jean-Luc Demarty, Director-General	EU-US trade relations, China, WTO
06/02/2019	HLG	Gwenole Cozigou, Director, DG GROW, and various other Commission members	Sherpa meeting on an Industrial Transformation Master Plan
06/02/2019	ETUC	Maria Luisa Llano Cardenal, Cabinet member of Valdis Dombrovskis; Valdis	European Semester

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		Dombrovskis, Vice-President	
20/02/2019	HLG	Lowri Evans, Director-General	4 th Meeting of the Commission High Level Group on Energy-Intensive Industries
22/02/2019	FoEE	Helena Braun, Cabinet member of Frans Timmermans	Discussion on legally binding instruments for corporate accountability
27/02/2020	BusinessEurope	Xavier Coget, Cabinet member of Jyrki Katainen	Stocktaking on EU trade policy; jobs, growth, investment and competitiveness
28/02/2019	ETUC	Günther Oettinger, Commissioner	Multiannual Financial Framework
March 2019			
06/03/2019	ETUC	Inge Bernaerts and Christoph Nerlich, Cabinet members of Marianne Thyssen	Future Multiannual Financial Framework
14/03/2019	ERT	Linsey Mccallum, Cabinet member of Margrethe Vestager	Competition Policy
15/03/2019	BusinessEurope & ETUC	Maria Luisa Llano Cardenal, Cabinet member of Valdis Dombrovskis	Preparatory meeting with social partners (BusinessEurope and ETUC) ahead of the Tripartite Social Summit
27/03/2019	BusinessEurope	Michael Hager, Cabinet member of Günther Oettinger	Current EU policies
27/03/2019	HLG	Fulvia Raffaelli, Peter Zapfel, Emmanuelle Maire, Peter Handley and various other Commission members	1 st meeting of the sub-groups to the Commission High Level Expert Group on Energy-Intensive Industries developing an Industrial Transformation Master Plan for climate-neutral industry by 2050
28/03/2019	BusinessEurope	Timo Pesonen, Director-General	Exchange of view on the most relevant industrial policy and single market files
29/03/2019	BusinessEurope	Ann Mettler, Head	Industrial Policy
April 2019			
03/04/2019	ERT	Joost Korte, Director-General	Skills
10/04/2019	BusinessEurope	Adalbert Jahnz, Cabinet member of Maroš Šefčovič	BusinessEurope reported that they would publish an energy and climate strategy supporting climate neutrality by the end of the month.

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10/04/2019	BusinessEurope	Adalbert Jahnz, Cabinet member of Maroš Šefčovič	Main messages of the State of the Energy Union Report
24/04/2019	ETUC	Jean-Claude Juncker, President	Overview of the EU priorities and recent progress in the social field
May 2019			
16/05/2019	ERT	Jolana Mungengova, Cabinet member of Cecilia Malmström	Current and future challenges for EU trade policy
29/05/2019	ETUC	Joost Korte, Director-General	EC and Framework Agreement in connection with the Multiannual Financial Framework for 2021-2027
June 2019			
04/06/2019	ERT	Dominique Ristori, Director-General	The importance of combining competitiveness and clean energy transition
04/06/2019	FoEE	Miguel Arias Cañete, Commissioner	Debate on the strategic agenda and its relevance for climate and energy, NECP recommendations
19/06/2019	ERT	Maarten Verwey, Director-General	Digitalization of European Industries
20/06/2019	BusinessEurope	Joost Korte, Director-General	EMU communication and reinforcement of the social surveillance
21/06/2019	ETUC	Valdis Dombrovskis, Vice-President; Maria Luisa Llano Cardenal, Cabinet member of Valdis Dombrovskis	European Semester and strengthening of Social Dialogue in EU Member States
24/06/2019	HLG	Fulvia Raffaelli, Peter Zapfel, Emmanuelle Maire, Peter Handley and various other Commission members	2 nd meeting of the sub-groups to the Commission High Level Expert Group on Energy-Intensive Industries developing an Industrial Transformation Master Plan for climate-neutral industry by 2050
28/06/2019	ETUC	Joost Korte, Director-General	Cover pending issues (Partnership for Collective Bargaining and Bucharest Conference, Posting of Workers)
July 2019			
08/07/2019	BusinessEurope	Cecilia Malmström, Commissioner	A Trade Strategy fit for the 21 st century
12/07/2019	BusinessEurope	Inge Bernaerts, Cabinet member of Marianne Thyssen	Labor Mobility

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September 2019			
10/09/2019	HLG	Gwenole Cozigou, DG GROW, and various other Commission members	Sherpa meeting, presentation of draft Masterplan
10/09/2019	ETUC	Joost Korte, Director-General	Follow-up on collective bargaining and the 14 priorities of the ETUC for the new mandate of the EU Institutions
12/09/2019	BusinessEurope	Timo Pesonen, Director-General	Present industrial strategy paper
13/09/2019	ERT	Ann Mettler, Head	Industrial Policy
20/09/2019	ERT	Margrethe Vestager, Commissioner	Meeting to present the ERT paper on competition law reform
20/09/2019	BusinessEurope	Cecilia Malmström, Commissioner	2 nd CETA anniversary
20/09/2019	EEB	Daniel Calleja Crespo, Director-General	European Green Deal
23/09/2019	ETUC	Valdis Dombrovskis, Vice-President; Maria Luisa Llano Cardenal, Cabinet member of Valdis Dombrovskis	Priorities for the next European Commission
27/09/2019	ETUC	Frans Timmermans, First Vice-President	EU priorities, in particular sustainability and employment aspects
30/09/2019	ERT	Margrethe Vestager, Commissioner	Present the ERT paper on competition law reform
October 2019			
16/10/2019	BusinessEurope	Sabine Weyand, Director-General	FTA, Mercosur
24/10/2019	BusinessEurope	Mauro Raffaele Petriccione, Director-General	European Green Deal
30/10/2019	ETUC	Margrethe Vestager, Commissioner	Meeting to discuss the ETUC priorities for the new mandate of the EU Institutions; competition
November 2019			
06/11/2019	BusinessEurope	Ditte Juul Jorgensen, Director-General	Green Deal and the next steps in EU energy policy
18/11/2019	BusinessEurope	Frans Timmermans, First Vice-President	Climate and sustainability challenges
28/11/2019	EEB	Daniel Calleja Crespo, Director-General	European Green Deal
December 2019			
03/12/2019	ERT	Diederik Samsom, Cabinet member of	Speech on the European Green Deal at the ERT Energy

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		Frans Timmermans	Transition and Climate Change Working Group
04/12/2019	ETUC	Margrethe Vestager, Executive Vice-President	Competition policy
04/12/2019	ETUC	Frans Timmermans, Executive Vice-President	Presentation on Just Transition and European Green Deal
10/12/2019	ETUC	Four Cabinet members of Nicolas Schmit	Minimum wage and collective bargaining
10/12/2019	ERT	Anthony Whelan, Cabinet member of Ursula von der Leyen	Green Deal and digital strategy, single market, R&D&I, data, 5G
11/12/2019		EU Commission	Publication of the European Green Deal
12/12/2019	BusinessEurope	Mariya Gabriel, Commissioner	Research and innovation
13/12/2019	BusinessEurope	Phil Hogan, Commissioner	Trade Issues
19/12/2019	BusinessEurope	Ursula von der Leyen, President	Meeting with the President and Director General
January 2020			
07/01/2020	ETUC	Ursula von der Leyen, President	Meeting with General-Secretary ETUC
08/01/2020	ETUC	Antoine Colombani, Cabinet member of Frans Timmermans	Discussion on Just Transition & European Green Deal
09/01/2020	BusinessEurope	Nicolas Schmit, Commissioner and four Cabinet members	Introductory meeting/ economic and social affairs in Europe
17/01/2020	BusinessEurope	Maroš Šefčovič, Vice-President	Global competitiveness and better regulation
21/01/2020	BusinessEurope	Kadri Simson, Commissioner and two Cabinet members	EU industrial competitiveness, carbon pricing mechanism
27/01/2020	ETUC	Nicolas Schmit, Commissioner	Social policies
28/01/2020	BusinessEurope	Valere Moutarlier, Cabinet member of Thierry Breton; Lucia Caudet, Cabinet member of Thierry Breton	Exchange of views about European industrial policy and the deepening of the internal market
28/01/2020	ERT	Phil Hogan, Commissioner	Trade Issues
28/01/2020	ERT	Kadri Simson, Commissioner and various Cabinet members	European Green Deal, sector integration, energy efficiency, industrial strategy
29/01/2020	ETUC	Joost Korte, Director-General	Commission's Priorities; employment, social

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			affairs and inclusion; strengthening Social Europe communication
30/01/2020	ERT	Anthony Whelan, Cabinet member of Ursula von der Leyen	ERT's Digital transformation working group
February 2020			
06/02/2020	BusinessEurope	Michael Hager, Cabinet member of Valdis Dombrovskis	Industrial strategy, Commission work program 2020
07/02/2020	BusinessEurope	Daniel Calleja Crespo, Director-General	Circular economy action plan
07/02/2020	BusinessEurope	Virginijus Sinkevičius, Commissioner and two Cabinet members	Circular economy and biodiversity, and discuss cooperation in this field
13/02/2020	BusinessEurope	Diederik Samsom, Cabinet member of Frans Timmermans	Speech on the European Green Deal at BusinessEurope's Executive Committee
14/02/2020	EEB	Frauke Hoss, Cabinet member of Maroš Šefčovič	One-in One-out; better regulation; REFIT
19/02/2020	EEB	Lukas Visek & Karolina Herbout-Borczak, Cabinet members of Frans Timmermans	Sustainable food systems
19/02/2020	FoEE	Giorgios Rossides, Annukka Ojala & Roberto Reig Rodrigo, Cabinet member of Stella Kyriakides	Farm to Fork
28/02/2020	FoEE	Helena Braun, Cabinet member of Frans Timmermans	Green Deal and circular economy
March 2020			
02/03/2020	BusinessEurope	Kurt Vandenberghe, Cabinet member of Ursula von der Leyen	The policymakers/business dialogue concerning the Green Deal
02/03/2020	ETUC	Nicolas Schmit, Commissioner	Ongoing social files; jobs and social rights
04/03/2020	FoEE	Jorge Pinto Antunes, Cabinet member of Janusz Wojciechowski	European Green Deal
06/03/2020	EEB	Jorge Pinto Antunes, Cabinet member of Janusz Wojciechowski	Biodiversity and Farm to Fork Strategies

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06/03/2020	BusinessEurope	Ruth Paserman, Cabinet member of Valdis Dombrovskis; Valdis Dombrovskis, Executive Vice-President; Michael Hager, Cabinet member of Valdis Dombrovskis	Industrial strategy, SMEs strategy, social dialogue and pillar of social rights, European Semester
10/03/2020	BusinessEurope	Antoine Kasel, Cabinet member of Nicolas Schmit	Skills and industrial package
10/03/2020		EU Commission	Publication of the New Industrial Strategy

Source: Own depiction, based on European Commission (2020f); Joint Transparency Register Secretariat (2020a, 2020b, 2020c, 2020d, 2020e, 2020f)

Three months before the publication of the European Green Deal on December 11, 2019 and the New Industrial Strategy on March 10, 2020, agents have tried to push their agendas and state their preferences by publishing a range of documents. To name a few, industry disclosed its statements on September 26, 2019; October 7, 8 and 9, 2019; November 28, 2019; December 2, 4, 9 and 11, 2019; January 6 and 14, 2020; February 18, 2020; and March 4, 5 and 10, 2020 (ACEI, 2020; BusinessEurope, 2019b, 2019c, 2019d, 2019e, 2020a, 2020b, 2020c, 2020d; BusinessEurope & European Banking Federation, 2020; ERT, 2019a, 2019b, 2019c, 2019d, 2019e, 2019f, 2020a, 2020b; ERT & BusinessEurope, 2020; HLG, 2019). The environmental and progressive left class fractions published their visions, for instance, on September 1 and 23, 2019; October 4, 2019; November 7 and 18, 2019; December 4 and 9, 2019; February 2, 11, 14, 26 and 27, 2020; and March 2, 2020 (Community Power Coalition, 2019; Climate Action Network et al., 2019a; EEB et al., 2019; EEB, 2019, 2020a, 2020b; Ernst & Kropp, 2020; EuroMemo Group, 2020; FoEE et al., 2019a, b; FoEE, 2019; FoEE, EEB & WU, 2020a, 2020b, 2020c; Mason, 2020).

Given the fact that publications by various class interests were made available and sometimes directly aimed at the European Commission, an indicator for the influence of one particular class fraction on the European Commission is the similarity in wording between the publications by industry and the Green Deal or the New Industrial Strategy. For example, the European Commission portrays energy-intensive industries as “indispensable to Europe’s economy” (European Commission, 2019, p. 7), calling Europe the “home of industry” (European Commission, 2020a, p. 2). This directly reflects the ideational realm of industry, depicting industrial activity as central to the future of the EU economy (ACEI, 2020, p. 3; BusinessEurope, 2019b, p. 1; ERT, 2019a; ERT, 2019d, p. 6; HLG, 2019, p. 8). Furthermore, the call by industry for a level playing field shown in the actor analysis is echoed throughout the New Industrial Strategy (European Commission, 2020a, p. 1-7). The European Commission’s Green Deal and especially the New Industrial Strategy also precisely mirror the focus on competitiveness (European Commission, 2019, p. 2f; European Commission, 2020a, p. 1-13) as demanded by industry (ACEI, 2020; BusinessEurope, 2019a, 2019b, 2020a,

2020b, 2020c; ERT, 2017a, 2018, 2019a, 2019b, 2019c, 2019d, 2019e, 2020b; ERT & BusinessEurope, 2020; HLG, 2019). Notions of furthering the single market, cutting barriers and focusing on competition (European Commission, 2020a, p. 1) can be found in a highly similar fashion in the communications by the industrial class fractions (ACEI, 2020, p. 7; BusinessEurope, 2019a, p. 7; BusinessEurope, 2020d; ERT, 2019e, p. 4). The avoidance of market distortions is found equally in the industrial class fraction's stipulations (for instance, BusinessEurope, 2020b; ERT, 2018, p. 1;) and the European Commission's ones (like European Commission, 2019, p. 21; European Commission, 2020a, p. 1, 3). The supply of critical raw materials is evident in both European Commission and industry statements (examples in European Commission, 2019, p. 8; HLG, 2019, p. 39ff). Despite notions of the social dimension, which are picked up by both European Commission and industrial agents, these remain far shorter and vaguer, especially in the New Industrial Strategy. As such, we can discern that agents from the *socio-ecological transformative hegemony project* were given less voice in shaping the new industrial policies.

Summarizing the findings of the historical materialist policy analysis, the 2007/8 financial and economic crisis as well as the ongoing ecological crisis can be considered destabilizing moments for the neoliberal paradigm. It saw its accumulation practices under threat as new forces demanded deep structural changes in material production and consumption relations. However, by integrating *green growth* into its neoliberal position, issuing a great number of position papers and letters to the European Commission, and meeting in high frequency with the responsible Commissioners for the European Green Deal and the New Industrial Strategy prior to its publication, the industrial class fraction could avoid transformative practices that would go against the current paradigm. Instead, it inserted ecological concerns into its agenda, and thereby debilitated the *socio-ecological transformative hegemony project*. The agents backing the latter project were granted far less access to the European Commission, and oftentimes only met with Commissioners after the publications of the policies. This is also reflected in the great similarity of wording between industrial agents and the European Commission's policies. Evidently, the industrial class fraction backing the

neoliberal green growth hegemony project had greater organizational resources, visible in more networking opportunities, and corresponded more to the existing systemic configurations, hence, gaining an advantage concerning strategic-structural selectivities.

The European Commission can, in a CPE sense, be called a strategic site of action which integrates different agents coming from contradicting political projects. By strategically selecting to which agent to give more voice in the policies, the European Commission recalibrated the neoliberal paradigm rather than committing to a structural paradigm shift. Considering the five factors for paradigm shifts in Wigger and Buch-Hansen (2014, p. 114f, 131), the crises were not construed as a crisis of neoliberalism; instead, neoliberalism was depicted as a remedy by integrating green growth, without challenging its underlying logic. Furthermore, although the industrial class fraction sees itself threatened by ongoing deindustrialization, it still has considerable political influence on the transnational level. Thus, we cannot speak of a “a fundamental shift in the balance of power between social forces” (Wigger & Buch-Hansen, 2014, p. 115). While clear counter-projects to the neoliberal paradigm did emerge, as visible in the *socio-ecological transformative hegemony project* supported by a number of transnational agents, its viewpoints are only marginally alluded to in the European Green Deal and the New Industrial Policy. Furthermore, organized capital and Commissioners on the European level backed the *neoliberal green growth hegemony project*, by which the regulatory institutions took a clear position. Overall, we cannot witness what Wigger and Buch-Hansen (2014, p. 115) call “broader and more encompassing changes in the overall regulatory architecture”, and thus, no paradigm shift.

5 Conclusion and Discussion

This thesis sought to explain whether the recent EU industrial policies – the European Green Deal and the closely linked New Industrial Strategy for Europe – provoked a paradigm shift away from neoliberal hegemony, and why this is (not) the case. Building on the theoretical stipulations of Critical Political Economy (CPE), prevalently the Amsterdam school, the empirical evidence strongly suggests that both policies fall short of a truly transformative paradigm shift, and instead keep following the current neoliberal logic. This becomes evident through predominantly horizontal interventions, a focus on new growth opportunities, a primacy of competition and competitiveness both in the EU and on the global stage, a thereby furthered role of export-oriented capital, a high involvement of the private sector, a non-binding form, and the use of unfit tools such as the European Semester for monitoring and implementation. Although there are repeated allusions to a ‘Just Transition,’ a circular economy and further environmental goals, the specifics of these suggestions remain too vague and can rather be attributed to the shape-shifting nature of neoliberal hegemony.

An analysis of the main agents and their goals shows two opposing hegemony projects, namely the *neoliberal green growth hegemony project* with some neomercantilist elements, and the *socio-ecological transformative hegemony project*. The former is found to be supported by transnational conglomerations of industrial agents, who are jointly rooted in a declining material position, and seek to continue their accumulation practices which came under threat by destabilizing moments like the 2007/8 global financial and economic crisis and the ongoing ecological crisis. The second project is backed by EU-wide organized environmental organizations and the progressive left, challenging the current paradigm by criticizing overconsumption and ever-lasting economic growth. Transnational trade union associations, despite their calls for workers’ rights, do not support a transformative change, most likely due to their dependence on the material position of industry and the current accumulation regime. Although all agents have published a large number of position papers and public

letters, process tracing of selected agents prior to the publication of the European Green Deal and the New Industrial Strategy uncovers that industrial conglomerations had far more meetings with Commissioners and Cabinet members than environmental organizations and the progressive left. Furthermore, the wording of the European Commission's policies highly corresponds to industry's publications. Thus, the European Commission as a strategic site of action selected to which agent to give more voice in the policies, and thereby recalibrated the neoliberal paradigm rather than committing to structural change.

Therefore, the emancipatory component of CPE calls for a more equal access of all interest groups to supranational decision making since a balance between societal, environmental and economic needs is dearly necessary. Moreover, given that meetings between interest groups and Commissioners or Cabinet members are often conducted behind closed doors, a more transparent procedure is needed in order to increase democratic participation. It would greatly help to introduce a compulsory transparency register with video content or detailed notes of such meetings, which would subsequently also restore citizens' confidence in supranational decision making.

This thesis has contributed to the ongoing academic discussion in several ways. First of all, it answers the often-discussed question of whether the new EU industrial policies constitute a paradigm shift, concluding that such a change is not perceivable. Furthermore, it center-stages highly recent publications that have hardly been treated before in academic literature, as the European Green Deal was published in December 2019 and the New Industrial Strategy in March 2020. In addition, both the theoretical and the empirical work covers the relevant dimensions – structure, agency, the material and the ideational realm. The key methods of this thesis, namely ideal-type comparison, the historical materialist policy analysis, and process tracing, are rooted firmly in the theoretical approach and applied consistently in the empirical work. A key strength of the empirical section is the extensive analysis of a large number of documents by a variety of agents. Especially by tracing the meetings of selected agents for over a year prior to the EU industrial policies, a detailed analysis was conducted,

which also gives high confidence in the conclusions of this thesis. Nonetheless, there do remain some possibilities for improvement. Most notably, this thesis does not fully address financial capital and its role in shaping the recent industrial policies. Financial capital has, under the neoliberal paradigm, come to be a dominant class fraction (Nölke, 2018, p. 439). It is therefore of interest in which way financial capital mingles with the real economy, and where coherences and clashes arise. While the aim of this thesis was to explicitly focus on the real economy, an analysis of financial agents could yield additional insights as to why the neoliberal paradigm is so persistent in EU policies. Further research can thereby build on the theoretical and methodological work of this thesis. The scope could even be broadened to other sectors which the Green Deal speaks to, like agriculture, transport or construction, and assess context, agency and process for these spheres. Future investigation could also widen the range of selected agents that are scrutinized, and specifically look at the role of transnational workers' associations that seem to be torn between different hegemony projects.

It surely remains intriguing how EU industrial policies and their green elements will develop in the course of the next months. In response to the current COVID-19 pandemic, industrial agents have already called to “extend all non-essential environment and climate-related consultations [...] as well as to extend certain deadlines to implement EU legislation” in order to recover from the effects of the pandemic (BusinessEurope, 2020e, p. 1). The progressive left, on the other hand, has demanded a “green bailout” from COVID-19 focusing on the energy-poor, much in contrast to BusinessEurope’s letter (Transform! Europe, 2020). Evidently, contestation on the political stage will continue, possibly even in a reinforced manner. Depending on the political response to these events, we might soon ask ourselves again: Paradigm shift ahead?

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Statutory Declaration

I declare that I have authored this thesis independently, that I have not used other than the declared sources, and that I have explicitly marked all material which has been quoted either literally or by content from the used sources.

Munich, 27/06/2020

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Place, Date

Vera Freundl

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Vera Freundl