

# Displacing ordoliberalism in favour of EU sovereignty: An analysis of green EU industrial policy from a Cultural Political Economy perspective

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**Abstract:** This paper analyses the multi-layered and sometimes contradictory new industrial policy of the European Union (EU) in the context of the climate crisis and shifting global power dynamics. Using the framework of Cultural Political Economy (CPE), which emphasizes the interdependence of the cultural and social levels. The findings show that the EU is reassessing its perspective and position in the global market in light of current crises, incorporating economic security concerns, and accordingly adapting its industrial strategy. Based on the different objectives reflected in the EU's economic imaginary, the paper reconstructs four *strategic selectivities* of the emerging EU industrial policy. The paper concludes that neoliberalism is increasingly displaced in the EU's *economic imaginary* and *strategic selectivities*, but not entirely – leaving room for its potential return to EU industrial policy in the future. The paper thus contributes to scholarly debates on EU industrial policy and the political economy of neoliberalism.

**Keywords:** industrial policy, neoliberalism, geo-economics, European Union, Cultural Political Economy

## **Eine Abkehr vom Ordoliberalismus zu Gunsten der EU-Souveränität: Eine Analyse grüner EU-Industriepolitik aus Sicht der Kulturellen Politischen Ökonomie**

**Zusammenfassung:** Der Beitrag analysiert die vielschichtige und manchmal widersprüchliche neue Industriepolitik der Europäischen Union (EU) im Kontext der Klimakrise und der sich verändernden globalen Machtdynamik. Aus theoretischer Perspektive wird der theoretisch-methodische Ansatz der *Cultural Political Economy* (CPE) zugrunde gelegt, der die Interdependenz der kulturellen und sozialen Ebenen betont. Die Ergebnisse zeigen, dass die EU ihre Perspektive und Position auf dem Weltmarkt angesichts der aktuellen Krisen neu bewertet, wirtschaftliche Sicherheitsbedenken einbezieht und ihre industrielle Strategie entsprechend anpasst. Ausgehend von den verschiedenen Zielen, die sich in der wirtschaftlichen Vorstellungswelt der EU widerspiegeln, werden vier strategische Selektivitäten der entstehenden EU-Industriepolitik rekonstruiert. Daraus folgt, dass der Neoliberalismus im wirtschaftlichen Imaginären und in den strategischen Selektivitäten der EU zunehmend verdrängt wird, aber nicht vollständig – was Raum für seine mögliche Rückkehr in die EU-Industriepolitik in der Zukunft lässt. Der Beitrag leistet somit einen Beitrag zur Debatte über die EU-Industriepolitik und der politischen Ökonomie des Neoliberalismus.

**Schlagwörter:** Industriepolitik, Neoliberalismus, Geo-Ökonomie, Europäische Union, Cultural Political Economy

## 1 Introduction

The climate crisis, inherently related to capitalist industrial production and consumption, is causing increased global distress (IPCC, 2018) and placing green transitions at the top of political agendas worldwide (Levy & Spicer, 2013). At the same time, the waning US hegemony, the rise of China as a political-economic power, and the intensified competition from emerging economies (over critical raw materials, green markets, etc.) threaten the existing politico-economic world order. This challenges the effectiveness of established strategies to the world market and the European Union's (EU) ability to sustain export-oriented growth in this context (Abels, 2024; Meunier & Nicolaidis, 2019). This approach to growth that relies on exports to reconcile domestic wealth and social cohesion, while largely neglecting domestic consumption, has long dominated the EU agenda (Porak, 2023). To re-articulate this model and commit the EU to the Paris Agreement (2015), the European Green Deal (2019) (EGD) was introduced as a new political priority. Given the EU's heavy dependence on emission- and energy-intensive processes, the decarbonization of EU industry is identified as a key challenge. Besides, in response to the changing global power dynamics, sovereignty and strategic autonomy have entered EU policy considerations. These new objectives have manifested in the field of industrial policy in various, sometimes contradictory policies and instruments, e. g., funding schemes responding to the COVID-19 pandemic, competition law reforms or trade defence instruments. Scholarly literature (Bora & Schramm, 2024; Bulfone, 2022; Di Carlo & Schmitz, 2023; Gräf, 2024; McNamara, 2023; Molica, 2024; Pianta & Lucchese, 2020; Schmitz et al., 2025; Schneider, 2023; Seidl & Schmitz, 2024; Veugelers et al., 2024; Wigger, 2022, 2024) already analysed these developments to some extent. Yet existing accounts either focus on specific subfields/questions or fail to consider the partly contradictory nature of EU industrial policy in depth and its relation to neoliberalism. Neoliberalism has two main characteristics: (1) promoting the market and competition as the sole principles of social order, and (2) recognizing the need for a strong state to create and secure functioning markets (Jessop, 2019, S. 669). Since the discursive and institutional resilience of neoliberalism was a much-debated issue until the EGD (Schmidt & Thatcher, 2013), the role of neoliberalism and clashing geo-economic ideas, reflected in a growing concern about economic security, remains a crucial but largely unanswered question in the context of EU industrial policy innovations since the EGD.

This paper uses Cultural Political Economy (CPE) as the theoretical and methodological background for its analysis. As outlined in section three, CPE posits that EU industrial policy innovations are responses to new demands from the world market. These innovations are said to result from shifts at the ideational level within a specific institutional context, shaped by path dependencies and power relations. As prevailing ideas about the world market are no longer useful to understand the world, a new economic imaginary is introduced at the EU level. According to CPE, an *economic imaginary* refers to a simplified description of the social world, where certain economic elements, actors, and activities are emphasized, while others are sidelined (Jessop, 2010). These selective narratives not only describe and interpret broader political-economic dynamics but also inform actions, including policymaking (Sum & Jessop, 2013). Moreover, the discursive shifts are associated with institutional innovations shaped by a bias towards specific strategies, tactics or actors, which serves to select recursively supporting practices. These are described in CPE terminology as *strategic se-*