

**Greek Resistance and Irish Consent to the European Austerity  
Measures: the Case of Gramscian Hegemony**

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## **Abstract**

This thesis has investigated the reasons behind why Greece and Ireland have responded differently to the severe austerity measures and structural reforms requested by the European Union and International Monetary Fund in return for their bailouts. Using the theoretical framework of Gramsci and neo-Gramscian international relations, this thesis highlighted the weaknesses of existing European integration theories and has contested the notion of hegemony in international relations theories. In the backdrop of the structural change in the global economic system in the face of globalisation, I aimed to show how the European Union has come to represent neoliberal policy initiatives. I found that the reason why Ireland has consented to the austerity measures is explained by the development of its economy and the social relations of production entailed in, which are based on its ‘social partnership’ corporate arrangement and reliance on Transnational Corporations. On the other hand, the Greek case marks the opposite with a state oriented market economy manifested in corruption and clientelism.

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## Table of Contents

Introduction.....	1
Chapter 1 - <i>Literature Review: a Critique of Theories of European Integration</i> .....	8
<i>From Liberalism vs. Realism to the Neo-functionalism vs. Intergovernmentalism debate and beyond</i> .....	8
<i>A critique of hegemony in mainstream in IR</i> .....	18
Chapter 2 – <i>Theoretical Framework: Gramsci in International Relations</i> .....	22
<i>Gramsci at the domestic level: Hegemony, consent and resistance</i> .....	22
<i>Gramsci at the international and European level</i> .....	26
<i>Methodology</i> .....	30
Chapter 3: <i>Gramsci in Greece and Ireland</i> .....	32
<i>The historic development of Greece’s political economy</i> .....	32
<i>The historic development of Ireland’s political economy</i> .....	39
<i>Globalization discourse as a hegemonic project</i> .....	43
Conclusion .....	47
Bibliography .....	50



## Introduction

With the start of the global economic downturn in 2007/09, a sovereign debt crisis swept through the European Union with devastating consequences for the periphery countries of Europe. In hindsight, the proximate trigger for the continent's troubles surfaced on the 18<sup>th</sup> of October 2009, when Greece's newly elected Prime Minister, Andreas Papandreou, revealed that the Greek deficit was in fact at a staggering 12.7 percent<sup>1</sup> instead of the official 3.7 percent figure<sup>2</sup>, and in combination with a debt to GDP ratio estimated at 115 percent and mediocre growth prospects, market led participants began questioning the long-run solvency of the Greek state. Such concerns were voiced in December that year when Fitch credit rating agency downgraded the Greek sovereign from A- to BBB+. Alas, this downgrade was the first of many; between October 2009 and July 2011 Greek sovereign-debt was downgraded six times by Standard & Poor (from A- before the crisis to CC), six times from Moody's (from A1 to Ca) and seven times by Fitch (from A to CCC).<sup>3</sup> Hence, in a period of six months, Greece went from being able to borrow at a level equal to Germany to being completely shut out from capital markets. In an effort from the Greek government to provide a solution to its woes, it decided to implement a series of austerity measures in order to curb its deficit and at the same time explore options for a bailout that would allow the prevention

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<sup>1</sup>This revision was later updated to a figure of 13.6% by Eurostat.

See "Greece's budget deficit worse than first thought", BBC (22 April 2010), <http://news.bbc.co.uk/1/hi/business/8637270.stm> (Accessed 20 April 2012).

<sup>2</sup>"Greek 2009 deficit revised higher, euro falls", *Reuters* (22 Apr 2010), <http://www.reuters.com/article/2010/04/22/us-eu-deficits-idUSTRE63L1G420100422> (Accessed 20 April 2012).

<sup>3</sup> Silvia Ardagna and Francesco Caselli, "The Political Economy of the Greek Debt Crisis: A Tale of Two Bailouts", *LSE Centre for Economic Performance*, Paper No' CEPSP25 (2012).

of default. Finally, on 2<sup>nd</sup> May 2010, the EU along with the IMF agreed to deliver an 110bn euro bailout package for the Greek economy.<sup>4</sup>

However, the crisis continued to deepen and slowly spread to the rest of the European periphery with Ireland next in line. The outbreak of the Irish crisis started when in an attempt to save its troubled banking sector, the Irish government guaranteed a 440bn euro worth of liabilities for six Irish banks, which had over-lent to property developers during the preceding boom years.<sup>5</sup> Hence, what was claimed by the then Minister of Finance, Brian Lenihan, to be the cheapest bailout in the world so far, turned out to be the ultimate blow to the Irish economy; overnight, the debt to GDP ratio doubled from just 40 percent to 80 percent, whilst the country's deficit amounted to 32 percent.<sup>6</sup> In the next couple of weeks, the yield on a 10-year Irish government bond and its German equivalent reached its highest point since the euro currency was introduced, pushing the rate at which Ireland can borrow on the capital markets to an all-time high. Following Greece's first bailout, Ireland received 85bn Euros from the EU and IMF in November 2010.<sup>7</sup>

In return for these rescue packages both countries implemented a series of austerity measures and structural reforms with the goal of bringing their economies into balance by

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<sup>4</sup> Note that Greece received another 109bn euro bailout in July 2011. This was partly caused after Eurostat published a revised estimate of Greece's 2009 deficit at 16 percent, 2 percent higher than it had been thought in the first bailout. This caused great concern that the aimed fiscal reductions were no longer sufficient, since the starting point changed, despite the fact that a large number of fiscal reductions and reforms had been implemented by the Greek government. See Ardagna and Caselli, p.4

<sup>5</sup> Peter Mair "Bini Smaghi vs. the Parties: Representative Governments and Institutional Constraints", *EUI Working Papers*, RSCAS 2011/22 (2011).

<sup>6</sup> Daniel Finn, "Ireland On the Turn? ", *New Left Review*, 67, January-February 2011.

<sup>7</sup> "Ireland asks for bailout from European Union", *Huffington Post* (21 Nov 2010) [http://www.huffingtonpost.com/2010/11/21/ireland-bailout-imf-eu\\_n\\_786495.html](http://www.huffingtonpost.com/2010/11/21/ireland-bailout-imf-eu_n_786495.html) (Accessed 20 April 2010).

reducing their budget deficits and regaining competitiveness. On the whole, these austerity measures will undeniably affect the social welfare of the population at a time when economic and social indicators for both countries show plummeting numbers.<sup>8</sup> Not to mention that an ever increasing number of publications, including one from the IMF itself in 2011, illustrated that austerity alone is not a suitable solution<sup>9</sup>, as fiscal consolidation during a crisis results in long-term unemployment. Since then, a large literature has emerged advocating alternative solutions to the crisis.<sup>10</sup>

The aim of this thesis is not to argue whether austerity is the right solution to the crisis nor propose alternatives, even though the aforementioned scholarly works are an important contribution which the EU should consider in the face of the debt crises spreading in Europe. Rather, I propose looking at the austerity measures in the wider context of the globalized international economy in an attempt to explain the puzzle that has emerged in the diverging way the Greek and Irish public have responded to the respective measures. I argue that it has been a case where the Greek population has shown greater resistance, illustrating their discontent with numerous and widespread demonstrations, strikes and violent protests on the

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<sup>8</sup> Greece's unemployment increased from 7.7 percent in 2008 to 18.4 percent by the end of 2011 and Ireland's from 6.3 percent to 14.7 percent in the same period. In addition, Greece's GDP has contracted by 0.16 percent in 2008, 3.25 in 2009, 3.52 in 2010 and 6.91 in 2011. Ireland on the other hand, experienced a contraction of 2.97 in 2008, 6.99 in 2009, 0.43 in 2010 and a growth of 0.70 in 2011. OECD (2012), Greece, in *Main Economic Indicators*, OECD Publishing; OECD (2012), Ireland, in *Main Economic Indicators*, OECD Publishing.

<sup>9</sup> Paul De Grauw, "A Less Punishing, More Forgiving Approach to the Debt Crisis in the Eurozone", CEPS Policy Brief No. 23, (January 28, 2011); Giancarlo Corsetti and Gernot Müller, "Has austerity gone too far?" VoxEU.org, (20 February, 2012). Bradofrd DeLong, and Lawrence Summers, "Fiscal Policy in Depressed Economy", Brookings, (20 March, 2012). Barry Eichengreen and Kevin O Rourke, "[A tale of two depressions redux](#)", VoxEU.org, (6 March, 2012); Daniel Gros, "[Can austerity be self-defeating?](#)", VoxEU.org, (29 November, 2011); Paul Krugman, "[Blunder of Blunders](#)", New York Times Blog, (22 March, 2011).

<sup>10</sup> Hans-Joachim Dubel, "Partial Sovereign Bond Insurance by the Eurozone: A More Efficient Alternative to Blue (Euro-) Bonds", Center for European Policy Studies Policy Briefs No. 252 (August 22, 2011); Nouriel Roubini, "Why Greece Should Default and Abandon the Euro", *Financial Times* (19 September 2011) - [blogs.ft.com/the-a-list/2011/09/19/greece-should-default-and-abandon-the-euro/](http://blogs.ft.com/the-a-list/2011/09/19/greece-should-default-and-abandon-the-euro/)



days before and after the bailout terms were signed in 2010 and 2011<sup>11</sup>; this has been coupled with a complete breakdown of the support towards the two main traditional political parties in Greece, namely Panhellenic Social Movement (PASOK) and New Democracy (ND), and a major victory for political parties that are against the bailout terms, especially for the Coalition of the Radical Left (SYRIZA) and the far right Golden Dawn<sup>12</sup>.

On the other hand, Ireland has contrasted the Greek experience by showing considerable consent to the proposed measures of the bailout with fewer and less intense manifestations of public outcry<sup>13</sup>, and despite its recent election result, which ended in a historical defeat for the country's dominant political party Fianna Fail, the election platform of the remaining parties, with the exception of the Labour and some minor ones, was based in support of the EU/IMF bailout terms. Ireland has even been praised by the former president of the ECB, Jean-Claude Trichete, who claimed that "Greece has a role model and that role model is Ireland".<sup>14</sup> In a last addition, Ireland has further shown its support for the austerity

<sup>11</sup> "Greece police tear gas anti-austerity protesters", BBC (1 May 2010) <http://news.bbc.co.uk/1/hi/world/europe/8655711.stm> (Accessed 22 April 2012).

"Three dead as Greece protest turns violent", BBC (5 May 2010) <http://news.bbc.co.uk/1/hi/8661385.stm> (Accessed 22 April 2012).

"Clashes break out at Greek protests", Al Jazeera (23 Feb 2011) <http://www.aljazeera.com/news/europe/2011/02/201122316141729962.html> (Accessed 22 April 2012).

<sup>12</sup> "Greece election results mapped", Guardian (6 May 2012) <http://www.guardian.co.uk/news/datablog/interactive/2012/may/06/greece-elections-results-map>

<sup>13</sup> "Up to 500 protest outside Leinster House", RTE News/Ireland (7 Dec 2010) [http://www.rte.ie/news/2010/1207/budget\\_nonpolitical\\_reax.html](http://www.rte.ie/news/2010/1207/budget_nonpolitical_reax.html) (Accessed 22 April 2012).

"Man arrested after Budget day protest", Herald (7 December 2010) <http://www.herald.ie/news/man-arrested-after-budget-day-protest-2450945.html> (Accessed 22 April).

The only protest against the austerity measures that attracted a considerable amount of people was on the 27 November 2011. See "Thousands protest against Irish bail out", Guardian (27 Nov 2010) <http://www.guardian.co.uk/world/2010/nov/27/ireland-bailout-angry-demonstrators-dublin> (Accessed 22 April 2010).

<sup>14</sup> "Ireland's austerity measures show us how to do it" Guardian (23 Sep 2010) <http://www.guardian.co.uk/business/2010/sep/235/ireland-austerity-budgets-comment> (Accessed 22 April 2010).

measures with its very recent vote in favour for the EU's fiscal treaty in June 2012.<sup>15</sup>

So what explains these opposing responses to the austerity measures by Greece and Ireland? First, let me clarify to the reader why it is important to conduct this research; with elections looming on the 17<sup>th</sup> of June 2012 in Greece and with the hindsight that the previous election on May 6<sup>th</sup> resulted in 70 percent of the vote going toward anti-memorandum parties, there is a real possibility that the Greek public will vote for a government that will oppose the bailout terms. This would either force the European Commission to renegotiate the bailout or lead to a Greek default. The latter outcome would prove to be a catastrophic scenario for Greece and the eurozone as contagion could spread to the eurozone's fourth largest economy, Spain, which already faces stark banking sector problems and a rising government bond yield.<sup>16</sup> Moreover, in material terms, a Greek default is calculated to cause a one trillion euro damage to the EU, which would send shockwaves through the global economic system.<sup>17</sup> The other potential outcome, a renegotiation of the bailout terms, would question the dominant austerity discourse and tempt the other bailout countries to demand the same. On the whole, the repercussions of a possible election of anti-bailout parties in Greece will have detrimental effects on the global economy and EU integration and therefore, an examination of the reasons of why this is taking place in Greece and not in Ireland needs to be undertaken.

Having explained why this research is relevant, I will now address how my research question will be answered. For my theoretical framework I will rely on Antonio Gramsci's

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<sup>15</sup> "Ireland votes in favour of EU fiscal pact", BBC (1 June 2012) <http://www.bbc.co.uk/news/world-europe-18290987> (Accessed 1 June 2012)

<sup>16</sup> "Spain's banking system", The Economist (2 June 2012). <http://www.economist.com/node/21556256> (Accessed 2 June 2012)

<sup>17</sup> "IFF warns on 1tn euro cost of Greek euro exit", Financial Times (6 March 2012) <http://www.ft.com/intl/cms/s/0/3e884736-677b-11e1-b4a1-00144feabdc0.html#axzz1wkZsq5fG> (Accessed 20 May 2012)

work and the later development of his work from Robert W. Cox and other critical theorists, in order to conduct this research within the historical materialism approach. The use of this particular approach can be defended on the grounds of its versatility and integration that allows an examination at the national and supranational levels by focusing on social forces. Therefore, by exploring Gramsci's notion of hegemony and its neo-Gramscian counterpart in IR and EU integration theory, this study will explore the different state-civil society complexes in each country based on their politico-economic development in order to provide an answer as why the Irish have consented and the Greeks have resisted. My overarching argument is that Ireland is a case where its ruling political elites have been able to sustain their hegemony, before and through the debt crisis, by embracing the neoliberal globalised world economy through its adoption of its neo-liberal arrangement of the "social partnership" program and reliance on low corporate tax to attract transnational investments from TNCs. Effectively, the aforementioned were aimed at promoting economic growth and raising employment, maintaining social cohesion and consent. Therefore, as severe as the recent crisis has been in Ireland, the legitimacy of the ruling elites has not been put to serious contention.

On the other hand, the Greek case has come to resemble what Gramsci characterised an organic crisis; when "social classes become detached from their traditional political parties and have passed suddenly from a state of political passivity to a certain activity" and as a result, "the immediate situation becomes delicate and dangerous, because the field is open for violent solutions, for the activities of unknown forces".<sup>18</sup> Even though protest and political demonstrations have been a popular sight in Greece, it was the recent elections on the 6<sup>th</sup> of

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<sup>18</sup> Antonio, Gramsci; Hoare Quintin, and Nowell-Smith Geoffrey, Selections from the Prison Notebooks of Antonio Gramsci, (New York: International Publishers: 1971): 210–1.

May that highlighted and emphasized the legitimacy crisis of the Greek ruling elites. For a period of 34 years the Greek government was run by the Papandreou and Karamanli families that completely monopolised the political arena. However, as the recent elections have demonstrated<sup>19</sup> there is a clear emergence of a strong counter hegemony from the left and right wing parties SYRIZA and Golden Dawn. Thus, the Greek crisis has become a ‘crisis of authority’ and more importantly, a clear resistance to the neo-liberal austerity measures being asked by the EU/IMF. This poses a clear danger to the eurozone project, to the rest of the global economy and to Greece itself as a default is predicted to plunge the country into deeper economical and social problems.

This research highlights the importance of how state-civil society complexes are formed depending on the economic development of a country and the structural framework of the global economic system. Moreover, this thesis argues that existing theories in international relations and European Union integration are insufficient in explaining this phenomenon, as they disregard the dynamic role of domestic and transnational social forces, they are too state centric and ignore important features in the evolution of the global economy.

Following this introduction, Chapter 1 covers a literature review of the existing European integration theories. Chapter 2 provides my theoretical framework and research methodology. Chapters 3 and 4 offer my findings and explanations to the topic under investigation. Lastly, I provide final conclusions that give an outline of my main findings.

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<sup>19</sup> “Greece election: Vote risks EU bailout split”, BBC (7 May 2012) <http://www.bbc.co.uk/news/world-europe-17975370> (Accessed 10 May 2012).

## **Chapter 1 - *Literature Review: a Critique of Theories of European***

### ***Integration***

As I argued in my introduction, the recent austerity policies enacted by the EU and IMF have emphasized the limits of European integration. With the very likely scenario that the Greek electorate could vote for the left-wing anti-memorandum SYRIZA party in the renewed elections on the 17<sup>th</sup> of June, commentators have highlighted the possibility of a Greek default and the devastating consequences of such an action in the European integration process. In this section, I first present a critical examination of the European integration theories in order to demonstrate how and why these are insufficient in explaining the phenomena of resistance and consent. Following this, I infer how IR theories conceptualise the notion of hegemony in their theoretical frameworks.

### ***From Liberalism vs. Realism to the Neo-functionalism vs. Intergovernmentalism debate and beyond***

Theoretical frameworks in European integration have centred on the classical debate of neo-functionalism and inter-governmentalism, which reflects in a more general context the classical liberal-realist controversy in international relations. As a starting point, both theories take opposing views on the level of authoritarian decision-making in the EU. Neo-functionalism stresses the supranational dynamics of European integration, with some supporters of this convention suggesting to an eventual federal Europe. On the other hand, intergovernmentalism highlights the intergovernmental nature of European integration

pointing to the limits of supranational integration.<sup>20</sup> This latter tradition is closely related to the neo-realist paradigm and focuses on interstate bargaining, which is determined by the distribution of the relative power of the participating states. As such, this theory concentrates on the most powerful member states, their bargaining behaviour and their national agenda.<sup>21</sup> On the other hand, neofunctionalism is regarded to be partially<sup>22</sup> related to the liberal school of thought where the world is conceived as one of complex interdependence created by the beneficial effects of the international market economy, where international institutions are needed to manage this interdependence<sup>23</sup>.

In contrast to the realist intergovernmental theory, which holds that the state is the main actor in international affairs, the liberal neo-functionalist perspective allows for a profusion of state and nonstate actors.<sup>24</sup> More importantly, at the heart of the neofunctionalist theory is the claim developed by Ernst Haas that integration is a self-sustaining process that pushes itself to its federal end goal.<sup>25</sup> This self-sustaining integration, according to advocates of neo-functionalism, works under a mechanism called “spillover”, which refers to a functionalist logic where the development of a common policy in one sector will generate a

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<sup>20</sup> Bastian van Apeldoorn, Henk Overbeek, & Magnus Ryner, “Theories of European integration: a critique,” in A ruined fortress? Neoliberal hegemony and transformation in Europe, edited by A.W. Cafruny & M. Ryner (Lanham, Md: Rowman & Littlefield, 2003): 17-45

<sup>21</sup> Stanley Hoffmann, “Obstinate or Obsolete: The Fate of the Nation-state and the Case of Western Europe,” Tradition and Change, Vol. 95, No. 3 (Summer 1966): 862-915

<sup>22</sup> Neofunctionalism could be regarded as an offshoot of the liberal tradition, but as Andrew Moravcsik has noted the theory has developed into a “sui generis theory” rather than a general theory of world politics. Andrew Moravcsik, “Preferences and Power in the European Community: A Liberal Intergovernmentalist Approach,” Journal of Common Market Studies, Vol. 31, no. 4 (1993): 473-524

<sup>23</sup> Robert O. Keohane and Joseph S. Nye, Power and Interdependence (Boston: Little Brown, 1977)

<sup>24</sup> Robert O. Keohane and Joseph S. Nye, Transnational Relations and World Politics (Cambridge, Mass.: Harvard University Press, 1972)

<sup>25</sup> Ernst B. Haas, The Uniting of Europe: Political, Social, and Economic Forces, 1950-1957, (Stanford, California: Stanford University Press, 1958).

need to transfer policy making in related sectors to the supranational level.<sup>26</sup> Neo-functionalists describe three different processes of spill over; the first, functional spill-over, appears in the economic sector when due to the interdependence of industrial sectors, the integration in one sector renders the integration of another necessary to yield the maximum utility of the first integration. The second spillover is political and occurs when groups of an already integrated sector shift their focus to the new decision-making area in order to lobby and pressure decisions that are deemed important for them. Lastly, neo functionalists refer to cultivated spillovers as taking place when independent supranational institutions call for more integration.<sup>27</sup> Neofunctionalism also highlights the role of interest groups however, rather than having an autonomous role, these groups are claimed to “unite beyond their former national confines in an effort to make [a] common policy”, providing an important force in supporting further integration.<sup>28</sup>

Having examined the main properties of intergovernmentalism and neofunctionalism, I now will argue why these theories are manifested with problems and overlook certain crucial aspects of European integration. First of all, as both theories are derived from the mainstream theories of realism and liberalism they are, as Robert Cox correctly argues, ahistorical problem solving theories<sup>29</sup>. Hence, they take the prevailing social and power relationships as given and do not question the socio-economic content of the integration process nor the political authority in the EU which is crucial in understanding how the order

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<sup>26</sup> Ibid., p. 16

<sup>27</sup> Ibid., p. 297

<sup>28</sup> Ibid., p. Xxxiii

<sup>29</sup> Robert Cox, “Production, power, and world order: social forces in the making of history”, *Columbia University Press*, Vol. 1 (New York: 1987)

came and how it might be changed<sup>30</sup>. Moreover, by making the assumption of fixity, these EU integration theories risk an ideological bias as they can be regarded to serve particular national, sectional or class interests.

A distinct weakness in the state centric ontology of intergovernmentalism analysis is the complete exclusion of social forces; where the state is the actor and separated from society. For example, the success of the Single European Act is explained by such theorists as a result of an intergovernmental bargain between the three major European Community states, where this bargain was possible because of a convergence of the national policy preferences of these states. However, these national policy preferences are taken as given and not explained or questioned.<sup>31</sup> On the other hand, even though neofunctionalism takes in consideration a plurality of actors, it fails to recognise that societal actors and national governments often have conflicting interests and ideologies, which can potentially lead to diverging strategies in European integration and not the federalist EU vision these theorists assert. In addition, neofunctionalism ignores the question of why some groups have more influence than others and hence, are more successful in setting an agenda within European integration.

By 1968 in the light of the slowdown in European integration processes, the pioneer of neofunctionalism, Haas, acknowledged that the logic of the functional process could no longer propel Europe into an automatic expansion of supranationality.<sup>32</sup> However, with the re-launching of the European integration project in the 1990s the two theoretical frameworks of intergovernmentalism and neofunctionalism returned to academic limelight as the

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<sup>30</sup> Ibid., p. 5

<sup>31</sup> Cafruny & Ryner, *A ruined fortress? Neoliberal hegemony and transformation in Europe*, p. 38

<sup>32</sup> Haas, *Uniting of Europe: Political, Social, and Economic Forces, 1950-1957*, p. xxii.



intergovernmental versus supranational institutionalist debate.<sup>33</sup> The latter perspective holds, in contrast to intergovernmentalism, that supranational and transnational actors are important in European integration. For example, in accordance with this view, the Single European Act is explained as an “elite bargain” agreed in the face of structural changes in the global economy between a transnational elite of European big business on the one side and the supranational Commission on the other.<sup>34</sup> Taking from the works of Haas and Karl Deutsch, the core of this supranational institutionalist theory is that integration is an expansionary process and is driven by the surge of cross-border transactions that will increase the need for “European-level rules, coordination, and regulation”.<sup>35</sup> Although supranationalism emphasizes the role of transnational private actors there is no explanation on how these actors influence the socio-economic relations in European integration and so, falls prey to the same weaknesses of neofunctionalism.

In an effort to formalise a theory beyond supranationalism and intergovernmentalism, Andrew Moravcsik developed liberal intergovernmentalism in an attempt to open realism’s ‘block box’ conceptualisation of the state.<sup>36</sup> The author argued that the role of state-society relations is crucial in the formation of national preferences and hence, sought to conceptualise European integration in three steps. In the first stage, national preferences are formed at the

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<sup>33</sup> Andrew Moravcsik, “Negotiating the Single European Act,” in The New European Community, Decision-making and Institutional Change, edited by Robert O. Keohane and Stanley Hoffmann (Boulder, Colo.: Westview Press, 1991): 41-84

<sup>34</sup> Wayne Sandholtz and John Zysman, “1992: Recasting the European Bargain,” *World Politics*, Vol. 42, No. 01 (1989): 96-128

<sup>35</sup> Alec Stone Sweet and Wayne Sandholtz, “Integration, Supranational Governance, and the Institutionalization of the European Polity,” in European Integration and Supranational Governance, edited by Alec Stone Sweet and Wayne Sandholtz (Oxford: Oxford University Press, 1998): 1-26

<sup>36</sup> Andrew Moravcsik, “Preferences and power in the European Community: a Liberal Intergovernmentalist Approach”, *Journal of Common Market Studies*, Vol. 31, No. 4 (1993): 473-524

domestic level by the accumulation of interests expressed by societal actors. Then in the second step, member states of the European Union bring their national preferences to the European bargaining arena. Finally, in the last stage, a choice is made for a certain institutional design.<sup>37</sup> Even though the final two stages of Moravcsik's framework is cemented in the neo-realist state-centrism of earlier intergovernmentalist approaches, his emphasis on the domestic sources of national preferences constitute an important step. The strength of this theory is its ability to provide an explanation on how national preferences form and the possibility that with divergent interests amongst societal actors, outcomes of European integration can differ in regards to their socio-economic content.<sup>38</sup> Therefore, by bringing society and the competition of domestic politics back into the analysis he goes beyond the previously discussed integration theories.<sup>39</sup>

Nonetheless, Moravcsik's theory maintains an individualist view of society and state relations, in which units of society are "private individuals with autonomous interests" and behaviour of which is determined by a rational choice logic of utility maximization.<sup>40</sup> In addition, his emphasis on interest groups is skewed as he does not evaluate his characterisation of "producer groups" in his study, which he argues the political system favours over "consumers, taxpayers, third-country producers, and also future producers".<sup>41</sup> So by grouping workers into "producer groups", Moravcsik ignores that producers' interests are

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<sup>37</sup>Andrew Moravcsik, The Choice for Europe: Social Purpose and State Power from Messina to Maastricht (Ithaca, N.Y.: Cornell University Press, 1998)

<sup>38</sup>Moravcsik, "Preferences and Power in the European Community," p. 479

<sup>39</sup>Ibid., p. 479

<sup>40</sup>Ibid., p. 483

<sup>41</sup>Moravcsik, The Choice for Europe: Social Purpose and State Power from Messina to Maastricht, p. 36

often favoured over those of workers. In fact, the author states that the group “who stand to gain or lose a great deal per capita (from the integration process) tend to be the most influential”.<sup>42</sup> Here, he ignores groups that might lose a great deal but are powerless in being able to influence national preference formations. In this sense, liberal intergovernmentalism conceptualises an insufficient account of state-society relations as there is no explanation of how historically constructed social relations embed these actors and shape their interests, “society is thus emptied of most of its historically produced content”.<sup>43</sup>

Additionally, another problem arises in Moravcsik’s formulation when he assumes that social forces are contained within the national boundary of the state. In spite of the increased significance of transnational corporations in this period of increased globalisation, what ensures that social forces will be enclosed within the nation-state? Even though the liberal intergovernmentalist theory takes into account the transnational embeddedness of governments and national groups, in reality the theory only explores how international constraints created by financial interdependence affect the rational calculation of these actors.<sup>44</sup> Thus, Moravcsik’s liberal intergovernmentalism focuses too much on the state, and indeed he states, “European integration can be best explained as a series of rational choices made by national leaders.”<sup>45</sup>

Departing from the classical debate between realist intergovernmentalism, neofunctionalism and liberal intergovernmentalism, a number of scholars argue that the EU should not be understood in the simple intergovernmentalist and neo-functionalist models. Rather

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<sup>42</sup>Moravcsik, “Preferences and Power in the European Community,” p. 483

<sup>43</sup>Cafruny & Ryner, A ruined fortress? Neoliberal hegemony and transformation in Europe p. 25

<sup>44</sup>Moravcsik, “Preferences and Power in the European Community,” p. 495

<sup>45</sup>Moravcsik, The Choice for Europe, 18

they assert that European integration should be understood through a multigovernance approach which acknowledges that nation states are the decisive actors in European integration but at the same time they do not possess the monopoly power of the EU's policy making. For example, they posit that the European Commission, European Court and European Parliament have generated their own independent influence in policy making, resulting in a loss of control of individual state's power.<sup>46</sup> The fundamental claim is that it is no longer possible to use a level of analysis since policy initiation, decision-making and implementation in the EU implies an interconnection of the local, national and supranational level. In this regard the politics of the EU should be explored in the way these levels have connected and created networks of governance. As such, EU integration must be considered as a 'novel' form of political domination, moving towards a post-Hobbesian polity where military insecurity is not more the excuse to exercise political authority.<sup>47</sup> In sum, the exercise of political rule of the EU is no longer tied to territories but instead is both at the supranational level and at the local governmental level; so instead of dissolution of the state in Europe we are rather experiencing a transformation of the meaning of European statehood.

The weakness in this multilevel governance approach is its explanatory framework, which even though describes the complexity of the European Union, it lacks analytical clarity and parsimony, and as a result it is often not clear what this approach actually explains. Moreover, this approach assumes that the European Union adopts a pluralist model of political science where member states encourage groups to organise freely and compete with each

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<sup>46</sup> Gary Marks, Liesbet Hooghe, and Kermit Blank, "European Integration from the 1980s: State-centric versus Multilevel Governance," *Journal of Common Market Studies*, Vol. 34, no. 3 (1996): 341-78; Simon Hix, "The Study of the European Community: The Challenge to Comparative Politics," *West European Politics*, Vol. 17, No. 1 (1994): 1-30

<sup>47</sup> Phillippe C. Schmitter, "The European Community as an Emergent and Novel Form of Political Domination," (*Estudios/Working Papers*, 1991)

other, advancing their own interests and purposes.<sup>48</sup> However, this pluralist theory ignores that the structure of capitalism is such that competition of certain groups does not take place on an equal terms on a politically neutral social field. Rather, because the state relies on the tax revenue and investment of future firms, the political system has to treat the special interest of businesses as the “general interest”.<sup>49</sup> Furthermore, as Ralph Miliband correctly asserted, the power of capital was further enhanced by the internationalisation of capitalist economic relations enabling capital to exit states freely. Hence, it is wrong to assume that organised labour, and any other interest group, and business are treated equally. This is what Miliband called the “abstract empiricism” of the plural theory as it dismisses the socioeconomic context determined by the capitalist mode of production.<sup>50</sup>

All of the aforementioned theoretical approaches can be considered to be based on the rationalist view that politics is the outcome of interactions between rational agents that calculate the most efficient way to achieve a goal. In such a model, agency is taken as predetermined, meaning that the actor involved and his identity and interest is taken as constituted pre-socially, or in simple terms, as given. This is the problem that constructivism detected and hence proposed an alternative view to the rationalism in mainstream studies of international relations and European Union integration.<sup>51</sup> Constructivists theorists argue that agents are in fact embedded in social relations that shape their identity and interests; in this view, interests and identities should not be seen as pre-socially determined entities but rather as so-

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<sup>48</sup>Schmitter, “The European Community,” p. 12

<sup>49</sup>Ralph Miliband et al, The State in Capitalist Society (New York: Basic Books, 1969).

<sup>50</sup>Ibid., p 68-70

<sup>51</sup>Friedrich Kratochwil and John Gerard Ruggie, "International Organization: A State of the Art on an Art of the State." *International Organization* (1986): 753-775.

cially constructed<sup>52</sup> Moreover, constructivists point out to the role of ideas in social practice and although ideas do not translate into interests, they should not be taken as existing prior to practice. Thus, when a person comes up with an idea it is important to explore how and where the structural role of society influenced this action.

However, just like multilevel governance, constructivists take the existence of the EU as given and only look to examine how the EU's nature constructs identities and behaviours of social actors without looking at how the EU came about and what underlies it<sup>53</sup>. A good way to illustrate a further weakness in the constructivist approach is to look at Thomas Risse et al.'s study of the European Monetary Union and their explanation as to why Britain withdrew from the process of European Monetary Union on the onset of the European Monetary System crisis in 1993, while Germany and France continued to take part in the monetary integration process<sup>54</sup>. Risse et al explain that the countries' choices were taken "irrespective of its rationality" and instead they claim that national identities influenced the choice of action based on the existing historical, religious and communal heritage of the respective countries. What is significantly problematic with the aforementioned scholars' work is that they treat material interests and identity as two separate ontologies in their work. Therefore, in contrast to what someone would expect from a constructivist approach, their analysis lacks a sociological explanation of how material interests are formed and influenced by identity.

On the whole, all the European Union integration theories reviewed in the previous

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<sup>52</sup>Alexander Wendt, "The Agent-Structure Problem in International Relations," *International Organization*, Vol. 41, No. 2 (1987): 335-70

<sup>53</sup>Thomas Christiansen, Christian Jargensen, and Antje Wiener, "The Social Construction of Europe," *Journal of European Public Policy*, Vol. 6, No. 4 (Special Issue, 1999), 528-44

<sup>54</sup>Thomas Risse et al., "To Euro or not to Euro: The EMU and Identity Politics in the European Union," *ARENA Working Paper* 98/1.

chapter have major flaws that render them insufficient in being able to explain my research question; the first problem is that more or less, they are all too state-centric and ignore the role played by social forces in promoting ideas in the national and transnational context. In addition, due to this emphasis on the state, structural changes such as globalisation are not taken into account, which implies a certain determinism since states can only adapt to change. In this same light, European integration is not conceived in its wider context, which makes it further impossible to take in consideration the importance of globalisation and its dominant economic ideology of neoliberalism.

### ***A critique of hegemony in mainstream in IR***

A term that I will be using throughout this paper is the notion of hegemony in Antonio Gramsci's work and in the neo-Gramscian tradition that continued his work. In this section I will emphasize how mainstream IR theories conceptualise hegemony and why their formulations are inadequate in explaining my research question. In most conventional International Relations literature, hegemony typically indicates a case when there is one state that becomes so powerful that it is able to dominate and exercise leadership over the international system.<sup>55</sup> So, according to the neo-realist/realist school of thought, power is the most important variable that shapes behaviour in international affairs; here, power refers in the way an actor can get others to do something they otherwise would not do.<sup>56</sup> A classic example on how much emphasis realist scholars give to power is illustrated in Thomas Hobbes' assertion that

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<sup>55</sup> Robert Gilpin, War and change in world politics, (Cambridge University Press, 1983)

<sup>56</sup> Keohane and Nye, Power and Interdependence.

man has a “perpetual and restless desire of power after power that ceases only in death”.<sup>57</sup> As such, neo realists conceive of hegemony as domination, coercion and force where a single state uses its commanding position in order to maintain a certain world order; if the hegemon loses power, this order will break down.<sup>58</sup> A hegemonic power therefore, has a “preponderance of material resources”<sup>59</sup> which means control over raw material, sources of capital and capital markets, resulting in a hegemon “controlling or dominating the lesser states in the system”<sup>60</sup> creating a single international system.

A well known way hegemony is used in neorealism is in the hegemonic stability theory. Developed first by Charles P. Kindleberger in order to explain the peculiar length and depth of the 1929 Great Depression, he argued that there needs to be an international lender of last resort to provide stability to the international economic system. This theory holds that the distribution of power internationally, determines how the world economy functions and that international economic stability is most likely to occur when there is a dominant hegemonic power in the world. Therefore, international economic stability can only occur when there is a single dominant hegemon; in the words of Kindleberger, “for the world economy to be stabilized, there has to be a stabilizer, one stabilizer”.<sup>61</sup> This theory is grounded in the historic evidence of the emergence of a hegemonic power coinciding with a stable liberal economy; notable examples are the Pax Britannica and Pax Americana that

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<sup>57</sup>Thomas Hobbes and C. B. Macpherson, Leviathan, (Harmondsworth: Penguin, 1968): p. 11

<sup>58</sup>Robert Gilpin, War and change in world politics

<sup>59</sup> John Ikenberry, and Charles Kupchan, ‘Socialization and Hegemonic Power’, *International Organization*, Vol. 44, No.3 (1990): 283-315.

<sup>60</sup>Gilpin, War and change in world politics, p. 28

<sup>61</sup>Charles P. Kindleberger, The World in Depression 1929-1939, (Berkeley: University of California Press, 1986): p. 305



created and enforced the rules of a liberal international economic system ensuring stability and peace.

Some critique of the hegemonic stability theory came from neoliberal literature, which had been developing since the late 1980s. This literature based on earlier work by Stephen Krasner, argued that a hegemon provides public goods through institutions in the best interest of everybody, motivated by 'enlightened self-interest'.<sup>62</sup> In addition, they assert that a particular international system or configuration will continue to exist through international institutions even after the decline of the hegemon that had initially created them. Therefore, neoliberals agree with neorealists that a hegemon is needed to create a particular international order; however, they differentiate themselves as they argue that hegemony could continue long after the hegemon has collapsed.<sup>63</sup> As a result, the neoliberal approach shifts its focus away from the hegemon and to the actual conditions and mechanisms of its action, specifically the institutions the hegemon had set up.

Even though, neoliberals are correct to point out that a hegemon's material capabilities are not sufficient alone in maintaining hegemony and that institutions are needed in addition, both neorealism and neoliberalism leave out a third important factor, that of ideas.<sup>64</sup> Ideas in this context, means the use of shared notions of social relations and collective images of social order held by certain groups to the advantage of one over the other. The example of the British Empire during the interwar will highlight the theoretical weaknesses of both con-

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<sup>62</sup> Stephen Krasner, *International Regimes*, (Ithaca: Cornell University Press, 1983)

<sup>63</sup> Robert Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy*, (Princeton: Princeton University Press, 1984)

<sup>64</sup> Robert Cox, "Social forces, states, and world orders: beyond international relations theory," *Millennium: Journal of International Studies*. Vol. 10, No.2, (Summer, 1981): 126-155.

ventional theories. The neorealist explanation on why the Pax Britannica collapsed would be explained by referring to how its material capabilities, mainly its naval power, was challenged by the Germans and then by the United States. The neoliberal camp would extend this explanation and add that the British Empire had also not put in place in sort of international institution that would enforce the rules of the game, meaning that if it had created institutions its hegemony would continue during the inter war period, even if Britain was not the leading power in terms of material capabilities. However, what is missing from both explanations is that the idea of liberalism under a gold standard during the inter war period, which had been led by the British Empire, was no longer a dominant approach and was replaced with protectionism. The reason why the United States emerged as the strongest nation whilst being able to contain the USSR was by a large part because it replaced the gold standard with New Deal principles which became the ideological basis of the new world order. Therefore, the weaknesses of both theories is that due to the fact they leave out the role of ideas in analyzing hegemony they cannot fully explain the reasons behind the rise and fall of hegemons.

## Chapter 2 – *Theoretical Framework: Gramsci in International Relations*

This section will introduce Gramsci's work and introduce the reader to his concept of hegemony. I will begin by highlighting the main terms that Gramsci used in order to be later applied to my two cases, Greece and Ireland. Firstly, I will deconstruct Gramsci's writing at the domestic level and then look at how neo-Gramscian scholars have put in use at the European and international level. Through this chapter, I want to show to the reader why I have chosen this theoretical framework; but in a few words this theory has been chosen because of its versatility which goes beyond levels of analysis dissecting through the domestic, European and international level. Moreover, this theory holds major explanatory power and I strongly believe it is able to effectively answer my research question.

### *Gramsci at the domestic level: Hegemony, consent and resistance*

Gramsci's concept of hegemony differs from the mainstream usages I reviewed earlier. Instead of focusing on the domination of one state over other states, hegemony for Gramsci was more than just dominance through coercion; it also included "intellectual and moral leadership" and consent.<sup>65</sup> Gramsci's work always approached hegemony at the domestic level which he explained "... the rule of one class over another does not depend on economic or physical power alone but rather on persuading the ruled to accept the system of

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<sup>65</sup>Antonio, Gramsci; Hoare Quintin, and Nowell-Smith Geoffrey, Selections from the Prison Notebooks of Antonio Gramsci, (New York: International Publishers: 1971)

beliefs of the ruling class and to share their social, cultural, and moral values”.<sup>66</sup> This domestic hegemony according to Gramsci could be maintained and established by coercion or consent; however the latter is made to seem natural or to be considered as ‘common sense’. Here, consent in Gramsci’s view represents a mental state of mixing apathy, resignation and resistance; this mix is different from person to person but in any case when the majority of the population become socialized (consent to the rulers) it means that the ruling group have successfully presented a way to represent *their* interests as the interests of the whole of society<sup>67</sup>. This means that Gramsci viewed hegemony as representing a unity between objective material forces, the economy, and ideas or ideology (in Marxian terms, a unity of the economic *structure* and ideological *superstructure*).

Furthermore another term that needs to be defined is the concept of civil society, used by Gramsci to offer a historic account to explain the different experiences in the Bolshevik Revolution in contrast to the Western European revolutions. His conclusion was that the revolutions in Russia were different than those in Western Europe, in that the state was the main force for the revolution in Russia because of civil society’s weakness<sup>68</sup>. Hence, Gramsci, metaphorically uses the term “war of movement” to describe a full-frontal attack on the state. In this war of movement, the legitimacy of the hegemonic class is questioned by an ideological attack on the complex form of societal consensus that holds the whole order together.<sup>69</sup> Furthermore, the state in Russia could be described as a ‘Hobbesian State’ in that a strong state dominated a weak civil society from above; these kinds of states are usually non-

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<sup>66</sup>James Joll, Gramsci, (London: Fontana, 1977): p. 8

<sup>67</sup> Quintin, and Geoffrey p. 253

<sup>68</sup> Chantal Mouffe, Gramsci and Marxist theory, (London: Routledge & Kegan Paul, 1979): p.261

<sup>69</sup>Quintin, and Geoffrey, p. 45

hegemonic since they are not embedded in a strong civil society. On the contrary, in Western Europe, civil society was much more developed and played a revolutionary role enacting a war of position which consisted of more subtle forms of resistance that are aimed at slowly transforming societies consciousness, such as boycotts.<sup>70</sup> Importantly, the main aim of a war on position is to contest the legitimacy of ‘common sense’ within a historic bloc by exposing its ideological weaknesses.<sup>71</sup> In addition, the states in Western Europe are described as ‘Lockean States’ as they have a vigorous and large self regulating civil society.

Moreover, departing from the Marxist tradition, Gramsci splits the superstructure level into ‘civil society’ and ‘political society’. These constitute the way force and consent interact to combine power. By doing this, the level of ‘civil society’ corresponds to the function of hegemony that the dominant group exercises through society, whilst coercion or direct domination is exercised through the government or ‘political society’. ‘Civil society’ for Gramsci includes all the differing forms of voluntary associations which would include parties, unions, churches, education and so on. On the contrary, by ‘political society’ Gramsci refers to the institutions regulating society such as the police and so on. The combination of civil society and political society constitute Gramsci’s “integral State”. This “integral state” is perceived as having “hegemony protected by an armour of coercion”.<sup>72</sup> In simple terms Gramsci’s approach maintains that coercion together with consent of subordinate groups creates the foundation of a hegemonic leadership.

A last concept which is fundamental to Gramsci’s and related to hegemony is the

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<sup>70</sup> Mouffe, Gramsci and Marxist theory, p. 266

<sup>71</sup> Ibid, p. 61

<sup>72</sup> Antonio Gramsci and Quentin Hoare, Selections from political writings: 1921-1926, (London: Lawrence & Wilshart, 1978): p. 263

“historic bloc”, which is defined by Gramsci as a dialectical concept: “Structures and superstructures form a ‘historic bloc’. That is to say the complex contradictory and discordant ensemble of the superstructure is the reflection of the ensemble of the social relations of production”.<sup>73</sup> The creation of a historic bloc is a precondition to exercise Gramscian hegemony however; a historic bloc can’t exist without a hegemonic social class dominating in a country, which can only be exercised if this social class is able to provide a hegemonic project bringing together a broad number of social groups. As such, Gramsci’s integral state keeps its identity through the mediation of a common ideology. However, Gramsci does not paint a picture of a static, closed system of ruling-class domination; instead he argues that a historical bloc may or not hegemonic, it depends on how successful this class will be in forming alliances with other groups. To achieve hegemony, this class needs to have ideological and economic success in order to appeal to a wide range of other social groups and present their interests as those of the whole society.<sup>74</sup> Therefore, society is in constant change where the possibility of counter-hegemony is a real potential – this counter-hegemony could emerge in the backdrop of an ‘*organic crisis*’ where the governing groups begin to lose their dominant position, allowing for a subordinate class to build up a broad movement and attempt to achieve hegemony. However, if the opportunity is not taken, the balance of forces shifts back to the dominant class.<sup>75</sup>

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<sup>73</sup> Quintin and Geoffrey, Selections from the Prison Notebooks of Antonio Gramsci, p. 366

<sup>74</sup> Stephen Gill, Gramsci, historical materialism and international relations, (England: Cambridge University Press, 1993)

<sup>75</sup> Mouffe, Gramsci and Marxist theory, p. 87

### *Gramsci at the international and European level*

Drawing from Gramsci's notion of hegemony, Robert Cox developed and projected this notion outward on a global scale within a world order where a situation of hegemony might prevail, "based on a coherent conjunction or fit between a configuration of material power, the prevalent collective image of world order (including certain norms) and a set of institutions which administer the order with a certain semblance of universality".<sup>76</sup> Hegemony to neo-Gramscian scholars is the effect of a particular configuration of these three forces; the first, described as material capabilities, is understood as advancements in technological or organisational capacities allowing a more efficient transformation of natural resources to industries or armaments. The second force comes as use of ideas as shared notions of the natural order of social relations and collective images of social order held by certain groups to the advantage of one over the other. Lastly, is the use of institutions such as the IMF or NATO as a means to stabilise a particular order.<sup>77</sup> There is a close connection between institutionalisation and hegemony where institutions become the stronghold of the hegemon.

Moreover, the method of historical structures is applied to three levels: the organizational structure in the mode of production, the state-society complex and world orders.<sup>78</sup> These scholars highlight that these three levels are interconnected since a change in the mode of production creates new social forces which bring about changes in the state

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<sup>76</sup> Cox, "Production, power, and world order: social forces in the making of history", p. 139

<sup>77</sup> Cox, "Production, power, and world order: social forces in the making of history", p.140

<sup>78</sup> Gill, Gramsci, historical materialism and international relations, p. 74

structure and in effect modify the world order<sup>79</sup>. In detail, the first sphere is the social relations of production which is the starting point for interpreting the operation and mechanisms of hegemony. In this sphere, production is understood in a broader sense which covers the knowledge of (re)production and of social relations, morals and institutions that are fundamentals for the production of physical goods. The patterns are known as modes of social relation of production and the most important collective actors are the caused social forces. The different modes of social relations of production, give an insight as to how changing production relations can stimulate specific social forces which then become the foundations of power within a state and later across the world.<sup>80</sup>

The second one is the forms of state. The power of a state lies upon the principal configurations of social forces as classes. Thus, instead of interpreting the state as given or pre-constituted institutional category, the focus falls on the historical context of various forms of state as well as the social context of political struggle. In order for this to be achieved, the theory of the state is widened to include the relations within a civil society, leading to the concept of a “historic bloc”.<sup>81</sup> This bloc refers to the way a relationship between leading and contending social forces within a given national context are established, indicating the assimilation of various different interests within a class that are spread throughout the society. The state, therefore, is not regarded as a separate institutional category but as a set of social relations through which the expression of capitalism and hegemony is achieved, and within

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<sup>79</sup> Ibid, p. 95

<sup>80</sup> Cox, “Production, power, and world order: social forces in the making of history”, p.144

<sup>81</sup> Ibid, p. 145



which the capitalist type of state is maintained.<sup>82</sup>

Finally, the third sphere is world orders which represent stability and conflict phases, and allows for additional thinking in relation to how alternative forms of world order may materialise. Without a hegemonic social class, the development of a historical bloc cannot occur to become a national phenomenon. However, if hegemony has been secured within a society, expansion beyond a specific social order through the international expansion of a particular mode of social relations of production may occur which will be supported by international organisation mechanisms under the authority of global capitalism.<sup>83</sup>

This framework developed by Cox is able to: analyse processes of structural change in the international political economy (such as globalisation), explain the constitution of neoliberalism in different forms of states and examine the rise of transnational class interests<sup>84</sup>. Therefore, this method is ideal in exploring the different forms of state-civil society complex that supports the economic structure of a country.<sup>85</sup> Even more, this theory is able to give an integral insight into the workings of the European Union by recognising the power relations, interests and societal relations; which means, going beyond an analysis of levels of governance and the institutionalist focus on the integration process in integrational theories by identifying the actual socio-economic content of the integration process. In contrary to the integration theories examined earlier, an analysis through this neo-Gramscian tradition overcomes the narrow focus defined in terms of the political authority of states or

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<sup>82</sup> Gill, Gramsci, historical materialism and international relations, p.79

<sup>83</sup> Cox, "Production, power, and world order: social forces in the making of history", p. 147

<sup>84</sup> Andreas Bieler, Globalisation and Enlargement of the European Union Austrian and Swedish Social Forces in the Struggle Over Membership, (London: Routledge, 2000).

<sup>85</sup> Adam David Morton, Unravelling Gramsci Hegemony and Passive Revolution in the Global Political Economy, (London: Pluto Press, 2007)

supranational institutions and reveals the true nature of the European Union.<sup>86</sup>

In addition, another important development in the structure of the world economy, which the neo-Gramscian tradition has been able to distinguish are the three phases of recent neoliberal reformation worldwide. The first deconstruction came in the 1970s, when neoliberal economies were considered as the most successful theoretical criticism to Keynesianism during and after the interwar period. During the early 1980s to the 1990s, the phase of construction is identified, when neoliberal restructure was implemented firstly in the US, UK and Chile, and then to the rest of the world. Finally, during the 1990s, the third phase is identified when alternatives to neoliberalism have been marginalised, while at the same time the project extended into developing and former communist countries.<sup>87</sup>

Against this backdrop, a number of neo-Gramscian scholars have described the European Union as a taking part in this neo-liberal creed. Stephen Gill writes that the European Monetary Union and Maastricht Agreements are in line with the neoliberal discourse.<sup>88</sup> He uses the term new constitutionalism, which he describes as an international governance framework that seeks to separate economic policy making from political accountability in order to make governments disciplined to market forces and less responsive to democratic processes.<sup>89</sup> Therefore, it is crucial to place EMU in the context of global patterns of power and production, in an emerging globalised political economy. Gill supports the claim that European integration has been propelled by an ideology of neoliberalism by

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<sup>86</sup> Cafruny & Ryner, A ruined fortress? Neoliberal hegemony and transformation in Europe, p.77

<sup>87</sup> Cafruny & Ryner, A ruined fortress? Neoliberal hegemony and transformation in Europe, p.85

<sup>88</sup> Stephen Gill, "European governance and new constitutionalism: economic and monetary union and alternatives to disciplinary neoliberalism in Europe." *New Political Economy* 3.1 (1998): 5-26.

<sup>89</sup> Ibid, p. 12

arguing that the EU has been driven by a competitiveness discourse which is by definition dominated by economic neoliberalism. Ultimately, this started with the Internal Market programme of 1985 and the liberalisation and deregulation of national markets. In recent years it has been cemented through the Economic and Monetary Union (EMU) with its convergence criteria of low national debt and budget deficit levels and an independent European Central Bank with a priority of price stability.<sup>90</sup> Forced by globalisation and the mobility of capital, this compromise of ‘embedded neoliberalism’ called by Bastiaan van Apeldoorn, is predominantly characterised by neoliberalism.<sup>91</sup>

### **Methodology**

This thesis aims to provide an analysis and explanation on the differing ways two members of the European Union and European Monetary Union, Greece and Ireland, have responded to the crisis. The reasoning behind this case selection of Greece and Ireland can be explained by the fact that both countries are members of the European Union and European Monetary Union, which were severely affected by the European debt crisis and had to receive emergency bailout funds from the EU/IMF. Even though Portugal was the third country to receive a bail out, I omitted Portugal from the comparison because the social and political phenomenon of consent and resistance, which I am examining in this research, are much more apparent in Ireland and Greece; therefore, a third examination of Portugal would be

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<sup>90</sup> Ibid, p.19

<sup>91</sup> Bastiaan, Van Apeldoorn, "Transnationalization and the Restructuring of Europe's Socioeconomic Order: Social Forces in the Construction of" Embedded Neoliberalism". *International Journal of Political Economy* (1998): 12-53.

unnecessary since my chosen cases already provide the necessary testing ground.

In addition to this comparative case study method, I will employ process-tracing as a research technique in order to examine the causes in the diversity of outcomes between Greece and Ireland since this method allows for a historic approach<sup>92</sup>, which complements the Gramscian theoretical method I will use. This way, my analysis will allow for a historic examination in the way Greece's and Ireland's state-civil society relations have developed by analysing transformations in the social relations of production. Thus, it will allow this research to focus on the historical formations that different socio-economic classes produce (such as trade unions and business unions), shedding light on the dynamic between rulers and ruled, allowing for an exploration of consent and resistance.

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<sup>92</sup> John Gerring, "What is a case study and what is it good for?" *American Political Science Review* 98, no.2 (May 2004)

### **Chapter 3: *Gramsci in Greece and Ireland***

In this chapter I will give an overview of the politico-economic development of my two cases. This is necessary so that the reader can get an understanding of the developmental trajectories of each country so that I can finally apply my Gramscian theory.

#### ***The historic development of Greece's political economy***

To understand the domestic aspect of any system, one has to begin in describing the country's political culture. Existing literature states that Greece's socio-cultural and socio-political characteristics are one of the reasons for the persistence of clientelism and corruption. The introduction of liberal ideas into the modern state after its independence in 1830 is regarded as a problematic relation. Konstantinos Tsoukalas illustrated the contradiction between imported liberal norms and the pre-liberal social structure.<sup>93</sup> Whilst norms of free markets, individual human rights and free competition blossomed in Europe, in Greece there was the apparent difficulty in assimilating these ideas. This could be explained by the 400 years of Ottoman rule that cut off the Greek land from important historical movements, such as Renaissance, the Reformation, the 17<sup>th</sup> Century Scientific Revolution, the Enlightenment and Industrial revolution that played a crucial role in the political and economic development of Western Europe.<sup>94</sup> On the contrary, traditional Greek norms were not centred on the individual but on group bonds based on the family, village and Greek

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<sup>93</sup> Konstantinos Tsoukalas, State, Society and Work, (Athens: Themelio, 1987).

<sup>94</sup> Richard Clogg, A concise history of Greece, (Cambridge University Press, 2002).

‘race’. In this sense, attitudes towards patronage and clientelism have been based on this existing culture of group values.<sup>95</sup> As a result, the newly formed democracy in 1974 would soon be dominated by clientelistic relationships and patronage reinforced by the newly established parties<sup>96</sup>.

In 1974, Greek political history experienced a major turning point after the fall of the colonel’s junta and the restoration of democracy under a presidential republic. There was the rise of ‘new’ political forces that would dominate the political scene for the next 38 years. The term ‘metapolitefsi’ characterized the political change to indicate the political system after the 1967-74 regime. Ever since the Greek civil war, the Left and Right cleavage has been the main dividing line in Greek politics. In the newly found Greek democracy, the Right was represented by the recently formed New Democracy (Nea Dimokratia, ND), whose leader Costantinos Karamanlis played an important role in restoring democracy in Greece and led ND to the country’s first democratic elections in 1974 and then, in 1977. Centre left were to be dominated by the Panhellenic Socialist Movement (PASOK) formed in 1974 by Andreas Papandreou. PASOK would soon consolidate its position in the new party system by winning the parliamentary elections in 1981 and 1985 marking all the political developments in the 1980s.<sup>97</sup> Lastly, the left bloc, which had been outlawed in the 1950s and 1960s as a result of the civil war, was represented by the Communist Party of Greece (Kommounistikó Kómma Elládas, KKE). Throughout contemporary Greek party politics, ND and PASOK

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<sup>95</sup> Kevin Featherstone and Dimitris Papadimitriou, The limits of Europeanization: reform capacity and policy conflict in Greece (Palgrave Macmillan, 2008).

<sup>96</sup> Patronage or clientelism refers to patron-client relationship of governmental officials with certain interest groups (economic, labour etc). Here the ‘client’ seeks to secure certain interests (subsidies, wages etc) by giving votes or financial support for the ‘patron’ - see Rod Hague and Martin Harrop, Comparative Government and Politics, (Basingstoke: Palgrave Macmillan, 2007).

<sup>97</sup> Michalis Spourdalakis, The rise of the Greek Socialist Party, (London: Routledge, 1988).

would dominate the political scene with the communist left only upholding a marginal position. The party system from 1974 to 2011 can be described very close to the model of a 'two party system'<sup>98</sup> since ND and PASOK attracted over 80% of the votes.<sup>99</sup>

In the 1980s (1981-1989), as mentioned earlier, PASOK was the main contributor to the political developments that took place. Moulded around A. Papandreou's charismatic leading style, PASOK would follow a very populist and 'catch all' approach.<sup>100</sup> PASOK's populist strategy was to create a new mode of participation bringing in social classes that had been traditionally excluded from power back into the political system.<sup>101</sup> PASOK would mark the start of a 'party state' where clientelism took on a bureaucratic character with parties viewed as agents of patronage. In practice, PASOK expanded the public sector by appointing people loyal to the party to newly created posts by multiplying state controlled agencies.<sup>102</sup> This populist strategy aiming in satisfying the interests of all of those identified as potential supporters of the party would turn out a success in terms of electoral performance, where PASOK won two consecutive elections. However, in practice it meant unprecedented levels of public debt financed by foreign loans.<sup>103</sup> As a result, public spending in the period 1982-88

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<sup>98</sup> George Mavrogordatos, "The Greek Party System: A Case of 'Limited but Polarised Pluralism'?" *West European Politics*, (1984): 156-69.

<sup>99</sup> Takis S. Pappas, "Party System and Political Competition in Greece 1981-2001.", *Greek Review of Political Science* (2001): 71-102.

<sup>100</sup> Populist in the sense that there was a dominating charismatic leader and no specific set of ideas allowing the party to the contradictory interests of social base. The populist slogan of PASOK in 1981- The 'People in power' - see Clogg, *A concise history of Greece*, p.67

<sup>101</sup> Nicos Mouzelis, *Politics in the Semi-Periphery*, (London: Macmillan, 1986)

<sup>102</sup> Christos Lyrantzis, "The Power of Populism: the Greek Case." *European Journal of Political Research*, (1987): 667-86.

<sup>103</sup> Michael Mitsopoulos and Theodore Pelagidis. *Understanding the Crisis in Greece: from Boom to Bust*, (Basingstoke: Palgrave Macmillan, 2010)

increased by 49% compared to an increase of 28% during the ND government in 1975-1981. In addition, public debt increased in the same period by 12.5% of GDP in 1983 to more than 20% of GDP in 1989.<sup>104</sup> The end result of this strategy was the proliferation of an economy where social groups pursued their own interest and the state was seen as an area of profiteering and employment.

Nikiforos Diamandouros explains that this new mode of participation incorporating social groups back into the political circle created a type of 'underdog culture' that increased dependence on the state for subsidies and welfare procurements.<sup>105</sup> In other words, PASOK's populism led the newcomers to think that their political empowerment entitled them to social benefits. Hence, Greek society can be argued to have been distorted by this populist logic, which gives 'anything and everything' - Greek society would soon turn indifferent, profiteering and corrupt. By the mid 1980s the state was manifested by party mechanisms that employed clientelistic networks to promote and enhance their electoral clientele.<sup>106</sup> The development of clientelism from the individual to the collective level, involving party mechanisms and control over the allocation of public resources has strongly consolidated the parties' role and influence in policy making.<sup>107</sup> This meant that parties have infested both civil society and bureaucracy by means of clientelism and patronage. In fact, the literature on Greek civil society and bureaucracy confirms this view by portraying them both as weak

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<sup>104</sup> George Pagoulatos, Greece's New Political Economy: State, Finance and Growth from Postwar to EMU, (Basingstoke, Hampshire : Palgrave Macmillan, 2003)

<sup>105</sup> Nikiforos Diamandouros, "Cultural Dualism and Political Change in Post-Authoritarian Greece", Working Paper 50, (Madrid: Instituto Juan March De Estudios E Investigaciones, 1994).

<sup>106</sup> Dimitri A. Sotiropoulos, "The remains of authoritarianism: bureaucracy and civil society in post-authoritarian Greece", *Cahiers d'études sur la Méditerranée Orientale et le monde Turco-Iranien*, Vol, 20, (1995).

<sup>107</sup> Luigi Graziano, "Patron-Client Relationships In Southern Italy", *European Journal of Political Research*, (1973): 3-34



entities dominated by the ruling party. By using public resources, political parties were able to penetrate and control all areas of public life including the civil services, local authorities and the universities.<sup>108</sup> The latter portrays a unique example of how party polarization was transferred into the students unions - as the case with trade unions which are organized along party lines. Even the private sector, the most important of which were large land owners, industrialists, bankers and ship owners established close links with the parties as private enterprises asked for assistance from the parties to secure loans and lucrative deals.<sup>109</sup>

In this context, the relationship between the government and civil society in Greece has been subject to debate by academics in the field, that all provide an explanation in understanding this relation based on a 'state corporatist' nature.<sup>110</sup> State corporatism emerged in the late 19<sup>th</sup> and 20<sup>th</sup> century in authoritarian regimes, such as Nazi Germany and Franco's Spain. In such systems, society is seen as a body dominated by the state where its sectors (business, military, labour) are required to work for the public interest.<sup>111</sup> In Greece, both major parties took turns in completely dominating bureaucracy by means of patronage, whilst at the same time exploiting their political reach by monitoring the civil society. Mouzelis states that the organisation of lower class interest was not state corporative but incorporative, in that there was a strong state control over weak interest groups that were subject to manipulation through patronage.<sup>112</sup> Not too differently, Tsoukalas describes the relation between state and interest groups as a clientelistic corporation, where the status quo promotes

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<sup>108</sup> Dimitri A. Sotiropoulos, "Southern European Public Bureaucracies in Comparative Perspective", *West European Politics*, (2004): 405-422

<sup>109</sup> Mitsopoulos and Pelagidis, Understanding the Crisis in Greece: from Boom to Bust, p.21

<sup>110</sup> Sotiropoulos, "The remains of authoritarianism: bureaucracy and civil society in post-authoritarian Greece"

<sup>111</sup> Featherstone and Papadimitriou, The limits of Europeanization: reform capacity and policy conflict in Greece

<sup>112</sup> Mouzelis, Politics in the Semi-Periphery, p.132

the interest of the elite class through selective distributions of state subsidies and public employment.<sup>113</sup> Unlike other western societies where civil society has been able to balance the role of the state, in Greece it has been engulfed by the state. This underlines the view that Greek civil society is weak compared to other West European countries and unable to limit the control of the state on society.

Greece's economic model can be termed as 'state capitalism'<sup>114</sup> where the state plays an active role in economic development, mediates relationships between firms and determining industrial relations outcomes. However, as in other South European countries, Greece lacks economic efficiency and displays weak social protection, lack of cooperation between social partners and considerable inequality in income and opportunities. Greece's late economic development was combined with strong protectionist measures and suppressed wages until 1974, hindering the growth of its industries.<sup>115</sup> In addition, state intervention in the economy continued in the 1970s and 1980s in the form of subsidies and tariffs through state owned enterprises. Despite the appearance of a strong state, the government in fact was unable to implement any necessary reforms to allow the economy to catch up to the rest of Europe.<sup>116</sup> Moreover, the clientelistic nature of the political system meant that policies were to a large extent influenced and determined by particularistic interests of groups that kept a close relationship with the ruling party. Even though in the 1990s there was a strong motivation to substantially change the overall structure of the economy, no major change

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<sup>113</sup> Tsoukalas, State, Society and Work, p.89

<sup>114</sup> Robert Boyer, "French Statism at the Crossroads" in Colin Crouch and Wolfgang Streeck (eds) Political economy of modern capitalism: Mapping convergence and diversity, (London: Sage, 1997): 71–101.

<sup>115</sup> Tsoukalas, State, Society and Work, p. 133

<sup>116</sup> Antigone Lymberaki and Euclid Tsakalotos, 'Reforming the Economy Without Society: Social and Institutional Constraints to Economic Reform in Post- 1974 Greece', *New Political Economy*, Vol. 7, No.1 (2002): 93–114.

precipitated mainly due to the manifestation of corruption and vested interests of 'insiders'.

Another important development in Greece's economy was its entrance into the EMU which marked a period of increased foreign capital inflows; of course this is one of the benefits of entering the EMU- if the funds were used productively. However, the critical issue is that they were and in reality this placed Greece in dire straits when the financial recession erupted in 2008. During the late 1990s and 2000s, Greece experienced GDP growth rates higher than EU's average resulting in higher living standards and lower unemployment. This performance however, is now argued to have been mostly a result of cheap external credit and high consumption due to EMU entry.<sup>117</sup> Specifically in Greece, low interest rates allowed the government to refinance debt on more favourable terms and to continue spending heavily on the public sector. The highly corrupt political parties in Greece would exploit cheap credit in order to secure votes in elections by increasing the pension bill.<sup>118</sup> From 2000 to 2009 the public sector grew rapidly though not paid by the government's revenue; for example, in 2009 government expenditure was 50.4% of GDP, while government revenue was 36.9% of GDP. In addition, in 2000s Greece was borrowing an average of 10.2% of its GDP per annum which resulted in the external debt to increase from 42.7% of GDP in 2000 to 82.5% of GDP in 2009.<sup>119</sup>

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<sup>117</sup>Costas Meghir et al, "The economic crisis in Greece: a time of reform and opportunity (mimeo)." - Version published as "Greek reforms can yet stave off default" *Financial Times* (23 August 2010).

<sup>118</sup> Mitsopoulos and Pelagidis, Understanding the Crisis in Greece: from Boom to Bust, p.167

<sup>119</sup> Kevin Featherstone, "The JCMS Annual Lecture: The Greek Sovereign Debt Crisis and EMU: A Failing State in a Skewed Regime", *JCMS: Journal of Common Market Studies*, Vol.49 No.2 (2011): 193-217.

### **The historic development of Ireland's political economy**

The story of the Irish state is in sharp contrast to the Greek state led economic development. The island of Ireland historically was England's first "colony" from the 1500s and eventually became part of the British state and empire from 1801 to 1921. Due to this historic trajectory, Britain's strong laissez-faire tradition directly paved Ireland's economy. As a result, the development of Ireland's welfare state after independence followed the British bequest of liberal voluntarism.<sup>120</sup> The Irish strand of neo-liberalism has been blended with two European sources originating from corporatism; the first source is the Roman Catholic conservative corporatism based on protection from the economic market based around the patriarchal family. The second source comes from the neo-corporatist movement cemented in many European countries mainly in the post-war era<sup>121</sup>. This neo-corporatism sought to solve societal conflicts of religion, class and location while at the same time increasing economic competitiveness and development through an on-going process of negotiations between social partners.

In this light, in the late 1950s Ireland's political elite intervened to liberalise the economy by adopting a policy of export led industrialisation based on foreign direct investment, a similar model Puerto Rico had earlier adopted. This was combined with tax reduction of export profits, grants and subsidies and relied increasingly on American companies.<sup>122</sup> Nevertheless, the economic growth that was expected did not materialise and in the 1970s, the Irish government had to implement tough spending cuts to overcome its

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<sup>120</sup> Frederick W. Powell, The politics of Irish social policy, 1600-1990 (Edwin Mellen Pr, 1992).

<sup>121</sup> Michel Peillon, Welfare in Ireland: Actors, resources, and strategies (Praeger Publishers, 2001).

<sup>122</sup> Anthony Foley and Dermot McAleese, Overseas industry in Ireland (Gill and Macmillan, 1991).

indebtedness. This was accompanied by numerous new centralised social partnership agreements, which moderated the wages of workers in return for income tax decreases. This in combination with the vision of the Irish authorities to use free trade and foreign direct investment of large mainly US multinational companies was deemed a large success. Taking place from the early 1990s to roughly the start of the 2000s, it marked the first growth phase of the 'Celtic Tiger'; during this decade the Irish GDP per capital doubled, while unemployment moved from 17% to almost full employment.<sup>123</sup>

It is true that the existence of these new social partnerships in Ireland played a major role in leading Ireland to its economic boom by providing stability and consensus. As a result there low levels of industrial conflict, increases in real income, balanced public finances and competitive wage increases in terms of unit labour costs.<sup>124</sup> However, a number of important issues were not solved under these new social partnership's, such as increasing income inequality, rising levels of poverty, booming housing prices and lack of welfare provisions towards children. Moreover, the reliance on American multinational firms to attract foreign direct investment brought a vast number of advantages. Most importantly it replaced the importance of U.K. companies in the Irish market and in effect, the type of foreign firms in Ireland moved from technically mature, labour intensive industries in the 1960s to new high technology, high skill and high valued added manufacturing and services.<sup>125</sup> By the late 1990s, U.S. firms accounted to over 80% of the annual total and 70% of Ireland's total

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<sup>123</sup> Finn, "Ireland on the Turn? Political and economic consequences of the crash.", p.13

<sup>124</sup> Niamh Hardiman, "Social Partnership, Wage Bargaining and Growth," in B. Nolan, P. O'Connell and C. Whelan (eds) Bust to Boom? The Irish Experience of Growth and Inequality, (Dublin: Institute of Public Administration 2000): 286 – 309.

<sup>125</sup> MARY O'Sullivan, "Manufacturing and Global Competition," in J. W. O'Hagan The Economy of Ireland, (Dublin: Gill and Macmillan, 1995): 363 – 396.

manufacturing exports<sup>126</sup>. In reality, the “Irish tiger economy boils down to a few American corporations in computers and pharmaceuticals”.<sup>127</sup>

At the same time, the Irish government began in the mid 1980s to cut down the size of the welfare state and used increasing tax revenues from its economic boom to increase total governmental expenditure. This gave the illusion that as the Irish got smaller, it somehow was able to sustain an increased expenditure; evidence from the developed countries in the 1990s show that a reduction in the size of the state as a proportion to GDP was a common trend, however, in the Irish case the state shrunk down to a level similar to other peripheral European countries and then, to a level equal to the United States. In effect, the Irish state became increasingly more like the American neo-liberal model and less like the other European neo-corporatist states. Thus, it is not surprising that the Irish social protection expenditures in 1998 were the lowest in the European Union despite all the increased tax revenue created by its economic performance. In fact, social expenditure increased only during the boom years of the 1990s but during the same time declined as a percentage of GDP.<sup>128</sup> Moreover, there was a clear convergence in the trends of Irish social protection expenditure towards US levels, with poverty rates at a constant level despite the rise in per capita income and decline in unemployment.<sup>129</sup>

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<sup>126</sup> Foley and McAleese, Overseas industry in Ireland

<sup>127</sup> Dennis O'Hearn, Inside the Celtic Tiger: the Irish economy and the Asian model, (London: Pluto Press, 1998):72

<sup>128</sup> Julia O'Connor “Welfare State Development in the Context of European Integration and Economic Convergence: Situating Ireland within the European Union Context,” *Paper prepared for presentation at RC 19 Workshop*, (Oviedo, Spain, 2001)

<sup>129</sup> Ibid, p.14

The second phase of the Irish development began with the collapse of the American IT bubble in 2000.<sup>130</sup> Employment in the Irish manufacturing industry had increased every year from 1995 to 2001 but then declined from 251,000 to 223,400 positions by 2007. At the same time annual growth in exports, which on average amounted to over 17%, struggled to reach 5% in the next five years.<sup>131</sup> In addition, with the enlargement of the European Union the Irish state now faced tough competition from new member-states in Central and Eastern Europe that offered lower wages and more profitable deals towards multi-national corporations.<sup>132</sup> Paradoxically, the decline of Ireland's manufacturing base did not cause an end to the economy's rapid expansion; instead, the engine of growth and employment now shifted towards the banking and construction sector. This sudden expansion in the construction industry was catalysed by the increased need for homes due to the massive inflow of immigrants into Ireland, but more importantly because of entrance in the European Monetary Union in 1999. But since the ECB's monetary policies were reflecting average economic conditions in the EU and not the required target conditions of specific national economies. In practice Ireland, which was experiencing higher rates of inflation and growth, was given a very low interest rate which overheated its economy and sustained a massive influx of credit.<sup>133</sup> The second effect of the EMU membership was the removal of the exchange rate fluctuation risk, which further attracted massive amounts of foreign capital into Ireland. With strong encouragement from the government, banks ended up giving reckless loans to property developers driving up prices to record highs, sustaining a property boom from 2000s.

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<sup>130</sup>Finn, "Ireland on the Turn? Political and economic consequences of the crash", p.19

<sup>131</sup>Ibid, p.21

<sup>132</sup> Peadar Kirby, The Celtic Tiger in distress: Growth with inequality in Ireland, (Basingstoke: Palgrave, 2002).

<sup>133</sup> Fritz Scharpf, "Monetary union, fiscal crisis and the preemption of democracy", *LEQS Paper* 36 (2011).

### *Globalization discourse as a hegemonic project*

Countries and social actors have experienced globalisation differently; in some cases it remained outside of politics and ideology and treated either as a fact or an opportunity for rapid economic development, whilst in others it became very politicised and resulted in social cleavages and conflict. This section will examine how the globalisation discourse was actualized in policy debates and policy initiatives at the domestic level in Greece and Ireland; such examples include privatisation of state enterprises, capital account liberalisation, labour market liberalisation and so on. The general finding of Antoniadis<sup>134</sup> research finds that in Greece the globalisation discourse emanated a societal struggle over what is at risk in economic, social, political and cultural terms, where as in Ireland the term did not generate contestation but consensus, emerging as the underlying fundamentals of the Irish state.

In the Greek case, the study of the political parties were based on the analysis of their national manifestos in the 1996 and 2000 elections – the parties that were examined was PASOK, ND, KKE and Syriza. The findings showed a clear zone of contestation on what economic, political, social and cultural were at stake in the face of globalisation. Globalisation was regarded by PASOK as a dangerous movement that might lead to “a new barbarism”, a new form of imperialism by KKE, “domination of market over society” by Syriza or on the other hand as a “new reality” by ND or even an opportunity for development by PASOK. Moreover, from the 1996 election manifesto to the 2000, the position of the parties shifted in viewing globalisation in a positive light. For example, PASOK now viewed globalisation as a “driving force of development”; other parties, such as ND, avoided to use the

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<sup>134</sup>Andreas Antoniadis, “Examining facets of the hegemonic: the globalization discourse in Greece and Ireland”, *Review of international political economy*, Vol. 14 No.2 (2007): 306-332.



term all together and began in using the more neutral term of globalism, implying a subtly negative attitude towards the term.

In the Irish case, the analysis of the political parties was based on their manifestos in the 1997 and 2002 elections – the parties that were studied were Fianna Fail, Fine Gael, the Labour Party and the Progressive Democrats. In contrast to the Greek case, the globalisation discourse in Ireland emerged as a zone of consensus, where the meaning of the concept and the respective policies associated with it remained beyond public debate and party antagonism. Moreover, out of the four parties (FF, FG, PD) made no reference to globalisation in any of their manifestos despite the fact that the actual policies in line with globalisation: deregulation, privatisation and tax cuts were everywhere in Irish politics. As indicated earlier, the Irish political parties redefined their strategies through a new zone of consensus that was not to be disputed. As such, FF, FG and the PD set their main agenda to do whatever was necessary to attract 'mobile capital investments'. However, the most revealing aspect of this consensual aspect was heard from the left, with the LP declaring that it was 'committed to a strong market economy based on competition'.

Next, the second key group that was examined were the social partners. It is very important however, to view the findings of this group in the backdrop of developments at the EU level. For instance, in the mid-1990s there was a pressing need to adjust to the new international environment which the EU envisaged would be realised through deregulation and flexibility. Antoniadou conducts this research by looking at the Federation of Greek Industries (SEV) and the Irish Business and Employers Confederation (IBEC) annual reviews from 1995 to 2002 and the public statements of their leaders. Whilst for the worker unions, the Greek General Confederation of Workers (GSEE) was analysed through its monthly newsletter *Enimerosi*, published by the GSEE's 'Institute of Labour'; whilst for Ireland and the Irish

Congress of Trade Unions (ICTU) was examined through its biennial Reports of the Executive Council and the Reports of Proceedings (RP) of its biennial Delegate Conferences.

The findings reveal that SEV promoted pursued 'economic globalisation' program with the objects of economic globalisation at the core of their public statements and policy suggestions. In Greece, the chairman of SEV for the period 1992-2000, Iason Stratos argued that "globalisation and the need for adjustment to market forces is not something new for SEV; it is what SEV has been fighting for since the late 1980s". Along the same lines, IBEC praised the government for following policies 'which largely reflected the policy IBEC had campaigned over the years'. Moreover, after 1997, the concept of globalisation in Greece became highly ideologically charged which resulted in SEV avoiding the use of the term to avoid associating its policy with a negatively charged concept.

The workers union, GSEE, even though was somewhat late to use the term, starting using globalisation as a conceptual framework in which it produced its strategies, vision and policies; the term was hence framed as an instrument used by the government and businesses to promote policies against the living conditions and general welfare of the workers. In the case of the ICTU, the concept of globalisation was associated with developing countries and wider notions of international development. However, by 1998 there was an obvious shift from in the understanding of globalisation, from an 'out there' issue to an 'in here', domestic issue, contesting openly the pathway of Ireland's development.

Lastly, the study examined the way the media both as an agent of social construction and as a mirror of society representing the prevailing social relations of power. The sources that were used for the research in Greece was the Sunday version of VIMA, the best-selling paper for most of the period under examination, where as in Ireland the daily version of the Irish Times was examined. The findings further supported the picture that had been formed

from the analysis of the other institutional actors. For example, comparing the references to globalisation found in the VIMA, the references in *The Irish Times* were minimal; the number of references of the daily Irish paper, which is published six times in a week, was lower than those found in the Sunday edition of the Greek paper, which published only one per week, throughout the period 1997-2000. What this shows is that the high number of references to globalisation in VIMA suggests the importance of globalisation as an object of analysis in the Greek public debate. In contrast the concept of globalisation in Ireland was not incorporated in the discourses of institutional actors as reflected in the press.

## Conclusion

This research conducted in a Gramscian theoretical framework attempted to answer the puzzle as to why Greece's response to the EU/IMF austerity was so different to Ireland, even though both countries faced severe recession, contracting their economies and pushing unemployment to unprecedented levels. First by reviewing existing EU integration theories, neorealist and liberal intergovernmentalism, neofunctionalism, multi-level governance and social constructivism, their weakness of ignoring the social relations in the mode of production was emphasised. The logic behind following an extensive review on these theories was supported by the reasoning that the austerity policies in Greece could result in a potential default of the country if the Greek public voted for SYRIZA, which advocates for renegotiation of the bail out terms. All the EU integration theories could not explain the phenomena of Greek resistance as they disregarded the structural changes in the global economic system and the penetration of this neoliberal ideology into the EU's policy making.

Next, by over viewing the ways in which the existing IR theories conceptualise the notion of hegemony which base their perception of the term on dominance and coercion, I highlighted the narrowness of their theoretical framework which dismisses the role of ideas. As such, I went on to explain how Gramsci perceives hegemony which is based on domination *and* consent. A number of relevant terms in the Gramscian vocabulary were defined, explained and discussed in order to grasp the theory's explanatory power. Finally, R.W. Cox's seminal study on Gramsci was introduced by highlighting how he internationalised Gramsci's conception of hegemony and the roles he gives to ideas, material capabilities and institutions were explained. Following this neo-Gramscian approach, the EU integration project was

placed in this context in order to explain how and why the EU's policies in regards to labour has strictly circulated around the neo-liberal notion of 'competitiveness' .

The last chapter provides an analysis of the economic development of Greece and Ireland in order to show how, in contrast to Greece, Ireland developed from the 1980s and on, on a general neoliberal platform based on 'social partnership and the ambition to attract transnational mobile capital into the country by offering a low corporate tax. On the other hand, the development of Greece is heavily based on state intervention and is manifested in corruption, clientelism and nepotism. In both countries, an entrance into the EMU dropped the cost of borrowing to record low numbers. This however, overheated both economies and sustained a massive boom that resulted in a consumption bubble for Greece and a housing bubble for Ireland.

In the backdrop of this development, it could be argued that the reason why Ireland is consenting to the austerity measures is because the neo-liberal ideology has become an embedded part of their economic thinking; or worse still the Irish conceive of neoliberalism as 'common sense'. This is supported by the hegemonic discourse in the last chapter, conducted by Antoniades, which shows that all parts of civil society in Ireland, except for a minor part, do not regard neoliberal globalisation as a danger and instead view it as a way to develop – this undoubtedly caused by the 'social partnership' that has been implement in success over the years. Moreover, in the second phase of the Irish development, the property bubble allowed a large share of the population to become a homeowner further inducing a neoliberal hegemonic project.

On the other hand, Greece's debt crisis has truly represented an organic crisis shown by the breakdown in the country's two party system after the left wing SYRIZA came second in the elections in May 6<sup>th</sup> and is projected to win the elections on the 17<sup>th</sup> of June with an

anti-memorandum agenda. This organic crisis has resulted after years of corruption, where the state penetrated and weakened civil society to an extent that not even 'wars of manoeuvres', illustrated by the frequent and highly violent protests show. Instead, a full blown economic crisis has the contradictions of Greece's economic which has emanated in one of the country's most severe social and political crisis.

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