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Rejecting the Constitution or the Market? Where does the Popular Resistance to European Integration Come From? Part Two of the Constitution Trilogy

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**Rejecting the Constitution or the Market?
Where does the Popular Resistance to European Integration Come From?**

Part Two of the Constitution Trilogy

By

Jens Beckert¹

Abstract

The French "non" in the referendum on the Constitutional Treaty in 2005 has brought the train of European integration to an unexpected stop. The rejection of the Constitution testifies to a gap between elite enthusiasm for further European integration and popular disenchantment that originated long before the referendums on the Constitutional Treaty. Why does European integration increasingly confront popular resistance? The answer given to this question relates not primarily to the economic payoffs and costs of European integration but rather to the normative implications of market liberalization. I argue, primarily with reference to France, that popular disenchantment and resistance reflect fears from ongoing economic changes which lead to a more and more direct exposure of people to market forces that escape political control.

About the Author

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The project of a European Constitutional Treaty has been put to rest. At their summit meeting in Brussels in June 2007, European leaders finally abandoned further attempts to have the treaty ratified in the remaining nine countries that have not yet ratified it. A Reform Treaty – a pale substitute for the Constitution – will be drafted by an Intergovernmental Conference scheduled to go into effect in 2009 without having to be ratified in popular referendums. This Reform Treaty will include many of the Constitutional Treaty's procedural reforms, but none of the political visions that elevated the latter to the level of a constitution.

Of course, it wasn't the summit meeting in Brussels that killed the Constitutional Treaty. The heads of state meeting in Brussels were more like gravediggers gathering to bury a corpse that had been killed two years earlier. The time of death of the Constitutional Treaty can be determined precisely: on May 29, 2005, the French electorate rejected the ratification of the European Constitutional Treaty by a majority of almost 55 percent (54.8%). A few days later, the Dutch voters followed suit, defeating the Constitution with an even wider margin (61.6 %).

When the votes were counted in France and the Netherlands, the results did not come as a surprise. Polls had indicated for many weeks that the majority of French and Dutch voters would vote with a “no”; a forecast that was also not changed by desperate appeals from politicians from all mainstream parties shortly before the ballot to change the dominant public sentiment (Berezin 2006: 1).

Despite anticipation of the defeat, the two referendums immediately led the European Union into a profound political crisis. Although 18 out of the 27 member states ratified the constitution, it became utterly unclear how to secure majorities for it, especially in referendums in France and in Great Britain. In an attempt to regain control over the situation, the European Council decided on a year-long “period of reflection.” To break the subsequent stalemate, the German chancellor Angela Merkel declared in her speech to the European Parliament after taking over the council presidency in January 2007 that the issue should be resolved during the German presidency. She argued in favor of maintaining “the substance of the Constitution.” She did not indicate, however, whether the ratification process of the Constitution should be continued. Only after the French Presidential elections in June 2007 should the “further process of the planned Constitution” be presented, which was intended to solve the crisis before European elections in 2009. The reform treaty, whose main targets were agreed upon during the meeting in Brussels, is supposed to be this solution. Whether it actually will be remains to be seen.

The French “non” has brought the train of European integration to an unexpected stop. This has not happened without warning signs that can be traced back at least to the early 1990s. The refusal of the Danish electorate to ratify the Maastricht treaty in 1992, the Irish rejection of the Nice treaty in 2001 and the unpopularity of East European enlargement of the European Union in 2005 testify to a gap between elite enthusiasm for further European integration and popular disenchantment that originated long before the referendums on the Constitutional Treaty. In the words of Luxemburg’s Prime Minister Jean-Claude Juncker, Europe “no longer makes people dream” (see: EuroActiv June 2, 2005).

Why has European integration not only ceased to make people dream but increasingly confronts popular resistance? The answer I will give to this question relates not primarily to the economic payoffs and costs of European integration but rather to the normative implications of market liberalization. I will argue, primarily with reference to France, that popular disenchantment and resistance reflect fears from ongoing economic changes which lead to a more and more direct exposure of people to market forces that escape political control.

1.

Though the title of my lecture suggests the possibility that the rejection of the Constitution may be related to the specifics of its content, it is my first point that the result of the referendums and the ongoing crisis of the integration project cannot be explained by the content of the Constitutional Treaty itself. Popular resistance didn’t crystallize on the core reform issues entailed in the Treaty. These reform issues were the reorganization of EU institutions through the facilitation of decision-making processes by the introduction of qualified majority votes for important policy realms; the extension of the influence of the European Parliament on European law-making; the reduction of the number of commissioners (no longer one commissioner per country); and the creation of the position of a European foreign minister. The attempted facilitation of decision-making processes in the European Union is a reaction to the enlargement process which makes unanimous decision-making increasingly unfeasible. The strengthening of the European Union’s foreign policy through the introduction of a foreign minister is a reaction to the failure of the European Union in the Balkan wars during the 1990s and its weakness in reacting to global security challenges after 9/11.

One indicator that the rather technical issues of institutional reform cannot account for the strong opposition against the Constitutional Treaty building up in France and the Netherlands in the spring of 2005 is the limited knowledge voters actually had about the constitution they were asked to vote on. In November 2004, one third of Europeans stated that they had never heard of the Constitution and only 11 percent of the respondents stated that they broadly knew its contents (Special Eurobarometer 2005/214: 3pp). If asked about the contents, even those respondents who claimed to know the main points of the Constitutional Treaty showed a high rate of incorrect answers.

This is nevertheless not to say that the French and the Dutch “no” to the Constitution can be attributed to voter’s ignorance. In the heated debate during the months before the referendums, voters in France and the Netherlands became much more interested in the Constitution’s content. The conflictual issues, however, were not those that would constitute new law but rather those passages that are already regulated in other treaties that remain in effect, independent of the outcome of the ratification of the Constitution. Moreover, the debate on the referendums included prominent European policy initiatives that were independent of the Constitution but effectively linked to it in the debate: First, the “Bolkestein-Directive” which sought to remove obstacles to free competition in the service sector across the European Union and, second, the possible accession of Turkey to the European Union. Hence the vote was in many ways about issues other than the ones that the voter could actually vote on in the referendums.

When summarizing the debates in France and the Netherlands, it is fair to say that two – not necessarily connected – aspects were at the heart of the concerns raised by the opposition to the Constitutional Treaty: economic fears and perceived threats to national identity. First, economic fears deriving from a strengthening of market forces and the simultaneous limitation of the capacity of the nation state to regulate internationally integrated markets. The parties on the left, including some parts of the French Socialist Party, opposed the Constitution for reasons which included a perceived lack of democratic accountability, and the threat they considered it posed to what has become called “the European social model.” The metaphor for the perceived threat from market liberalization in the French referendum campaign became the “Polish plumber” – despite the fact that less than 200 Poles with this profession were actually working in France at the time. When “no”-voters were asked in exit polls after the French referendum why they voted against it, the three highest ranking reasons were fears of economic disadvantages, increasing insecurity caused by economic liberalization (Flash Eurobaromètre 2005/171: 17) and

thirdly, cultural fears deriving from alleged threats to national cultural and religious identity. In particular, the parties from the far right, but also some politicians from the conservative parties opposed the Constitution as a threat to national sovereignty and cultural identity. In France, they argued that France should not be part of any institution whose decisions can take precedence over what is decided in France at the national level. The perceived threat to national identity stemmed largely from skepticism regarding Turkey's possible accession to the European Union. This emotionally highly charged topic coincided with the referendums since the deadline for the decision to enter into accession talks with Turkey approached and helped the political right to mobilize voters against the Constitutional Treaty. In this lecture I will primarily focus on the economic dimension of popular opposition.

3.

If it is an accurate assessment that the “no” votes in the referendums and the scepticism existing in many European countries regarding further European integration express fears associated with the liberalization of markets as well as the loss of national identities, the question to be asked is: why is it that market liberalization meets such strong resistance in at least some European countries and how are issues of cultural identity related to this?

A first answer to this question refers to the material interests of voters. The argument is: economic liberalization will be opposed by those voters who see themselves as losing out economically in the process of market liberalization. In a convenient juxtaposition one might distinguish between export oriented sectors in the economy that gain from market liberalization and domestic sectors that lose from this process (Kriesi, et al. 2006; Scharpf 1998).

Over the last thirty years, market liberalization has been an engine of economic growth and welfare in European Union countries. National economies benefited from the liberalization of markets through exports, foreign investments, and the opportunity to purchase products at lower prices from producers with lower marginal costs. It is not that this economic success of European integration would not be recognized by the electorate. It is reflected in polls where European voters show awareness of the relationship between globalization and economic welfare. In a 2003 Euro barometer poll, 57% of respondents saw positive effects for economic growth deriving from the globalization of the economy, and only one third (37%) saw negative effects. Not surprisingly, these assessments differ between countries and depending on the socioeconomic

status of the respondent. While only 45% of the French respondents think that globalization leads to economic growth, 72% of Irish respondents and 64% of British respondents hold this opinion. After the referendum in France, exit polls showed that workers had by far the highest rejection rate of the Constitutional Treaty: three out of four workers in France were in the “no” camp. Rejection rates were also significantly higher in rural areas compared to the urban centers where people on average have better education and higher qualifications and are more likely to be employed in industries that profit from market liberalization. Paris was, in fact, the only region where the referendum won a majority of “yes” votes. (Flash Eurobaromètre 2005/171).

If the Constitutional Treaty was dominantly perceived by voters as a carte blanche for further market liberalization, the correlation between socioeconomic status and voting behavior gives clear indications for the role of economic interests in the outcome of the referendums. I do not want to deny that this connection does indeed exist. But I do want to offer a more precise definition of what the economic fear from further European integration actually consists of.

Looking again at the results of surveys, it is striking to see that though the majority of the population of EU member states sees positive consequences from European integration for economic growth, a majority also sees predominately negative effects for employment. In a 2003 survey, only 40% of Europeans saw positive effects from European integration for employment, while a majority of 52% noticed predominantly negative effects (Flash Eurobarometer 2003/151b). This is despite the fact that since 1998 more than 13 Million new jobs have been created in the European Union.² It is probably fair to say that the answers of respondents to the consequences of market integration for employment reflect to a large extent hopes and fears with regard to perceived personal risks and opportunities in the labor market. This indicates why respondents may hold simultaneously the opinion that European integration leads to economic growth *and* to reduced employment. Respondents seem to argue: “Market integration is good for the economy, but chances are that I will be at the losing end of this development.”

What I argue is that the economic disenchantment of large parts of the European electorate cannot be attributed simply to a feared loss in economic wealth, but rather to the sense that, with further European integration, a socio-economic configuration that combined economic welfare with social security is uprooted. What is of special concern to voters is the development of an economic system which is steered more and more by the logic of markets and which

² This result once again shows the same differentiations according to country and socioeconomic status: more than 70% of French respondents see negative consequences, but only one third of the Irish respondents hold this opinion (Flash Eurobaromètre 2005/171).

simultaneously increases uncertainty and insecurity for employees by reducing the protection from market forces hitherto institutionalized in the nation states. The emerging economic system in an integrated European economy will be less and less able to produce the kind of solidarity that has been characteristic for European welfare states at least since the post-war period. In these social configurations, the economy was part of a societal order in which labor was at least partly decommodified. This model will not be replicated in the globally integrated economies currently emerging. The resistance that became apparent in the referendums lies not so much in the threat to economic opportunities, but in the assessed threat to an organization of the economy which considers it as part of a moral order, including solidaristic obligations to those members of society that fail to succeed in the market.

4.

To make this argument, I will first establish on theoretical grounds what I mean by the economy as a moral order. In order to do so, I briefly return to the founding fathers of sociology, writing in the late 19th and early 20th centuries at a time of profound economic transformation and social insecurity. Contrary to the liberal understanding of markets which sees them as flourishing if left unregulated, classical sociology attended to the institutional preconditions of markets. Despite their very different approaches, Max Weber, Emile Durkheim and Werner Sombart – among others – agreed that markets have social, political and cultural underpinnings that are indispensable for their emergence and functioning.³

Their concerns with the functioning of market economies were, however, not limited to the attempt to understand the institutional preconditions of capitalism. Instead, sociologists analyzed the role of the economy within the context of a much broader concern with the social order of society. Their economic theories were social theories. This can, of course, also be said of liberal economic theory and its notion of the invisible hand. However, classical sociology differs from liberal theory by seeing social order not grounded in individual interests and the market mechanism but as dependent on the institutionalization of mechanisms that moderate the workings of markets. This becomes especially apparent in the work of Karl Polanyi (Polanyi 1957). His “Great Transformation,” first published in 1944 and written in the midst of the

³ Max Weber (Weber 1984) analyzed the role of institutional preconditions and ethical orientations for the emergence of modern occidental capitalism. Emile Durkheim (Durkheim 1992) saw unfettered market relations as inherently unstable for problems we would refer to today as “opportunism” and “principal-agent problems.”

catastrophes of war and dictatorship in Europe, can be read as a bitter assessment of the active contribution of a specific organization of the economy to this catastrophe. It was the attempt to organize a system of unfettered markets, commodifying the fictitious commodities of land, labor and money, which ultimately led to social dislocations, political destabilization and loss of freedom. Polanyi's conclusion, drawn from the devastating events of the first half of the twentieth century, was that market exchange had to be embedded in the moral and institutional fabric of society to allow for social stability and political freedom. The organization of the economy cannot be subordinated to the logic of efficiency but must reflect its interdependencies with society at large by remaining connected to established values of social justice, fairness, equality, security and freedom. To generalize this argument: to allow for social order, the organization of the economy does not only have to stand the test of economic efficiency, but also the test of moral appropriateness (Offe 1996). Stated in the categories of David Lockwood: the economy must find social legitimacy to attain not only systems integration but also social integration (Lockwood 1970). Or based on the Talcott Parsons: To achieve social order societies must not only fulfill their adaptive functions but also be culturally integrated and provide for solidarity among its members.

But what is it “about the logic of the market that does such violence to people’s ordinary sense of justice and humanity?” (Graeber 2001: 158). An important clue to understanding this question can be found in Marcel Mauss’ discussion of gift exchange in his essay “Sur le don.” The central theoretical concept introduced by Marcel Mauss is that of “total social facts”, meaning that social activities are at the same time “legal, economic, religious, aesthetic and morphological phenomena” (Mauss 1990: 176). In his essay, Mauss discussed systems of gift-exchange in archaic and traditional societies as such total social facts. Gift exchange is not a peripheral phenomenon in the societies investigated by Marcel Mauss, but the central form of organizing the exchange of goods. Gift exchange implies that the gift must be reciprocated at a later point in time by the person or group who received it. However, what characterizes gift-exchange is also that the concrete counter-gift is not specified at the point the gift is exchanged. Gift exchange is not limited to a contractually specified value but to a totality which goes beyond the fixed terms of a contractual obligation. In the words of the anthropologist David Graeber, the totality of exchange means that “each party commits itself to maintaining the life of the other” (Graeber 2001: 162). My entitlement does not primarily derive from the value of my gift, but is determined also by the economic wealth of the one who received my gift and my needs at the

time of reciprocation. In consequence, exchange relations are part of a moral universe of solidarity in which they are embedded.

This stands in contrast to exchange based on the pure market logic, ideally typically described by Max Weber. “Where the market is allowed to follow its own autonomous tendencies, its participants do not look toward the persons of each other but only toward the commodity; there are no obligations of brotherliness or reverence” (Weber 1985: 383). Weber describes a logic of exchange which detaches it from the life of the people standing “behind” the exchange. This detachment, however, is at the same time “fictitious” – to use the term introduced by Karl Polanyi – which becomes especially visible in the case of labor markets. The commodity offered by the laborer is attached to the laborer himself as the bearer of laborpower and its supply cannot be strategically regulated.⁴ In consequence, labor *markets* entail a specific asymmetry. While the worker “does give the totality of himself, he ‘gives his life and labor,’ (...) the cash he receives in return has nothing of the same quality about it” (Graeber 2001: 162).

To understand economic exchange as “total social fact” provides important clues. If it holds true that economic relations are inseparably connected to the totality of social relations, including basic social rights, economic relations cannot be organized exclusively based on market price – at least not without producing severe disturbances in the social fabric. If operating in its pure logic, however, the market does precisely that. It is therefore no coincidence that in all historical configurations, markets were either strictly limited in their scope or societies institutionalized mechanisms which qualified the effects of markets and thereby re-established economic relations as total social facts. This is achieved in traditional societies by the dominance of the household economy. In early industrial economies, elements of this totality can be found, for instance, in the patriarchal obligations that factory owners submitted to when providing voluntarily social protection for their workers. In today’s economy, family businesses – which constitute a significant part of European firms – still carry elements of this qualification of pure market relations. They are typically much more responsive to the needs of the communities in which they operate than companies run by the principle of shareholder value.

Moreover, the labor contract itself can be analyzed as constituting an economic relationship which is only partly governed by the terms it explicitly spells out. The achievement

⁴ The submission of labor to a purely economic logic would violate the rights of humans to physically reproduce and to receive economic goods that allow for a dignified life for the laborer and his family, independent of his ability to achieve sufficient market income (Sen 1985). Hence there can only be “degrees of commodification” that find their limits in social norms of what appears acceptable in the treatment of human beings.

of production goals assumes manifold cooperation between workers and management which are based on informal norms of reciprocal support or: gift exchange (Hillebrandt 2007: 11; Akerlof 1984).⁵

In modern, functionally differentiated societies, however, the most significant institutionalization of the open-ended obligations of economic exchange is the welfare state. As early as the 1920s, Marcel Mauss saw the developing social insurance systems as the modern form of institutionalized reciprocity. Much better known, however, is the normative justification of the welfare state entailed in T.H. Marshall's (Marshall 1950) assessment of the evolution of rights in his essay on "Citizenship", written only a few years after Karl Polanyi's "Great Transformation." The development of the sequence of civil, political and social rights is not explained by their contribution to the efficiency of the economic system, but is rather told as a narrative of emancipation from economic forces beyond the control of ordinary citizens by providing security in people's lives despite the vagaries of the market.

Moreover, the partial decommodification of labor through the welfare state (i.e. through political control over markets) is thought not only to provide social security, but also to ensure the material conditions for political freedom. The state promotes through the social protection of its citizens – as Jürgen Habermas (Habermas 1998) has argued – the realization of Enlightenment ideas of civic reason ("staatsbürgerliche Vernunft") and contributes to the development of political "capabilities" (Sen 1985). This once more makes apparent the character of economic relations as total social facts, influencing not only the distribution of wealth but also the political identity of society.

5.

I now return to the issue of popular resistance to the Constitutional Treaty. My argument is that the liberalization of the European market is seen by significant parts of the French electorate as pushing aside the social and moral obligations that have become institutionalized in the economy with the emergence of the modern welfare state. This development is not the consequence of political bad will, but rather reflects structural limitations to the possibility of transferring social rights on the European level and maintaining expensive welfare states on the national level under conditions of increasingly globally integrated economies. This, however,

⁵ Philanthropic engagement (Adloff/Sigmund 2005) is a further example for reciprocity which reflects unspecified social obligation of exchange beyond fixed contractual obligations.

leads to an incongruity in which market liberalization and moral expectations regarding social protection have parted.

There are three structural reasons why market integration and the transnational expansion of social rights clash:

(1) First, because in a federalist system, a policy of free and fair market access is the only policy that can be agreed upon among the member states. Not only the European Union, but also institutions like the International Monetary Fund or the World Trade Organization develop regulations securing the operation of liberalized markets. These regulations, however, focus “on market access and global protection of property rights” (Block/Evans 2005: 518). Economic regulation in the European Union remains largely confined to policing the adherence of its member states to the ‘four freedoms’ of the Internal Market and not toward redistributive regulation. “Negative integration” through removing trade barriers and barriers to mobility is politically far easier to achieve than the introduction of social rights and obligations. As early as 1939, Friedrich von Hayek asserted in an essay on federal systems that such systems will be “limited to a liberal program” (Wohlgemuth 2007). There exists no meaningful internal consensus on protective redistribution within the European Union (Dobbin 2004; Streeck 1997: 316).

(2) The second reason for the lack of redistributive interference with the markets is global competition. The absence of “any realistic option of closure, or border maintenance, vis-à-vis the world economy” (Streeck 2000: 249) forces European countries to focus on competitive advantages by keeping factor costs low. This holds especially true since the increasing integration of markets strengthens the exit option of market players who can escape unwanted regulations.

(3) The third reason relates to the difficulties of universalizing social rights in the same way as civil and political rights have been universalized. The determination and recognition of individual claims to social rights depends on commonly shared understandings of reciprocity, appropriateness and fairness (Lessenich/Mau 2005: 261). This presupposes socio-cultural support based on a common “we-identity” (Scharpf 1998: 230pp) which exists on the national level but not on the European level, not to speak of the global level. The altruism entailed in social

solidarity is much easier to mobilize in homogeneous societies. The more diverse the European Union became in the process of enlargement and the more heterogeneous nation states became through processes of migration, the more difficult it became to mobilize “mechanical solidarity” (Durkheim), because it becomes more difficult for citizens to experience the Union – and even the nation state – as a solidaristic community. It is no coincidence that the institutionalization of social and political values in Western countries through the development of an inclusive welfare state was bound to the organization of society in nation states. The welfare state may have been – as Wolfgang Streeck has argued – dependent on the unique historical constellation where economic institution-building and the emergence of the nation-state coincided (Streeck 2004: 31pp).⁶

That European social solidarity exists only in embryonic forms may simply remain so for these systematic structural reasons. What develops are forms of governance that are limited to the realization of the “four freedoms,” depriving economic regulation of the opportunity to institutionalize economic exchange as a total social fact in the sense of Marcel Mauss. However, the institutionalization of solidaristic values is at the same time a precondition for the legitimacy and social integration of the economic order. The disenchantment with the European Union and the critical responses of citizens, which crystallized in the referendum in France, but also in social movements like Attac and from the far right, can therefore be interpreted as a fear of and protest against the profound structural changes in the organization of the economy currently underway. The very real fear is that the globalization of markets happens without the solidaristic embeddedness of market relations that was achieved on the national level after long social and political struggles. This holds true for the protection offered by the welfare state and forms of employment that at least partially provide a protective shield from the market. Policies of economic liberalization lead to heightened insecurity. Possible increases in economic welfare stemming from market liberalization go hand in hand with a sense of increased insecurity experienced even by many of those citizens who personally gain economically from market liberalization.

⁶ The nation state may have been indeed matchless in providing a universalistic – though geographically limited – system that can stimulate the cultural and political support for the kind of solidarity necessary to correct market outcomes by means of welfare provisions.

6.

One may object to this uninviting assessment by arguing that social integration actually depends much less on solidaristic values than is commonly assumed by sociologists. Based on Georg Simmel's sociology of money, the German sociologist Christoph Deutschmann (Deutschmann 2007) has argued in a recent paper that – at least theoretically – social integration can be achieved in modern capitalist societies without qualifying the force of markets through social protection. The perception of individuals that the market mechanism provides them with real opportunities to improve their economic position might be a sufficient basis for social integration. To develop such a perspective individuals need economic opportunities. These depend on two preconditions: economic growth and free and equal access to markets, especially to the labor market.

Policies of the European Union since the 1990s can be seen as focusing on exactly these two goals: First, the Lisbon strategy, adopted by the European Council in 2000, aims at making the European Union "the most dynamic and competitive knowledge-based economy in the world capable of sustainable economic growth with more and better jobs." Second, the transformation of welfare states that has been underway in European countries focuses on policies that facilitate market access and employability. Anti-discrimination legislation and measures to increase employability through the expansion of higher education and vocational training are key features of these reforms. Enhancing equal opportunity in education and raising educational levels improves individual chances for employment and constitutes at the same time a crucial resource for competition in globalized markets. The appeal of this "supply-side egalitarianism" (Streeck 2000: 255) for European policy-makers lies in its compatibility with competitive demands from globalized markets and the relative ease with which political consensus on it can be rallied. It is economically efficient because it expands the pool of human capital and "accommodates markets rather than overrules them" (Streeck 2000: 259). It is also normatively attractive because it adheres to values of equality and social inclusion.

But to what extent can this "competitive solidarity" (Streeck 1997) indeed be an effective substitute for social integration through protection *from* the vagaries of the market? To answer this question, it is helpful to look at the United States, where institutional changes toward "competitive solidarity" are much more pronounced and have a much longer history. Michael Piore (Piore 2003) has shown how the structure of the New Deal welfare state in the United States has shifted over the last 35 years to a new framework focusing on equal opportunity

employment legislation. The weakening of the New Deal welfare state did not result “in a competitive labor market” (Piore 2003: 4), but rather in new forms of regulation. Anti-discrimination legislation originally designed to ensure African-American’s rights in the Civil Rights Act of 1964 have been expanded to include other socially stigmatized or disadvantaged groups, making way for a new regime that provides special protection of the rights of ethnic minorities, women, the elderly, the physically disabled and homosexuals.

The results of this transformation have been ambivalent. Large numbers of people in the United States have greatly benefited from this new regulative framework. Many social groups “feel when they compare themselves to the preceding generation, there is a sense of enormous social progress” (Piore 2003: 11). The progress in terms of the opportunities available to members of previously disadvantaged groups fosters social integration despite the simultaneous increase in social inequality occurring in American society. The picture is quite different for African-American men and, of course, for the male blue and white collar workers, who were once the group best protected by the institutions of the New Deal welfare state.

Despite their positive impact, anti-discrimination laws and employability measures can only go so far in promoting social integration. They cannot hold back the structural changes on the labor market which make manual labor and manufacturing jobs more and more redundant in the industrial economies. Not everybody is able to reach to levels of qualification which allow for stable and sufficiently paid employment in the new economy. Certainly for this segment of the labor market, anti-discrimination policies and opportunities for training cannot be an attractive alternative to the redistributive welfare state and are not likely to set the stage for social integration based on individual economic opportunities. However, it is not only the lack of employment opportunities that creates tensions for individuals: the destabilization of employment and demands on flexibility take an increasing toll from workers and their families. A few months before the referendum in France a movement of highly educated young people emerged, protesting against insecure employment relations that university graduates increasingly face. Hopping from one internship to the next without the perspective of finding regular employment these highly qualified people develop a sense of being part of a “précaritat” at the margins of the economy (cf. the French term *précariat* combines “precarious” with “proletariat” to designate this new social group). Equal access to markets does not prevent exploitation – for this markets need to be overruled through regulation that partly decommodifies labor.

As to the chances of achieving social integration through increasing economic growth, prospects also don't look promising, at least for the large continental European economies: The goals of the Lisbon strategy will not be reached. Reasons for this are political blockades that hinder many of the reforms deemed necessary to increase economic growth. The failure to implement social integration by providing individual economic opportunities for all segments of the population and the simultaneous increase in social insecurity due to the re-commodification of labor have produced the individual and social tensions in France that manifest themselves in political resistance to market liberalization and culturally motivated opposition based on nationalistic, ethnic and religious identities.

7.

To conclude, let me return once more to the failed referendums on the Constitutional Treaty. I believe that to understand the outcomes of these referendums and the public disenchantment with European integration more generally, you must look beyond a narrow view of the economic welfare effects of European integration. Economic rules affect not only the material status of people but also their sense of moral entitlement and social identity. Why doesn't this insight play into today's institutional reforms? It is largely blocked by structural limitations to institutionalizing effective mechanisms of social redistribution on the level of the European Union.

The popular resistance shown in the failed referendum in France testifies at the same time to a "moral alienation" that reflects a discrepancy between popular expectations and actual economic policies. The navigation system of mainstream politicians in France does not seem to be aligned with the experiences and fears of large parts of the population. This can be seen in the political debate during the referendum campaign in France. Politicians supporting the Constitutional Treaty did so with arguments that seemed almost helpless given the popular sentiment (Berezin 2006). They were appealing to a dream of a united Europe and to a national duty of France not to block the development of the European Union. One of the warnings President Chirac gave was that France would be marginalized in Europe if it would not ratify the Constitutional Treaty. These arguments did not resonate with the majority of voters because they were disconnected from their actual concerns. The unresponsiveness to the concerns of voters contributed not only the "no" vote in the referendum on the Constitutional Treaty, but, possibly even more importantly, also to the increasing shift of the moral discourse to political entities

situated at the outskirts of democratic consensus. This holds true for parties and social movements on the radical left as well as for the right-wing populist movements, of which Le Pen's *National Front* is especially well organized. Social groups that feel threatened by market liberalization become receptive to political mobilization that promises the defence of national traditions through protection from immigration. Ethnic minorities deprived of economic opportunities, on the other hand, retreat to ethnic and religious identities that separate them further from the rest of society. To be sure: this development is not understandable primarily as a personal failure of politicians as it is a reflection of the paradoxes that characterize current transformations.

The task for economic sociology would be – far beyond understanding processes of institution-building for the emergence of the European market (Fligstein 1996) – to point to these paradoxes. Taking classical sociology as a model, economic sociologists could point to the moral embeddedness of economic orders (Durkheim) and thereby contribute to a better understanding of what is at stake for the democratic polity when policies are adopted that see the economy as “purely economic.” By investigating moral facts as part of the empirical reality of societies, sociology has the instruments to provide a valuable input into a democratic discourse on economic change – whether it lives up to this potential is far from certain. In many ways today's economic sociology has forgotten the lesson from classical sociology and Marcel Mauss that we need to understand economic phenomena as “total social facts”.

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