

# The four paradigms of the European regulatory state

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**The “Europe of the market” has dominated European social and economic policy since 1945. Yet three other models have opposed the liberal paradigm: solidarity, neomercantilism, and ultra-liberalism.**

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Reviewed: Laurent Warlouzet, *Europe contre Europe. Entre liberté, solidarité et puissance depuis 1945* (Europe Against Europe : Between Freedom, Solidarity, and Power Since 1945), Paris, CNRS Éditions, 2022, 496 p., 26 €.

More than seventy years since the Treaty of Paris in 1951 established the European Coal and Steel Community (ECSC), it is still difficult to define the European Union (EU). What is the origin of the protean nature of the EU's government, which is often described as "flexible" and "multileveled"? What political factors that have shaped its transnational political-institutional architecture since 1945?

These questions are at the heart of Laurent Warlouzet's new book. A professor in modern history at Sorbonne Université, Warlouzet holds a chair in twentieth and twenty-first century Europe. He has published over a hundred academic texts. In his latest work, he sets out to tell the history of "the organization of the European continent" (p. 7) through the examination of social and economic policy.

In doing so, he has drawn on "new sources" (p. 9), specifically archival work in no less than eight European countries: Germany, Belgium, France, Italy, Luxemburg, the Netherlands, the United Kingdom and Switzerland (p. 455-456). His argument

unfolds in three parts. Part one presents the main types of social and economic policy that have been pursued, as well as Europe's institutional framework. The next two parts operationalize this analytical framework by considering how European institutions undertook these policies, first during the Cold War (1948-1991) then during the "long twenty-first century" (1991-2020).

## **The domination of "Europe of the market"**

Over the course of his book, Warlouzet identifies three variables that explain how social and economic policy was developed and implemented on a European scale.

First, the birth of European communities in the 1950s was not the work of American imperialism, with European institutions as no more than the playthings of foreign interests. Moreover, the Europeans who defended the federalist ideal and are often described as Europe's "founding fathers" did not have the decisive role that they are commonly attributed. The governance of European and social policy was the result, rather, of "compromises between different conceptions of organization" (p. 8)--a history of multiple political preferences that had to be negotiated by various European actors.

Second, it was not "set in stone" (p. 9) that the political organization of the continent would be structured around the European communities and later the EU. The antagonistic interests advanced by heterogeneous actors could have resulted in institutions other than the Council of Europe, the United Nations Economic Commission for Europe, the International Labor Organization, and the International Monetary Fund becoming the institutional pillars for governing European economic and social policy (p. 9; see, too, p. 442).

Third, "Europe of the market" is not the only policy paradigm to have shaped the development of economic and social policy in "Europe," defined as EU institutions and member states. To the contrary--and this is the book's thesis--European government is a product of the "clash between and hybridization of different economic and social policies" (p. 435). More specifically, the political organization of the European market is the outcome of "a combination of three economic paradigms--a liberal, social, and neo-mercantilist paradigm--each corresponding to one of Europe's three projects: a market, solidarity, and power" (p. 8). Warlouzet completes this

trptych by adding a fourth analytical category relating to Europe's relationship to the market, which he calls "ultraliberal" (p. 16; see table 1, p. 26).

The book's title--*Europe against Europe*--thus has two senses: "against" refers to the opposition between two antagonistic forms of political action; but it also refers to the proximity between these forms resulting from the intertwining and blending that were the consequence of compromises and successive political consensuses.

## **Alternatives to "Europe of the Market"**

Since the Second World War, the liberal paradigm has dominated the European political game (p. 446). The liberal paradigm is characterized by limited government intervention in the market, understood as the system's engine. The free circulation of capital, goods, and people, free and uncontrived competition, and non-discrimination--all fundamental principle of EU law--result in efficient internal markets, higher growth rates, and prosperous citizens. The famous Cassis de Dijon decision of 1979 (p. 88-89; 107; 323-324; 436; 443; 458; 464) embodies this "Europe of the market," which, despite being dominant, was no more hegemonic in the 1970s than in the 1990s or 2010s.

Against the "Europe of the market" paradigm, other European political actors have defended alternative approaches to social and economic policy. The "Europe of solidarity" model emphasizes European leaders' responsibility to establish mechanisms for supporting society's most vulnerable members, in a way that contributes to reducing social inequality. It was this principle that led, for example, to the creation of structural funds, such as the European Social Fund (ESF) and the European Regional Development Fund (ERDF), which are essential tools of the Cohesion Policy introduced in 1975, as is Erasmus, the university exchange program founded in 1987.

Hence the opposition between "Europe of the market" and "Europe of solidarity" has been, since 1945, a decisive political cleavage. Yet for Warloutet, this dichotomy does not exhaust historical reality. These two paradigms must be distinguished from two other European projects: neomercantilism and ultra-liberalism.

The promoters of the neomercantilist approach emphasize sustained intervention on the part of European government, which distinguishes them from advocates of "Europe of the market." Yet they do not aspire, like the partisans of "Europe of solidarity," to respond to the problems faced by particular social groups or territories through a redistribution of wealth. "Neither liberal [free-market] nor social" (p. 447), the neomercantilist approach favors an industrial policy based on normative mechanisms--either budgetary or institutional--that support companies, seen as the primary producers of wealth.

This neomercantilist Europe is associated with the projection of European power, insofar as it seeks to respond to the effects of economic competition and political dependencies that lie outside of Europe, as seen in the Ariane and Airbus programs (see notably chapters 6 and 7). In this way, Warloutet shows that the management of European economic and social policy is not entirely based on choosing between instruments that regulate the internal market with more or less dirigisme. It is also shaped by varying relationships--ranging from autonomous to protectionist--with external actors like Boeing, China, the United States, Big Tech, and Russia.

In response to this trend towards greater European interventionism, a political dynamic emerged in the 1980s and accelerated in the 1990s: ultra-liberalism. The key figures of this fourth European model are the German Otto Graf Lambsdorff, the Englishman Leon Brittan, and the Frenchman Alain Madelin (p. 11). The ultra-liberal approach is defined by two policy goals: to free the market from restrictive and economically inefficient norms and to reduce the resources available to states and EU institutions, notably through the dismantling of the welfare state.

In Brussels, the work undertaken by the Dutchman Fritz Bolkestein during the revision of the "services directive" in 2006 bears the imprint of this paradigm. So did the arguments of the Brexiters, that is, the British political actors who were in favor of the United Kingdom leaving the European Union during the 2016 referendum: they maintained that the Union was not only incapable of regulating immigration, but that it was also too "social" and economically restrictive (p. 437).

## Beyond the four paradigms?

While refraining from offering an exhaustive list of the book's merits and in order to complement reviews already published by historians and professionals,<sup>1</sup> I would like, from my perspective as a political scientist, to draw readers' attention to three contributions the book makes.

First, the book "casts a wide net" in time (1948-2020) and space, as it analyzes, if not all, at least most European policies aimed at regulating or deregulating the market: policies focused on the internal market, competition, agriculture, trade, currency, environment, health, and social issues. In addition to focusing on multiple sectors and being attentive to overlapping temporalities, this study accounts for the polyarchic character of the EU through a multiscale analysis that links national (Berlin, London, and Paris) to European (Brussels, Luxemburg, and Strasburg) decision-making centers.

Second, Warlouzet does not take the easy and idiosyncratic way out, which would consist of simply presenting his rich empirical evidence and proposing a typology. He builds an original empirical argument: the economic and social policies implemented by the EU and its members states are shaped by a liberal market paradigm that has competitors (neomercantilism and solidarity) as well as an extreme form (ultra-liberalism). Put differently, Warlouzet describes the conditions of emergence and institutionalization of the four paradigms of the European "regulatory state"<sup>2</sup> over nearly eight decades. In this way, he not only contributes to historical work on European integration,<sup>3</sup> but also to research that employing a sociohistorical approach to study the EU.<sup>4</sup>

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<sup>1</sup> Geoffrey Maréchal, *La Cliothèque*, 2022; Michel Dumoulin, *Histoire, économie et société*, 2023, 2, p. 159-161; Maxime Lefebvre, *Politique étrangère*, 2023, 1.

<sup>2</sup> Lola Avril, "Pour une sociohistoire de l'État régulateur européen. Du gouvernement administratif à la régulation judiciaire de la concurrence (1962-1982)," *Revue française de science politique*, 2020, 70, 6, p. 773-791.

<sup>3</sup> Aurélie Audry, Emmanuel Mourlon-Druol, Haakon A. Ikononou, and Quentin Jouan, *Rethinking European Integration History in Light of Capitalism*, London, Routledge, 2023.

<sup>4</sup> For a survey of recent literature, see: Céleste Bonnamy and Hugo Canihac, "Sociology and the European Union," in Samuel B. H. Faure and Christian Lequesne, eds., *The Elgar Companion to the European Union*, London, Edward Elgar, 2023, p. 93-107.

The review of this book (by an historian) is an invitation to bring history and political science into dialogue through four questions (by a political scientist).

How do different coalitions of actors--characterized by different social, institutional, and national identities--promote different conceptions of Europe? The narrative is not lacking in individual actors, from Charles de Gaulle to Emmanuel Macron by way of Konrad Adenauer, Willy Brandt, Walter Hallstein, Margaret Thatcher, and more (see the extensive index, p. 486-489). Warlouzet also opts for a macro-level analysis, using terms such as "Germany," "Paris," and "European Union." Yet the connections between these individual and collective actors and their preference for particular types of economic and social policies is the book's blind spot. Establishing correlations between a type of actor  $x$  and a type of Europe  $x'$ --as a way of identifying constants over time--would enhance the argument's significance by reconstructing the coalition of actors who are more likely to mobilize for one conception of Europe or "against" another.

What type of governance--intergovernmental, supranational, or differentiated--characterizes each conception of Europe? The book has illuminating explanations (see chapter two) relating to the EU's institutional character, yet without incorporating governance types into its typology (no mention is made of them, for instance, in chart 1 on p. 26). While the policies Warlouzet studies are all, since the Lisbon Treaty, made at the European level (except for industrial policy), this has not always been the case. The identification of the types of governance that shape particular models of social and economic policy could round out the typology the book proposes. Alternatively, asserting more directly that governance types are not a decisive variable in crafting models for regulating the market in Europe would in itself be an interesting conclusion--and at minimum a counterintuitive one.

What is the scope of the book's analytical framework? While the typology is convincing for the study of the realm of public life that could be described as "low politics," Warlouzet is ambiguous as to whether this framework could and should study "core state powers"<sup>5</sup>: security, justice, defense, arms acquisition, foreign policy, and immigration. This material could lead to fruitful exchanges between historians and political scientists on the ways that the boundaries of European government change as a function of the type of public action under consideration.

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<sup>5</sup> Philipp Genschel and Markus Jachtenfuchs, "The security state in Europe: regulatory or positive?," *Journal of European Public Policy*, 2023, 30, 7, p. 1447-457.

What is Warlouzet's own theoretical position? Save for one direct reference to Paul Pierson's historical neo-institutionalism in the conclusion (p. 442), which leads him to distance himself from the teleological vision of contemporary European political history attributed to neo-functionalism, Warlouzet provides us with few clues. Given the book's abundant bibliography (pp. 455-480), which includes many works by political scientists, it is tempting to define his approach as "eclectic." It is hard to know if his study leads him to be more persuaded by "liberal intergovernmentalism" or the "new intergovernmentalism" or by historical neo-institutionalism or the socio-history of public action. A clearer stance on scholarly controversies in European studies would facilitate the task of synthesizing interdisciplinary knowledge the various social science fields that study politics.

A few months before the European elections that will take place on June 9, 2025, reading or re-reading *Europe contre Europe* will undoubtedly provide valuable insights to teacher-scholars, students, professionals, and citizens.

First published in [laviedesidees.fr](http://laviedesidees.fr), February 5, 2024. Translated by Michael Behrent, with the support of [Cairn.info](http://Cairn.info). Published in [booksandideas.net](http://booksandideas.net), February 6, 2025