

**Organizational Identity and the European Union:
The Conflict of European Identity**

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Abstract

This paper will use the concept of organizational identity to discuss the ways in which the progress of European economic integration has contributed to the development of a European economic identity. This identity is established through the practical application of the many criteria and expectations of economic activity that over time have become associated with membership to the European Union (EU). This paper will argue that the characteristics of this organizational identity have led to a conflict between those who accept the path of this identity, and those who feel that it lacks adequate attention to European social policy. This is referred to as *identity incongruence*, where an individual perceives that an organizational identity is out of line with the expectations associated with that individual's ideal identity. Finally, it will be argued that the current sovereign debt crisis has escalated the identity conflict to a point where some have come to reject outright the EU's economic identity, which has the potential to facilitate the break-up of the Euro zone.

Table of Contents:

Introduction3

Identity and its Importance to International Relations5

European Economic Integration and the European Identity16

 The European Coal and Steel Community (1951).....16

 The European Economic Community (EEC) and the Treaty of Rome (1957).....21

 The Werner Report and The European Monetary System (1970 - 1979).....24

 The Single Europe Act (1986).....26

 The Maastricht Treaty, the European Central Bank and the Euro (1992-1999)....28

Economic Integration and the Initial Conflict of European Identity30

 Economic Turmoil and the Crisis of European Integration37

 The Sovereign Debt Crisis.....39

 The Rise of Euroscepticism and the Costs of Continued Membership.....42

 The Euro as a Means of German Domination.....45

Conclusions47

Bibliography.....50

Introduction:

"The Euro is everything. If the Euro fails, then Europe fails, the European ideal of common values and unity will fail...this ideal has always given us strength in the face of wars and destruction in Europe for the past centuries to fight for peace, for prosperity and for freedom on our continent" - Angela Merkel, Chancellor to Germany, on Nov. 15, 2010¹.

The comments above are in response to the sovereign debt crisis that has recently plagued the European continent. They reflect an interesting perspective on the importance of the Euro to the system of European integration. According to Merkel, the Euro represents more than just a currency in turmoil; it represents all that European political endeavours have strived to achieve in the past 60 years of integration and cooperation. It represents the values that Europeans hold dear, and is the locus point of a project that maintains peace and prosperity in a continent historically mired in destructive and re-occurring wars. The Euro is representative of an idealized, unified Europe and therefore any turmoil which threatens the permanence of the single currency represents an existential threat not only to the process of European integration, but to the future of the continent. Thus, Merkel makes the case that the current trouble is not just an economic malaise, but also a crisis of European identity. Where the European identity is, and where it will go depends heavily on the outcome of the current crisis. In essence, the Euro is so deeply tied to the process of European integration that it is utterly crucial to it.

¹ Excerpts of the speech taken from, Czucka, Tony and Simon Kennedy, "Merkel makes Euro Indispensable, Turning Crisis into Opportunity", *Bloomberg Business Week*, (February 4, 2011), accessed on December 28, 2011 at <http://www.businessweek.com/news/2011-02-04/merkel-makes-euro-indispensable-turning-crisis-into-opportunity.html>

Certainly as a political tool, the type of rhetoric Angela Merkel utilizes above is necessary to motivate her party members (and incidentally, anyone else who hears it) to lend support to her government's policies; however, there is more to her words than simply political pandering. It is interesting that in a similar speech given later in the year Merkel would claim that if this crisis is averted then "we will have a stronger *Europe* than ever before" (emphasis added)². Her cause is not only for the betterment of Germany, but also for a greater Europe. A Europe that is strengthened through adversity and one with ultimately even greater levels of "political and economic union"³.

The notion that the Euro is an expression of European identity begs the question of what exactly that identity entails. This paper will endeavour to answer this question by examining the progress of European economic integration and how it has accumulated an organizational identity for how member states are to conduct their economic activities. Drawing on concepts of identity studies associated with the fields sociology, anthropology, and constructivism, this paper will argue that the way in which European economic integration has progressed, has led to a number of identity crises. More specifically, by choosing to focus on the route of economic liberalization, the early federalists set about creating an economic value system that is inherently rigid and exclusionary of attributes many citizens of Europe hold dear (namely strong well-defined social policies and protections). With the onset of the sovereign debt crisis, the conflict associated with the path of European economic identity formation has taken a clear turn away from merely reform, to its utter rejection. This inherent conflict of identity has the

² Excerpt taken from, "Merkel Warns of Europe's Collapse" *Spiegel International Online* published May 10, 2010, accessed on February 18, 2013 <http://www.spiegel.de/international/germany/merkel-warns-of-europe-s-collapse-if-euro-fails-so-will-the-idea-of-european-union-a-694696.html>

³ *ibid*, (2010), no pg.

potential to break up the Euro zone and demonstrate the failure of the level of economic identity developed over the past 60 years.

Identity and its Importance for International Relations:

Over the past few decades, many academics in the field of international relations have come to define the importance of identity on the day-to-day interaction of states and international institutions. In its simplest form, identity refers to "the set of beliefs or meanings that answer the question 'who am I' or in the case of an organization 'who are we'"⁴. It is a concept that has long been the object of study in sociology, social psychology, anthropology, as well as other social science fields, and it has been applied to address social and behavioural characteristics across multiple levels of analysis including the individual, the group, organization, society, and nation. How an individual interacts with another individual relies heavily on the set of classifications (ie, class, social standing, political affiliation, race, gender, age, etc.) that that individual has made regarding one's self and the other. For example, any individual who identifies with being an administrative assistant, there are any number of expectations, mores and norms associated with that identity in and across any number of different social situations. The same can be said of individuals who identify with something as seemingly trivial as personality characteristics like "being introspective", which requires a certain level contemplative and quiet social countenance; or "being a loving spouse", which requires a certain level of tender and sustained affection for one's husband or wife. Obviously, at any given time, an individual can identify with one or many different identities depending

⁴ Foreman, Peter and David A. Whetten. "Members' Identification in Multiple-Identity Organizations", in *Organization Science* 13(6) (Nov. - Dec. 2002), pg. 618.

on the social circumstances he or she will find their self in. Whenever an individual is working in an office, they might identify with the title of their profession as project manager, while out with friends, that same person might identify with being a fan of a particular sports team, etc. It is through the identities that we have for ourselves that we learn to interact and associate with the people around us. Without a sense of 'self' or 'other' that individual has little or no means of establishing a comprehensible interaction with the social world around them.

In addition to the benefits associated with explaining basic social interactions, certain scholars have also used the concept of identity as a useful explanatory device for organizational association. How closely an individual will identify with an organization will depend on how closely he or she identifies with the attributes that define that organization⁵. The closer that individual identifies with the organization and its perceived attributes, the more that individual is expressing what some theorists call *organizational identity* or *identity congruence*⁶. In this instance, an 'organization' can be defined broadly to include social groups, political parties, a business, or even an international organization. The process of achieving (or not achieving) organizational identity involves an active consideration of two perceived images a member has regarding the characteristics of an organization: the perceived organizational identity (ie, what the member perceives to be the most accurate description of an organization's attributes) and the construed external image (ie, "what a member believes outsiders think of an organization")⁷. Foreman and Whetten would later refine this model of organizational

⁵ Dutton, Jane, Janet Dukerich and Celia V. Harquail. "Organizational Images and Member Identification", in *Administrative Science Quarterly* 39(2) (June 1994), pg. 239.

⁶ Dutton, *et al* (1994), *ibid*, pg. 239; Foreman & Whetten, (2002), *op.cit*, pg. 619.

⁷ Dutton, *et al* (1994), *ibid*, pg. 239.

identity to include a differentiation between what is perceived as the current identity of the organization, and what is the ideal identity. In their own words, they proposed "that a member compares his or her perceptions of an organization's current identity (beliefs about the existing character of the organization) with his or her expectations for its ideal identity (beliefs about what is desirable, informed by the member's sense of self); and the resulting identity gap/congruence (the cognitive distance between the current and ideal identity claims) significantly affects a member's level of involvement with the organization"⁸. If a member enjoys a close identity with an organization's current identity, but perceives that identity to be changing in a way contrary to their idealized organizational identity, then they will behave in obstructive or confrontational ways to try and shape the organizational identity to suit their idealized vision.

Now, as mentioned earlier, the models regarding identity and organizational identity that I have so far described used theoretical groundwork from, and are designed to be applicable to, social studies and behavioural psychology; however, the logic of these models can still aptly apply to the field of international relations. In fact, a number of IR scholars have wielded the tools of identity studies in order to explain inconsistencies and fill the gaps associated with previous IR schools of thought. For the proponents of identity in IR theory, this same logic of identity perception and interaction can be aggregated to provide insights into the interaction of states both domestically and internationally.

One of the most prominent IR academics to embrace this application of thinking was Alexander Wendt when he began to develop the notion of constructivism. Though not based solely in the realm of identity constructivism, social constructivism adheres to

⁸ Foreman and Whetton, (2002), *op.cit.*, pg. 620.

the idea that states act in much the same way individuals act in a social setting. That is to say that the circumstances of their domestic and international politics are constructed through socialization processes and normalizing experiences. If states are embedded in an anarchic struggle for material power, then why are there so many regional and supranational organizations that generally act to put limitations the development and use of advantages garnered from material power alone? The development of international communities and organizations reflect a social interaction that is much in line with the models of identity. Often termed *collective identity* by IR theorists, the notion of collective identity is crucial to understanding why self-interested units will work in cooperation or in conflict with each other. It refers to "the positive identification of the welfare of another, such that the other is seen as a cognitive extension of the self rather than independent"⁹. How an individual, or even a state will come to interact with another depends on how the two entities identify with each other. According to Wendt, relations between the perception of the "self" and of the "other" are crucial to understanding the interactions of states. As he defines it, "identification is a continuum from negative to positive - from conceiving the other as anathema to the self to conceiving it as an extension of the self"¹⁰. At any point along this continuum, the attitudes of cooperation, conflict and even indifference can be derived. "In negative identification, self sees the other as different, threatening, and inferior, and their relations are characterised by conflict and the ever-present possibility of war. In positive identification, the other is seen as similar, and as a non-threatening extension of self, and going to war with the other

⁹ Wendt, Alexander. "Collective Identity Formation and the International State", in *The American Political Science Review* 88(2) (June 1994), pg. 386.

¹⁰ Wendt, (1994) *ibid*, pg. 386

becomes a nonpossibility"¹¹. This unidimensional model of identification is an important element in understanding why states act in cooperation or in competition with others. It defines a fundamental dichotomy of interaction between "self" and "other" - two conceptualizations that stand in inherent opposition to each other.

It could be argued that the introduction of identity into the realm of IR theory depicts an abandonment of rational self-interest on the part of states regarding the international relations of states. Though the use of identity in IR theory was developed to respond to some of the rationalist, pragmatic arguments proposed by realist thinking, it does not abandon the notion of rationality in these identity interactions, in fact it endeavours to support it by arguing that the cooperation of two or more like identities is in fact just a kind of extension of self-interest. Wendt addresses this point quite explicitly:

Because of corporate needs for differentiation, this identification will rarely be complete...but to the extent that it exists, there will be an empathetic rather than instrumental or situational interdependence between self and other. This is a basis for feelings of solidarity, community, and loyalty and thus for collective definitions of interest. Having such interests does not mean that actors are irrational or no longer calculate costs and benefits but, rather, that they do so on a higher level of social aggregation. This discourages free-riding by increasing diffuse reciprocity and the willingness to bear costs without selective incentives¹².

In this light, collective identity by no means reflects a surrendering of rational self-interest, but in fact this level of cooperation is by definition an extension of rational self-interest. States that identify positively with other states are not irrationally sacrificing their power to appease the interests of another, they are using their power to protect those

¹¹ Rumelili Bahar. "Constructing Identity and Relating to Difference: Understanding the EU's mode of Differentiation" in *Review of International Studies* (2004) 30, p. 34.

¹² Wendt, (1994) *op. cit.*, pg. 386.

that they perceive to be extensions of their self, whose interest run in parallel to their own.

If identities do, in fact, play an important role in explaining how states interact, then it begs the question of where identities come from. Collective identities and communities are not developed in a vacuum, and neither are they "predetermined or natural"¹³. Exactly who constructs a national or even international identity and how is something that has never been clearly defined. This is due in large part because identities themselves are so nebulous and difficult to define themselves. Collective memory and experience cannot easily be traced to a singular point of origin and evidence is often subject to interpretation, as some proponents of identity theories have pointed out: "sometimes the language of identity and references to a shared community are uttered during the first moment of cooperation. But there is no reason to presume that such language and references are anything more than instrumental constructs and contrived conveniences"¹⁴. In spite of these obstacles, several identity theorists have tried to establish models depicting the socialization processes that help to develop identities as a means of establishing identity language in the qualitative evidence. There are a number of ways that identities are believed to be constituted and developed. What follows is a brief description of a few of the approaches scholars have made regarding the process of identification.

The first approach hinges on whether identity is formed organically through the 'essence' of a particular sub-group, or whether it is wholly a social construct, which is subject to the machinations of social experience and manipulation. The debate between

¹³ Mattern, Janice Bially. "Taking Identity Seriously", in *Conflict and Cooperation*, 35(3) (2000), pg. 305

¹⁴ Adler, Emmanuel and Michael Barnett. *Security Communities* (Cambridge: Cambridge University Press; 1998), pg. 415.

essentialists and constructivists regarding collective identities reflects the tension between how much certain identities (ie, gender identities, ethnic identities, national identities) are the result of innate attributes, or the by-product of continuous, historical social interaction and manipulation. One of the issues associated with this debate is the fact that both sides "tend to emphasize the creation of identities by external determination, whether that of biology or society"¹⁵. The implications of this debate mean that regardless of whether one side is correct or not, individuals and the collective often have little to no choice in the process of identification. For some, this depiction of self-identification as being determined by external forces misses the importance of choice in the socialization process. They argue that identities do not simply come down to us from above, but instead identity is formed and reformed according to how individuals and states pick and choose which attributes matter given the current political and social circumstances. Self-identification requires a process of internalizing certain attributes and externalizing others. Individuals use their social interactions with other individuals as means of differentiating which characteristics best apply to their current and ideal identities and which other characteristics do not and they adjust accordingly. Externalization is equally important to the process of self-identification as is internalization. This is the logic that can be applied to national identities of states. Often times states base much of their identities on their rejection of the cultural and/or political values of another. "The English seem mainly to see themselves as not-French, the French as not-German...one of the spurs of European unity has been the protonational self-

¹⁵ Calhoun, Craig. "The Virtues of Inconsistency: Identity and Plurality in the Conceptualization of Europe", in Lars-Erik Cederman *Constructing Europe's Identity: The External Dimension* (London: Lynne Rienner Publications, 2001), pg. 47.

perception of Europeans as the not-Americans"¹⁶. The importance of inclusion and exclusion is often used as an important point in discussion of the development of a European identity.

Iver Neumann discussed the construction of a "European" identity in very fluid terms¹⁷. What constituted a European identity was continually being constructed and re-constructed over time and in relation to international events as well as political discourse and based on what he term an *inclusive/exclusion nexus*. According to Neumann, the process of EU expansion after the fall of the Soviet Union provided a unique opportunity to see how European identity was being constructed through inclusive and exclusive characterizations. By looking at the discussions surrounding the applications of several states vying for membership into the EU in the 1980s and 1990s, he was able to differentiate a pattern of inclusive as well as exclusive language regarding each state's "Europe-ness". Almost invariably, Neumann noticed that would-be member states emphasized references to historic and cultural ties to the progress of European development; however, applications often also reflected an element of disassociation with non-European criteria. For example, the expansion of the EU to include several Central European states after the fall of the Soviet Union was given an easy transition because of the way in which the states openly rejected the anti-democratic, command market rule of the USSR. Even though Russia itself was undergoing a process of democratic and market reform, it was still attainted with its communist past. For many applicant states it was the rejection and exclusion of Russia and the "East" that was "at the heart of some of the pleas for further integration," and it "ease[d] the inclusion of Central European States by

¹⁶ Calhoun (2001), *ibid*, pg. 46.

¹⁷ Neumann, Iver. "European Identity, EU Expansion, and the Integration/Exclusion Nexus", in *Alternatives* 23(3), (1998), pg. 397-416.

stressing the exclusion of Russia"¹⁸. This process is what Neumann called an inclusion/exclusion nexus - where identity construction is refined through stressing inclusive characteristics while rejecting the exclusive ones.

Rumelili drew on Neumann's work and took it another step forward by applying some of the aspects of essentialism and constructivism in the European identification process¹⁹. He differentiates between inherent and acquired characteristics in identity construction. The construction of identity entails an ordering and development of characteristics with the 'Other' in order to better grasp conceptions of the 'Self'. Inherent characteristics make differentiation between the Self and the Other insurmountable or simply cannot be changed. There are also acquired characteristics in identities. Acquired characteristics are differences that can be susceptible to change over time. Rumelili demonstrates how inherent and acquired characteristics are used or ignored depending on the EU decisions to accept or reject states as members into the EU. He takes for example the criteria described in the 1997 Treaty of Amsterdam as a "Statement of European 'community'", which delineates both inherent and acquired characteristics for membership into the EU²⁰. The characteristics are namely that they must be geographically "European" (inherent) or when that is not clearly demarcated, then the state's history and culture are judged on how "European" it is. Furthermore, a member state must be democratic and have a market-driven economy (acquired). A nation's geographic placement on the map or its political and cultural history cannot be changed and therefore is an inherent characteristic when referred in constructions of identity.

¹⁸ Neumann, Iver. "European Identity, EU Expansion, and the Integration/Exclusion Nexus", in *Alternatives* 23(3), (1998), pg. 413.

¹⁹ Rumelili, Bahar. "Constructing Identity and Relating to Difference: Understanding the EU's mode of Differentiation" in *Review of International Studies* (2004) 30, p. 27-47.

²⁰ Rumelili, (2004) , *ibid*, p. 39.

While these inherent attributes in essence prevent certain states from being accepted into the EU, how those attributes are applied are often subject to interpretation. The fact that Turkey has historically been considered an inherent and existential threat to 'Europe', means that its candidacy for EU membership remains highly debated. This is because its presence in the European collective history, even as a threat, is arguably just as relevant as any other EU member state. In contrast to Turkey's claims for membership, Morocco was immediately rejected from membership into the EU based solely on the fact that it is not a part of the European continent (an 'inherent' characteristic that is, in itself, arguable given its historical significance as a Mediterranean state). Thus, even inherent characteristics are subjectively defined.

In the case of acquired characteristics, EU member states must make a commitment to be both democratic and capitalistic in order to acquire and retain membership. Should a member state no longer be democratic and/or capitalistic, then it would have come to acquire a characteristic that is abhorrent to the EU construction of itself, and would effectively cease to be a member of the EU. The expansion of the EU to include Central and Eastern European States (CEES) after the fall of the Soviet Union is an excellent example of states acquiring new characteristics amenable to the European identity. In Rumelili's own words:

"while the CEES are constructed as similar on the basis of inherent characteristics, such as geography and culture, production of difference on the basis of acquired characteristics, that is democracy and capitalism, continues to play an important role in the interaction between the EU and Central/Eastern Europe. In addition to confirming their eligibility for membership, the 1993 Copenhagen Council also declared three conditions that the CEES had to satisfy: stable institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities; a functioning market economy, and the ability to take on the obligations of membership"²¹.

²¹ Rumelili, (2004) *ibid*, p. 41.

The ability of the CEES countries to align with both the inherent and acquired characteristics associated with EU membership in the context of the fall of the Soviet Union, made them particularly suitable to join the European Community.

Both Neumann and Rumelili used the example of the expansion of the EU in the wake of the collapse of the Soviet Union as a means of exposing the ways in which European identity is manipulated to allow or disallow a state membership into the European community. For them, European identity is a tool that is used as a means of differentiating and defining 'European' states from non-'European' states through a process of inclusion and exclusion. This paper contends that this same logic can be applied to the process of identification *within* the EU as well. By design and process, European identity has been altered over time to include and exclude certain attributes, which has created an organizational identity that has exacerbated conflict within the EU.

In the following section, this paper will examine how the development of European economic integration contributed to the conceptualization of a collective 'European' identity. I will demonstrate how the initial, broadly conceived European identity, which entailed the rejection of nationalism and the inclusion of cooperation and fraternity, would come to be altered by the deepening and broadening of economic integration. The end result of this alteration has given rise to the development of an organizational European identity that many European citizens have felt alienated from, and has therefore contributed to a conflict of identity that can be traced even to the economic crisis of today.

European Economic Integration and the European Identity

The European Union is made up of a complex organizational bureaucracy with a Parliament, European Commission, Court of Justice, a Central Bank, and various other legislative and regulatory bodies. All of these institutions operate under the seemingly incompatible mandates of maintaining the national sovereignty of its member states and deepening the process of economic and political integration, while at the same time representing the totality of interests for the entire continent in the international context. At the root of the entire project of European integration is the notion that a unified Europe is stronger and more prestigious than the dissolute association of (often warring) independent nations. It represents a vision of an idealized Europe where the threat of war is unthinkable, and the virtues of democracy and liberalism give strength to all citizens of Europe. It endeavours to represent and make real the sense of a European identity. In this section, I will demonstrate how the progression of European economic integration has defined and materialized its own sense of European identity.

The European Coal and Steel Community (1951)

The EU, as it exists today, can trace its genesis to the establishment of the European Coal and Steel Community (ECSC) in 1951. Imagined first by French statesman Jean Monnet in 1949, the ECSC was the first real step forward toward the dream of a fully united Europe.

By the close of the 1940's, the Soviet Union had reneged on its promise to allow freely democratic elections in Eastern Europe, blockaded Berlin and successfully detonated its own nuclear weapons, all of which demonstrated a clear potential for

renewed war in the minds of the western allies. In these circumstances, France found itself in a difficult position. West German industrial capacity had once again risen from the rubble of total war to become a significant economic powerhouse, and worse still, the threat of Soviet invasion from the east prompted several voices in the United States to call for the rearmament of a German army - an unthinkable outcome to the French elite, many of whom had seen first hand the devastation caused by the German military. Increasingly marginalized and ignored by the United States, and fearing an unacceptable shift in the balance of power within Western Europe, Jean Monnet began to sense that, once again, Europe would succumb to the petty rivalries that had so poorly served its interests in the past. He longed for a Europe that could find strength in cooperation and interdependence and he believed that France could be the catalyst for this new resurgent Europe. Without a unified, independent Europe, Monnet predicted a dismal future not just for France, but for Europe as a whole. He wrote:

"A group will form around the United States, but in order to wage the cold war with greater zeal. The obvious reason is that the countries of Europe are afraid and are seeking help. Britain will draw ever closer to the United States; Germany will develop rapidly, and we shall not be able to prevent her being armed. France will be trapped once more in her old Mathusianism, and this will inevitably lead to her eclipse...the Franco-German problem must become a European problem...at the present moment, Europe can be brought to birth only by France. Only France is in a position to speak and act. To my mind, this was a simple statement of fact, not the proclamation of an historic privilege. But if France fails to speak and act now, what will happen?"²².

²² Monnet, Jean. *Memoires* (New York: Double Day & Company; 1978) pg. 294.

For him, the only solution was to be found in a unified Europe, a Europe which would reject the nationalism and the spirit of contention that had contributed to the countless wars fought in the continent. Monnet recognized that national ardour not only contributed to the cause of war, but it also was utterly ineffective at achieving any European state's desired ends. "All successive attempts to keep Germany in check, mainly at French instigation", he would write, "had come to nothing, because they had been based on the rights of conquest and temporary superiority - notions from the past which happily were no longer taken for granted"²³. For the future of Europe to be prosperous, it must be based on a rejection of traditional approaches to sovereignty and embrace humility and shared interest. His vision of a new European political landscape was clear: "But if the problem of sovereignty were approached with no desire to dominate or take revenge - if on the contrary the victors and the vanquished agreed to exercise joint sovereignty over part of their joint resources - then, a solid link would be forged between them, the way would be wide open for further collective action, and a great example would be given to the other nations of Europe"²⁴. Here we see the rationale behind a new European identity, one that excludes the futility of past conflicts and includes enlightened and cooperative approaches to sovereignty.

It was under these circumstances that Monnet devised a solution that could be conceived as a third way for France and Europe as a whole. He proposed that France and Germany should pool together their coal and steel industries and have them subject to the regulation and supervision of an independent institution composed of equal parts French and German delegates. By fusing together the two national industries, which were crucial

²³ Monnet, (1978), *ibid*, pg. 293.

²⁴ Monnet, (1978), *ibid*, pg. 293.

to the development of military equipment, Monnet believed that he had not only dissolved the threat of a future armed conflict between France and Germany, but also provided a useful precedent for future integrative projects.

Monnet's desire to institute a plan for a new Europe was shared by others in France and Germany. He proposed his idea of a common coal and steel community to Robert Schuman, the French Foreign Affairs Minister who quickly saw the merits of the plan. Like Monnet, Schuman not only saw the potential for the ECSC to reinvigorate France's foreign policy, but also as a stepping stone for what would eventually become a federated, peaceful and prosperous Europe. He would later remark that the ECSC would develop a spirit of solidarity that would make any war between France and West Germany "not merely unthinkable but materially impossible" and he foresaw that it would result in the "fusion of interests which is indispensable to the establishment of a common economic system from which may grow a wider and deeper community between countries long opposed to one another"²⁵. Like Monnet, Schuman perceived the ECSC not just as a practical solution to France's growing obscurity, but also a means of making the first steps toward establishing a new peaceful and prosperous Europe. As a result, Schuman began to engage in secretive talks with the West Germans on how receptive they would be to the ECSC.

Konrad Adenauer, the West German Chancellor, took to the idea of the ECSC quickly. He was eager to demonstrate a German commitment to peace and cooperation. Furthermore, Adenauer was utterly opposed to the proposition of reforming a national *Wehrmacht*. Accepting the terms of the ECSC was an opportunity to demonstrate

²⁵ Quoted from, Wells, Sherrill Brown. *Jean Monnet: Unconventional Statesman* (London: Lynne Rienner Publishers; 2011), pg. 131-132.

German willingness to contribute to a new Europe free of nationalist fanaticism and based upon a spirit of common interest. He too perceived the importance of a European project for the future and accepted that German reconstruction and reconciliation depended on its cooperation with the democracies of Western Europe. The ECSC was a pragmatic way to demonstrate that "European solutions - whatever their individual form - would suit German interests"²⁶. Yet it would be inaccurate to say that Adenauer's support for the ECSC and other early forms of European integration was purely an avenue for the advancement of German interests. Many have noted that several of Adenauer's speeches at the time made reference to the fact that the "era of nation states in Europe...must be at an end if the Europeans wanted to maintain their position in their relations with the superpowers and keep the peace among themselves"²⁷. In order to prevent the nations of Europe from becoming mere pawns in a conflict of ideologically-opposed superpowers, it was necessary for them to cooperate and unify. Thus, for Adenauer aligning German interests to a unified Europe was more than just a pragmatic approach, but the first phase of a new ideology where Europe is strengthened through cooperation and lasting peace. Effectively tying the core of the German military industrial capacity to the French (and later the Netherlands, Italy, Belgium and Luxembourg) was the logical first step towards a federation of European states. Germany could now focus its vigorous collective energy not on the vicious nationalism proposed by Nazism, but on cooperative federalism. "The people must be given a new ideology," he would remark once, "it must be a European one"²⁸.

²⁶ Schwarz, Hans-Peter. *Konrad Adenauer: A German Politician and Statesman in a Period of War, Revolution and Reconstruction* Vol.1 (Oxford: Bergham Books, 1995), pg. 610

²⁷ Schwarz (1995), *ibid*, pg. 611

²⁸ Taken from Schwarz (1995), *ibid*, pg. 612.

By 1951, the negotiations regarding the ECSC were complete and the innovative approach to international cooperation officially went into effect after the Treaty of Paris. The treaty established a common market for coal and steel between West Germany, France, Italy and the Benelux countries that was governed by a high authority comprised of delegates from the respective countries. In its preamble, we see further clues of the rejection of the past, and an inclusion of the spirit of cooperation and shared interest. The treaty "resolved to substitute for age-old rivalries the merging of their essential interests; to create, by establishing an economic community, the basis for a broader and deeper community of peoples long divided by bloody conflicts; and to lay the foundations for institutions which will give direction to a destiny henceforth shared..."²⁹. In this early stage of European economic integration, we see the formation of a nascent European identity, but one that is deliberately vague in order to set the stage for further integrative projects. Its primary attributes are defined merely by its rejection of traditional sovereignty and the inclusion of economic cooperation based on the liberal ideal of peace through integration and interdependence. By remaining deliberately vague, this notion of a European common interest could appeal to a greater number of people.

The European Economic Community (EEC) and the Treaty of Rome (1957)

Though not perfect, the ECSC proved to be a successful example of how European states could come together to express a common interest through the integration of their industrial capacity. However, the euphoria associated with the formation of a new strengthened European common identity was soon eroded away by

²⁹ *Treaty Establishing the European Coal and Steel Community* (Paris: 1951), pg. 3. Accessed on February 5th, 2013 at <http://eur-lex.europa.eu/en/treaties/index.htm>

the abortive failure of the European Defence Community (EDC) in 1954, which would have established a European army made up of international divisions. The failure of the EDC demonstrated to the pro-federalist factions that direct projects of political integration were unlikely to gain traction with governments and citizenry who still identified primarily with the interests of the nation and if integration was to proceed then they would have to generate more "constructive thinking about ways to continue"³⁰. Therefore, they decided to take a long-term approach for achieving a unified Europe and shifted their focus on deepening the integration of European countries through economic liberalism. They believed that by further integrating the economies of European countries, they could develop a new narrative in Europe whereby national interests would be so enmeshed in international economics that political union could not only be conceivable but inevitable. As Walter Hallstein, the West German federalist and first President of the EEC, would later remark: "we not are integrating economies, we are integrating politics. We are not just sharing our furniture, we are jointly building a new and bigger house"³¹. This tactic resulted in the formation of the European Economic Community through the Treaty of Rome in 1957.

Using the ECSC as a model for further economic integration, European federalists in 1956 began early negotiations on the possibility of forming a common market among the ECSC member states, which would entail the elimination of trade barriers and the formation of a common customs tariff for all members. In order to fulfill the desires of the federalists, this common market was to be supervised by a supranational authority whose mandate was to ensure the best interests of Europe through enhanced integration

³⁰ Wells, (2011), *op. cit*, pg. 181.

³¹ quoted from Urwin, Derek W. *The Community of Europe: A History of European Integration Since 1945*. (New York: Longman Publishing 1991), pg. 76.

and interdependence. With many of the negotiators being fervent European federalists, the developers of the Treaty of Rome were able to come to an agreement by the next year and soon after the common market became a reality.

The Treaty of Rome was more than simply a free trade agreement between the European Community member states, it (like the ECSC) was merely a means through which greater European solidarity could be cultivated and used as leverage for the eventual establishment of a United States of Europe. As the chief architect of the EEC Paul-Henri Spaak would later remark: "those who drew up the Rome Treaty...did not think of it as essentially economic; they thought of it as a stage on the way to political union"³². The treaty itself states how the representatives were "determined to lay the foundations for an ever-closer union among the peoples of Europe...[and by] thus pooling their resources to preserve and strengthen peace and liberty, and calling upon the other peoples of Europe who share their ideal to join in their efforts"³³. Thus, the EEC was to be open for all European states that share the values of peace, liberty and economic liberalization. Once again, the attributes associated with a shared European identity are deliberately vague and inclusive in order to appeal to the greatest number of European citizens.

Similar to the formation of the ECSC, the EEC was a means rather than an end in and of itself. The authors of the treaty believed that by

"establishing a common market and progressively approximating the economic policies of Member States, to promote throughout the community a harmonious development of economic activities, a continuous and balanced expansion, an increase in stability, an accelerated raising of the standard of living and closer relations between

³² quoted from Urwin (1991), *ibid*, pg. 76.

³³ (EEC) Preamble to *The Treaty of Rome* (Rome: March 1957), accessed on February 21, 2013 at http://ec.europa.eu/economy_finance/emu_history/documents/treaties/rometreaty2.pdf , pg. 2

the States belonging to it" they could eventually come to develop a sense of European unity and identification that could be cultivated later for more progressive integration projects"³⁴.

But by focusing primarily on economic integration as the engine for the greater political European integration project, the developers of the EEC set in motion a system that would come to develop a systematic and highly specialized organizational identity that opposed to any national intervention to economic activity. Over time, the practice of "harmonizing" member states' economic activities and the institutional desire to oppose economic practices that worked to solve national problems (ie, monitoring and restricting national balance of payments, opposing inflationary policies, etc) would develop an organizational regime that manufactured a European economic identity that is overtly hostile to social intervention.

The Werner Report and The European Monetary System (1970 - 1979)

The economic resurgence of Europe in 1960's began to make the Bretton Woods system of pegging national currencies to the US dollar untenable. The decline of the Bretton Woods system throughout the late 1960's began to create a great deal of currency instability for Germany and France, and by extension had significant negative effects for the member states of the EEC. In response to this growing currency instability, the Finance Minister of Luxembourg, Pierre Werner, released a report, which would become the progenitor of European Monetary Union. Known colloquially as the Werner Report and published in 1970, it attributed the economic turmoil within the EEC to "the marked differences between the member countries in the realization of the objectives of growth

³⁴ (EEC) Article 2 (1957) *ibid*, pg. 3.

and stability", which in turn created a "grave danger of disequilibria"³⁵. For Werner, the problem lay in the fact that for national governments, the "control of economic policy has become all the more difficult because the loss of autonomy at the national level has not been compensated by the inauguration of Community policies"³⁶. Here we see the argument stated plainly. According to this report, the implications of the Treaty of Rome on member states' monetary policy was already restrictive - hindering their ability to control economic outcomes - and a lack of Community level monetary policy as made it so that state governments cannot effectively coordinate their monetary policies for the greater good of Europe. A European monetary policy would serve to correct any instability that could arise from uncoordinated or disharmonious monetary policies. Thus, the report suggests the implementation of a monetary union between the member states of the EEC. This monetary union implied within its borders "the total and irreversible convertibility of currencies, the elimination of margins of fluctuation in exchange rates, the irrevocable fixing of parity rates and the complete liberation of movements of capital" which "may be accomplished by the maintenance of national monetary symbols or the establishment of a sole Community currency"³⁷. The report argued for the establishment of a single currency for use within the EEC. The Werner Report effectively called for an institutional terminus for the ability of member states to make monetary decisions and policies of their own accord.

Due to the global economic turmoil and epidemic of 'stagflation' of the 70's, the project to develop a single currency for the EEC was shelved. However, the

³⁵ (EEC) *The Werner Report* (1970), accessed on February 20, 2013 at http://ec.europa.eu/economy_finance/emu_history/documentation/chapter5/19701008en72realisationbystage.pdf, pg. 7.

³⁶ (EEC) (1970), *ibid*, , pg. 7.

³⁷ (EEC) (1970), *ibid*, , pg. 8.

establishment of the European Monetary System (EMS) in 1979 set out to address some of the issues brought up by the report. The EMS made it so that European currencies would be linked "in a scheme where their values would fluctuate against each other within designated limits", the ultimate goal being "predictable monetary interaction within the EEC...to prevent monetary fluctuations from destroying the Common Market"³⁸. The EMS set out to limit national monetary policies within the EEC, and with it came the first real step in the economic integration process whereby a set of tangible characteristics could be applied to the EEC's organizational identity. By 1979, member states of the EEC not only had to reject nationalist fanaticism and show commitments to partially vague ideals like 'democratic peace', 'prosperity', or 'economic liberalism', but they were also required to sever direct control of their monetary policy in order to serve the greater good of the entire system.

The Single Europe Act (1986)

For several decades the Treaty of Rome had been implemented with little or no significant changes to its protocols and structure. By the 1980s, however, the EEC had grown to include a greater number of European states and many of the institutional inefficiencies inherent to the design of the initial EEC were becoming more evident. Thus, the EEC endeavoured to make amendments to the Treaty of Rome in order to better accommodate the new circumstances of the union. The resulting amendment came in the form of the Single Europe Act (SEA). Essentially, the SEA was simply the logical conclusion of ideas set out for the establishment of a Common Market in the Treaty of

³⁸ Ross, George "The Euro and European Social Policies", in Dean J. Kotlowski *The European Union: From Jean Monnet to the Euro* (Athens: Ohio University Press, 2000), pg. 100.

Rome. Yet, the SEA also carried with it a great many reforms, which had significant implications for the economic policies of member states. The SEA

"had introduced qualified majority voting, minimal harmonization and mutual recognition to remove the nontariff barriers of nationally differing product standards; it required the liberalization of hitherto protected, highly regulated and often state-owned service-public industries and infrastructure functions, including financial services, air, road and rail transport, telecommunications and energy; and it extended the reach of European competition law to all national policies that could be regarded as distortions of free competition"³⁹.

These far reaching reforms owe much of their origin to the political influence of neo-liberalism, which had become so prevalent in the developed world during the 80s. The reforms endeavoured to further refine the Common Market into a "unified and homogenized economic space" where "market forces were to have much greater scope to influence the sectoral and socio-spatial distributions of economic activities, resources and income"⁴⁰. As such, the SEA took as inspiration for its starting point a white paper written for the EC with almost 300 "specific proposals for eliminating barriers to competition"⁴¹.

The SEA represented a significant step to create further economic qualifications on member states as minimum conditions for membership into the fold of European economic integration. In order for a member to identify with the construction of Europe, it must accept the terms outlined by the SEA or it will be considered simply outside the jurisdiction of the Common Market; outside of 'Europe'.

³⁹ Scharpf, Fritz W. "The European Social Model: Coping with Diversity", in *Journal of Common Market Studies* 40(4) (2002), pg. 647-648.

⁴⁰ Hudson, Ray. "One Europe or Many? Reflections on Becoming European", in *Transactions of the Institute of British Geographers*. 25(4) (2000), pg. 413.

⁴¹ Moss, Bernard H. "Is the European Community Politically Neutral? The Free Market Agenda", in Bernard H. Moss and Jonathon Michie [eds] *The Single European Currency in National Perspective* (London: Macmillan Press Ltd, 1998), pg. 145

The Maastricht Treaty, the European Central Bank and the Euro (1992-1999)

By the early 1990s, the progress of European economic integration had reached the point where the EC felt like it was prepared for an official monetary union with a single currency. So once again, dignitaries of the member states began negotiations for the amending of the Treaty of Rome to include wholesale monetary union and the formation of its appropriate apparatus. By 1992, the Maastricht Treaty was formalized and called for the implementation of the Euro as the only currency in European member states by no later than January 1, 1999. The negotiators of the Maastricht Treaty took the core logic behind the Werner Report one step further, arguing that in order to effectively maintain the European common market, monetary instability needed to be curbed "by irrevocably fixing the exchange rates among the member-states' currencies, and that maintaining irrevocably fixed exchange rates requires the creation of a common currency and an institution at the supranational level charged with responsibility for monetary policy"⁴². During the process of negotiation, the "low inflation countries," especially Germany, which had a historic abhorrence to inflationary policies, expressed a deep concern that "if EMU were to be established without limits on public debts and budgetary deficits, inflation and interest rates would rise to the average performance of the member states"⁴³. As such the Maastricht Treaty instituted several "convergence criteria" which member states needed to acquire before being eligible to take on the Euro as their currency. These criteria included: a national currency that remained categorized as normal within the Exchange Rate Mechanism (ERM) for two years without having to

⁴² Cameron, D. "Creating supranational authority in monetary and exchange-rate policy: The sources and effects of EMU" in W. Sandholtz & A.S. Sweet (eds.), *Supranational governance: The Institutionalization of the European Union*. (New York: Oxford University Press. 1998) pg. 192.

⁴³ Verdun, Amy. "An Asymmetrical' Economic and Monetary Union in the EU: Perceptions of Monetary Authorities and Social Partners" in *Journal of European Integration* 20(1) (1996), pg. 60.

devalue; an inflation rate that could not exceed 1.5% higher than the average of the three member states with the lowest inflation; government deficits could not exceed 3%; gross public sector debt could not be more than 60% GDP; and long-term interest rates could not exceed 2% of the average of the three member states with the lowest inflation⁴⁴. According to the terms and conditions of the Maastricht Treaty, price stability and low inflation was the primary mechanism through which the Euro would secure the wealth and prosperity of the European citizenry.

This same line of reasoning was made manifest by the institutional priorities set out for the mandate for the European Central Bank (ECB), which was also borne out of the articles of the Maastricht Treaty. The ECB holds as its primary objective maintaining "price stability, reflecting a broad consensus in society that maintaining stable prices is the best contribution that monetary policy can make to economic growth, job creation and social cohesion"⁴⁵. This inherent aversion to inflation was quantified to ensure the maintenance of "inflation below, but close to 2% over the medium term"⁴⁶. This benchmark represents belief that low inflation is the only true way to maintain accumulate wealth in Europe is the basis for this level of planning and action.

With the establishment of the convergence criteria, and the formation of the ECB with its highly specialized adherence to low inflation, there is an even greater extension of the organizational identity set out in previous decades by institutional reforms like the EMS and the SEA. For a member state to be considered a part of the European Union, it must not only share common history and culture with the other European countries and

⁴⁴ sourced from Teague, Paul. "Monetary Union and Social Europe", in *Journal European Social Policy* 8(2) (1998), pg. 119.

⁴⁵ (ECB) *The Monetary Policy of the ECB* (2011), accessed on February 19, 2013 at <http://www.ecb.int/home/html/index.en.html>, pg. 7

⁴⁶ (ECB) (2011), *ibid*, pg. 7.

accept the principles of democracy and economic liberalism, but it must also adhere to strict codes of economic behaviour with real implications for the economic well-being of its citizenry. The attributes associated with joining the EU require member states to conform to the strict convergence criteria of the Maastricht Treaty, submit to a monetary policy that is focused almost singularly on the maintenance of low inflation, and open nearly all of its industries and markets to free competition with the other member states of the EU. Since the ratification of the Maastricht Treaty, this level of organizational identity has faced a backlash from many who feel that the "Europe" that has been constructed through the processes of economic integration is in contrast to the ideal "Europe" promised by the prospect of continental federation. The following section will investigate how conflicts within the EU over the governance of economic integration stem from the lack of congruence between two visions of European identity, the "Europe" of monetary union and that of "Social Europe".

Economic Integration and the Initial Conflict of European Identity

The level of economic liberalization that has occurred throughout the progression of the EU has made it so that other possible avenues of integration are either ignored or underrepresented, namely with respect to the development and/or preservation of social policies and ideologies at the supranational level. The economic policies of the EU have given little opportunity for the development of a "Social Europe", which here refers to "the two key institutions that underpinned postwar economic life: the welfare state and collective bargaining backed up by comprehensive labour market regulations"⁴⁷.

⁴⁷ Teague, (1998), *op. cit.* pg. 118

While the integration process in Europe has made major strides in eliminating barriers to trade and deregulating international markets to inter-state competition, it has made little progress towards setting standards for the development of a common social safety net at the EU level. Though there has been some serious attempts at developing supranational social policies in the EU, decision makers have generally preferred to let the member states deal with social policy at the national level since there is such a diversity of social policies throughout the continent and they are usually so intimately tied to a state's political and cultural identity⁴⁸.

The lack of a social policy in the development of European integration has been referred to as the "asymmetrical governance" of the EU institutions by several academics studying the effects of economic integration on European social policies⁴⁹. In addition to the lack of institutional precedent for dealing with social policies within the EU, there are two additional characteristics of the integration project that exacerbate the asymmetrical quality of EU governance: the implications of the Maastricht Treaty and the mandate of the ECB. The lack of provisions set out in the Maastricht Treaty regarding the enhancement and/or preservation of social policies meant that national social policies could undergo large revision without any means of compensation at the supranational level. This was especially troublesome since the strict convergence criteria had significant implications for all member states' social policies. In order to meet the

⁴⁸A more in depth discussion on the types and qualities of European social policies can be found in the opening chapter of Johnson, Ailish *European Welfare States and Supranational Governance of Social Policy* (Oxford: Palgrave Macmillan, 2005), pgs. 1-23.

⁴⁹ Bolukbasi, H. Tolga. "Plus Ca Change...The European Social Model between 'Economic Governance' and 'Social Europe' From the Maastricht Treaty to the European Constitution", in Amy Verdun [ed] *The Political and Economic Consequences of Economic and Monetary Union: taking Stock of the First Eight Years* (New York: Nova Science Publishers Inc, 2007), pgs 25-55; Verdun, Amy. "An Asymmetrical Economic and Monetary Union in the EU: Perceptions of Monetary Authorities and Social Partners" in *Journal of European Integration* 20(1) (1996), pgs 59-81; Scharpf, Fritz W. "The European Social Model: Coping with the Challenges of Diversity", in *Journal of Common Market Studies* 40(4), pgs 645-670.

requirements of monetary union, member states in the 1990s began to "rein-in government deficits to keep inflation and interest rates low", and "enacted economic retrenchment policies...to curb fiscal deficits", which involved making significant cuts to welfare and social expenses⁵⁰. These austerity measures contributed to record levels of unemployment in the EU and in particular France, during the late 1990s. Even while the Maastricht Treaty was being drafted, Europeans from various ministries of finance and trade unions were surveyed and nearly unanimously, they "predicted that fiscal and social policies would undergo a process of harmonization through the market. Fiscal policies would give way to market pressures, in the first place, in the battle over trying to attract investment"⁵¹. So not only was social reform predicted by many in the financial and social services industries, it was even a desired outcome.

The second major contributor to the asymmetrical governance of the EU is the ECB's rigid adherence to ensuring low levels of inflation regardless of its potential detriment to unemployment. By making the aversion to inflation its primary mandate, the ECB runs the risk of creating a situation where real wage prices for labourers are too high compared to the prices of goods and services which would result in high or rising unemployment rates. It was argued that such strict anti-inflationary or even deflationary policies by the ECB would "sacrifice" labourers to "levels of unemployment that year after year deprive millions of young people of the opportunity even to start a career"⁵². These qualities of the European integration process have contributed to the notion that

⁵⁰ Teague, (1998), *op. cit.* pg. 119.

⁵¹ Verdun (1996), *op. cit.* pg. 74.

⁵² Luttwak, Edward "Central Bankism" in Peter Gowan and Perry Anderson [eds] *The Question of Europe*, (New York: Verso Publishing, 1997), pg. 222.

"Social Europe" is being excluded from the construction developed by the current EU regime.

Now, the extent to which the EMU actually has had a direct detrimental effect on member states' social policies is in some dispute. Some have argued that in fact many of the projects within the economic integration process have the apparatus to establish Europe wide social policies⁵³, or that the impact of economic integration on government expenditure is exaggerated⁵⁴. Just as important as discovering who is right and who is wrong in this argument is discovering the way in which the conflict is framed. Those who argue that a "Strong Europe is a Social Europe"⁵⁵ are making an argument that is essentially based in a conflict of identity. They see the current regime as propping up a European identity that includes widespread economic deregulation, while simultaneously excluding the importance of maintaining a robust social policy. In some cases, scholars have argued that, in fact, the process of European integration has an "inherent" and "systemic" bias against social interventionism, which has only increased exponentially in response to the "neoliberal revolution" of the 1980's⁵⁶. Still others have gone even further with their rhetoric, stating that "European construction currently amounts to social destruction"⁵⁷. In each case, there is a clear delineation between the Europe that has been constructed under the EU regime and an idealized "Social Europe".

This identity conflict is not restricted to just arguments between academics, it has also translated into real civil unrest and has significant political implications for the

⁵³ Jones, Erik. *The Politics of Economic and Monetary Union: Integration and Idiosyncrasy* (Maryland: Rowman & Littlefield Publishers, 2002), pgs 101-123.

⁵⁴ Bolukbasi, (2007), *op cit*, pgs 25-55.

⁵⁵ Shaw, Jo. "A Strong Europe is a Social Europe", *The Federal Trust Constitutional Online Papers*, (2003) no.5.

⁵⁶ Moss, (1998), *op cit*. pg. 143.

⁵⁷ Bourdieu, Pierre. *Firing Back* (Cambridge: Polity Press, 2003) pg. 54.

progress of European integration. During several EU summits before the implementation of the Euro in the late 1990s, a large coordinated protest movement formed in retaliation to the "social consequences of neoliberal globalization"⁵⁸. Composed of frustrated unemployed masses, labour unions and other various organizations, the protests were internationally coordinated and in some cases as large as 70,000 people. They demanded a different approach to European integration; calling for a "Europe from below", which would address "unemployment at the European level" and mobilize against "the neo-liberal policies...which brought twenty million unemployed and almost sixty million living poverty" across Europe⁵⁹. The protests themselves consisted of marches across the continent, following in the wake of EU summits at Amsterdam, Cologne and Nice. Along the way protestors would call for and join in sympathy strikes and other labour disruptions in support for greater action for ensuring a European level social policy. It is important that these organized gatherings were not directly protesting European economic integration, but the way in which economic integration was taking place. They were concerned that the current EU regime was ignoring, if not deliberately dismantling the importance of a social safety net in Europe.

Even after the Euro was introduced, there was significant evidence to suggest that large portions of Europe were dissatisfied with the progress of European Unity as a result of the economic integration regime. According to Risse, the implementation of the Euro itself has become symbolic not just of economic integration, but of the whole notion of European identity⁶⁰. By studying opinion polls on the Euro and how it is perceived by EU

⁵⁸ Mathers, Andy. *Struggling for a Social Europe* (Burlington VT: Ashgate Publishing, 2007), pg. 49.

⁵⁹ Quoted from Mathers, (2007), pg. 55; 58.

⁶⁰ Risse, Thomas. "The Euro between National and European Identity", in *Journal of European Public Policy* 10(4) (August, 2003), pg. 487-505.

citizens, he found that the Euro has increased "the 'realness' of the EU among those who use the new currency in their daily lives"⁶¹. Currency, he argues "is among the most important identity markers in people's daily lives" and as such, the Euro too has become a symbol of European integration⁶². Evidence for this observation can be found in Eurobarometer polls conducted since the launch of the Euro. Respondents to the Eurobarometer polls have persistently placed "the Euro" in the top three responses to the question "what the European Union means" to them. In some cases, going so far as to conclude that the European Union and the Euro are "synonymous"⁶³. A large percentage of Europeans have come to identify the Euro with the greater European Union. This is an important observation when one considers that public opinion on the performance of the Euro throughout Europe in this time has been lukewarm. The reasons why Europeans have shown ambivalence towards the Euro can be traced to a number of causes including economic performance, political affiliation⁶⁴, or as Allan and Goerres concluded in their study of public opinion, that historical-ideational and identity considerations greatly affected an individual's support for the Euro⁶⁵. According to their study, identity-based support for the Euro is often centred around the desire of citizens "to maintain peace in Europe, a desire that complements the wish for free market reforms"⁶⁶. On the other hand, when polls indicate identity-based dissent over the Euro, it tends to stem from the

⁶¹ Risse (2003), *ibid*, pg. 493.

⁶² Risse (2003), *ibid*, pg. 488.

⁶³ European Commission . *Eurobarometer 61: Public Opinion in the European Union*, (Spring, 2004), pg. 9.

⁶⁴ In depth considerations on this phenomena can found in Gabel, M. & Whitten, G. (1997) 'Economic Conditions, Economic Perceptions, and Public Support for European Integration', *Political Behavior*, 19, 1, pp. 81–96; and Gabel, M. (1998) *Interests and Integration: Market Liberalization, Public Opinion and European Union* (Ann Arbor, MI: University of Michigan Press).

⁶⁵ Allam, Mirriam S, and Achim Goerres. "Economics, Politics or Identities? Explaining Individual Support for the Euro in New EU Member States in Central and Eastern Europe", in *Europe-Asia Studies* 63(8) (October 2011), pg. 1399-1424.

⁶⁶ Allam, and Goerres (2011), *ibid*, pg. 1420.

fact that the Euro is "widely believed to have brought downward pressure on the living standards and an unequal sharing of rewards across society"⁶⁷. Interestingly, the negative perceptions associated with the Euro "seems to have increased public antagonism towards US-style free-market capitalism"⁶⁸. These findings seem to indicate that public opinion generally perceives the introduction of the Euro to Europe as equating to an expansion of free market capitalism. Thus, acceptance or antagonism regarding the Euro in these polls reflects simply how respondents feel toward the perception of increased market liberalization.

The level of public dissent over the progress of European economic integration has notably lead to some backlash against the process in Europe as well. In 2005, both France and Denmark voted "no" in referenda on the ratification of the European constitution. According to the Eurobarometer poll conducted in the wake of the negative votes, nearly a third of the respondents feared the constitution would have lead to an increase in unemployment; nearly a fifth felt that the draft constitution was too (economically) "liberal", and nearly a sixth of respondents felt that the constitution did not contain enough provisions regarding a "Social Europe"⁶⁹. Opposition to the ratification of the constitution was based primarily on concerns of social policy ramifications. As one scholar keenly observed: "it was *not* the *concept* of the constitution itself that was rejected; rather the French desired a *different* constitution"⁷⁰. This is an important fact regarding the conflict of identity associated with the European Union.

⁶⁷ Marsh, David. *The Euro: The Battle for the New Currency*" (London: Yale University Press, 2011), pg. 269.

⁶⁸ Marsh, (2011), *ibid*, pg. 269.

⁶⁹ European Commission (Flash Eurobarometer Poll) *The European Constitution: Post Referendum Survey of France* (2005), pg. 17.

⁷⁰ Bolukbasi, (2007), *op cit*, pg 27

Obstinacy over the progression of European integration is based on form, not the process itself. This is an identity conflict where there is simply a lack of congruence between what the European economic identity has become and what a large proportion of Europeans feel *should* be a European economic identity. However, as will be demonstrated, the sovereign debt crisis has exacerbated the identity conflict to a point where the merits of European integration as a whole are questioned.

Economic Turmoil and the Crisis of European Integration

As discussed in the previous section, the introduction of the Euro as the single currency for the Euro zone created a tangible expression of the EU's organizational economic identity. The Euro represents the ideals of the common European market to the public better than any of the previous efforts to integrate national economies. As well, the Euro carries with it all the characteristics associated with EU integrative institutions. By using the Euro, a member state explicitly accepts the terms of the Maastricht Treaty and surrenders the control of its monetary policy to the will of the ECB. Thus the Euro represents the culmination of the European identity through economic interdependence and cooperation.

Inherent to the economic identity manifested through the Euro is the diminished role of nationalism (in economic policy as well as political ideology) as a productive force for the member states within the EU. It is a notion that is captured well by the words of Wim Duisenberg, the first President of the ECB when he stated that the Euro "represents the mutual confidence at the heart of our community...it is the first currency

that has not only severed its link to gold, but also its link to the nation-state"⁷¹. Throughout the integrative process, the potentially destructive force of nationalistic fervour was to be replaced with a new paradigm based on cooperation and interdependence. The EU was to stand for a Europe for Europeans, as opposed to a Europe for France, or Germany, or any other specific member state. Evidence suggests that the efforts to shift this paradigm have, in fact, taken some hold on the citizens of the EU. By 2006, a Eurobarometer report found that 54% of EU citizens, identified themselves in some way as being European as opposed to just identifying with their nationality, and that 59% of those polled were proud to be European⁷². This is not to say that national identity and pride are disappearing--they are not--but what it does demonstrate is the notion that an individual can identify with his or her nationality *and* Europe without the two notions being mutually exclusive. For example, a proud German citizen can still consider himself a proud European as well because he believes that the levels of integration have come to a point where European interests are in line with national interests. In other words, the majority of EU citizens believe that what is good for Europe is also good for their home country. Even those who are disappointed with the outcomes of economic integration, like the protesters in Amsterdam, Cologne and Nice in the late 1990s, were arguing for a European solution to the perceived inadequacies of Europe's social safety net as opposed to national solutions.

In recent years, however, the nature of the economic integration process as expressed through the introduction of the Euro has exacerbated a crisis that has led significant portions of EU citizenry to reject the current EU organizational identity and

⁷¹ As seen in Marsh, (2011), *op. cit.*, pg. 12.

⁷² European Commission. *Eurobarometer 66: Public Opinion in the European Union*. (Autumn 2006), pg. 112, 115.

embrace more Euro-sceptic or even nationalist sentiments. The sovereign debt crisis has brought out these identity conflicts in two ways: first, by giving the appearance that by remaining in the Euro zone certain member states are sacrificing their own short-term interests and well-being in the hopes of uncertain long-term gain; and second, by giving the impression that the Euro has proved itself to merely be an instrument of German domination, as opposed to being based on Europe-wide interests. In both cases, the result is the same: individuals perceive that the economic identity provided by the Euro is no longer worthy of support. Mainstream thought and popular movements expressing public dissent for EU policies are no longer confined to simply reforming the institutions under Europe-level control; they also include calls for the outright rejection of EU economic identity and in some cases the reinstatement of national currencies. This section will examine the nature of the debt crisis in Europe, and then show how it has contributed to the two levels of identity conflict mentioned above.

The Sovereign Debt Crisis

Since 2009, the EMU has been marred in a sovereign debt crisis that has spread throughout the Euro zone and is threatening to undermine the organizational identity of the EU. The causes of the crisis can be traced in large part to the nature of the EMU itself. The EMU represents a singular monetary policy with limited fiscal constraints on its member states. The fiscal constraints on member states represented through the convergence criteria of the Maastricht Treaty and the Stability and Growth Pact, which set limits on the debt levels, ultimately proved to be inadequate as several governments occasionally exceeded the 3% of GDP deficit limit in the first decade of the EMU. This

structure of the EMU meant that although states could no longer devalue their currencies, they could generally spend and borrow as they pleased, since the introduction of the single currency coincided with a "Europe-wide fall in interest rates to German levels" borrowing was much cheaper for peripheral countries than if they were outside the Euro zone⁷³. Moreover, without the autonomous ability to devalue their currency, typically high-inflation countries such as Greece, Italy, Spain and Portugal lost their traditional method of keeping their goods competitive in the international market. This meant that in order to achieve greater international competitiveness, these countries needed to apply their cheap credit on "labor and product market reforms that would improve productivity and reduce relative prices"⁷⁴. Instead, the countries borrowed in order to "fuel wasteful consumption and [acquire] speculative purchases of financial assets and real estate whose values subsequently plummeted"⁷⁵. As a result of this behaviour, the peripheral states quickly turned their pre-Euro surpluses into current account deficits. When the global financial crisis had triggered stagnant growth or recession in many Eurozone countries, the levels of debt had accumulated to a point of crisis. In particular, the crisis has been particularly acute in the so-called GIIPS countries (Greece, Ireland, Italy, Portugal and Spain). Essentially, the GIIPS countries are in a position of nearly defaulting on their sovereign debt payments without the injection of funds supplied by third party backers.

Recognizing the seriousness of the situation, the European Commission, backed by the ECB and the IMF (often referred to as the "Troika"), have responded by developing the European Financial Stability Facility (EFSF) and the European Stability

⁷³ Marsh, (2011), *op.cit*, pg. 7.

⁷⁴ Hobolt, Sara and Patrick Leblond. "Economic Insecurity and Public Support for the Euro Before and During the Financial Crisis", in Nancy Bermeo and Larry M. Bartels, eds, *Crisis and Continuity: Popular Reactions to the Great Recession*, (Russell Sage Foundation, 2013, forthcoming).

⁷⁵ Marsh, (2011), *op.cit*, pg. 7

Mechanism (ESM), which are essentially bodies that provide for relief funds to be used as bailouts for the member states most drastically affected by the debt crisis. Since the outbreak of the crisis, there have been negotiations for nearly €500 billion. German influence over the debt relief process has been significant. In an effort to ensure fiscal reforms within the countries that would benefit from the bailouts and to retain national political support with a German populace who has typically shown "deep ambivalence"⁷⁶ toward the Euro, German Chancellor Angela Merkel has been clear in her insistence that if the EU is going to provide relief for the struggling countries then it is to be on terms that acceptable to the German population. Thus, all bailout money has been conditional upon severe austerity measures designed to increase public revenues through more and broader forms of taxation, reduce public expenditure through massive cuts to social programming and the public service, as well as measures for labour market reforms to increase competitiveness⁷⁷. The idea being that these austerity measures will correct the problems that contributed to the debt crisis, and ensure economic strength in the long term. However, it will be shown that these conditions are making many within the GIIPS countries perceive that their direct interests are no longer being considered within the framework of the Euro zone Regime. This perception has inevitably led to a growing desire to leave the Euro zone and reinstate national currencies.

⁷⁶ Risse, (2003), *op.cit*, pg. 492.

⁷⁷ Paraphrased from a list of austerity measures mentioned in "EU Austerity Drive by Country", *BBC Europe* (May, 2012), np. Accessed on March 18, 2013 at <http://www.bbc.co.uk/news/10162176>

The Rise of Euroscepticism and the Costs of Continued Membership

Since the outset of the sovereign debt crisis, there has been a marked drop in Europe-wide support for the single currency as a viable policy for the continent. Eurobarometer data shows that support for "European economic and monetary union with one single currency" in 2012 was 52% with 40% of respondents against the union. These numbers represent a sharp turn in support for the Euro from before the outset of the crisis in 2008, which had shown that 61% of respondents supported the Euro and only 32% were against it. This is the lowest level of support for the Euro since it was adopted. Clearly, the crisis is shaking the faith that many Europeans have in the Euro as being economically advantageous for both their nation and the continent as a whole. To make matters worse, the Eurobarometer data indicates that the trend of low support appears to be getting worse as time goes on, which indicates that not only the crisis itself but also the EU's efforts to address it are negatively influencing people's opinions of the monetary union. The development of bailout funds for highly-indebted countries has begun to exasperate many non-GIIPS Europeans who feel that their taxes are being forced to subsidize the debt of reckless and irresponsible governments with little or no consequences. As a result, the EU has instituted strict austerity conditions for the bailouts, which have angered many GIIPS Europeans who believe that such measures hold dire implications for their national economies.

Governments within the GIIPS countries, however, are faced with few options. In order to avoid inevitable default and remain within the Eurozone, they have been forced to abide by the austerity clauses in their negotiations with the European Commission, the IMF and ECB. In the short term, the austerity measures imposed on the GIIPS economies

have contributed to periodic or sustained recession (Greece has seen negative growth for the past five consecutive years); higher levels of taxation; reduced wages; and skyrocketing levels of unemployment (since 2008, Portugal, Spain and Greece have seen unemployment rates grow from 9% - 16%, 15% - 26%, and 9% - 27% respectively)⁷⁸. The short-term costs associated with remaining in the Eurozone, therefore, are incredibly high.

The public response within the GIIPS countries to these measures has been predictably negative. Anti-austerity protest movements and strikes have become widespread and occasionally violent. Hundreds of thousands of protesters in their relative countries have demanded that their governments reject the imposition of austerity measures and demand concessions from the Troika. Often carrying placards with phrases like "Screw the Troika" and "Austerity Kills", the sentiments of the protesters commonly conclude that austerity measures unfairly cripple the economy and put the burden of reform on the poorest members of society⁷⁹. In spite of this growing unrest, the powers in favour of austerity have persisted with seeking further reductions of government spending in exchange for bailout funds. The result is that many in the GIIPS countries have come to question the legitimacy of Eurozone membership as a viable means of ensuring the best interests of their countries. Recent elections in Greece and Italy have demonstrated that voters are turning to Euro-sceptic, or even overtly nationalistic parties to reject the economic narrative provided to them by pro-Eurozone parties. In February of 2013, the Italian election saw the majority of the votes split between Silvio Berlusconi's

⁷⁸ Source: European Commission. *Eurostat*. Accessed on March 18, 2013 at <http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/>

⁷⁹ "Eurozone Crisis: Portugal Protests Against Austerity", *BBC Europe* (March, 2013). Accessed on March 18, 2013 at <http://www.bbc.co.uk/news/world-europe-21643853>

People of Freedom Party (approximately 30% of the vote) and the Five Star Movement led by comedian and political blogger Beppe Grillo (approximately 25% of the vote). Though not overtly anti-European, Berlusconi's campaign ran on a platform based on a rejection of austerity measures, while the Five Star Movement has called for a referendum on "whether Italy should default on its huge debts and leave the Euro"⁸⁰. Likewise in Greece, elections in May and June of 2012 saw an increase in support for parties hostile to cooperation with the EU on Greece's economy. It was only through the formation of a tenuous coalition that the pro-Eurozone New Democratic party (19% of the vote) could govern in opposition to the far-left, anti-austerity parties like Syriza (17% of the vote) and the Independent Greek party (10% of the vote). The most alarming result of the elections, however, was the growth in support for the fervent nationalist, "neo-Nazi", Golden Dawn party, whose support grew to almost 7% of the vote (as opposed to the less than 1% before 2008). The party's leader, Nikolaos Michaloliakos, pledged to "fight the memorandum of the junta inside and outside Parliament", in reference to the negotiations between the Greek government and the Troika⁸¹. The results of these elections reflect a growing sense within the voting public that what is "good" for the Eurozone is no longer good for the nation-state. Voters are angry with governments that appear to be sacrificing the health of the economy to appease the interests of EU institutions. This anger is manifesting in the growth of support for parties that either reject the standard ideals imposed by Eurozone membership, or even parties that embrace a break from the EU altogether and a resurgence of nationalism to ensure the interests of the state are achieved without the influence of foreign intervention.

⁸⁰ NA, "Ungovernability Wins", *The Economist* (March 2, 2013)

⁸¹ Referenced from Donadio, Rachel and Niki Kitsantonis "Greek Voters Punish 2 Main Parties for Collapse", *The New York Times* (May 6, 2012)

Even in countries with strong economies, there is evidence to suggest that faith in the Euro as a legitimate currency regime in Europe is faltering. In Germany, public sentiment has grown increasingly bitter toward a Europe in which Germany is seen as the "paymaster" of struggling, irresponsible and spendthrift countries⁸². To appeal to this growing national sentiment, a new political party has begun petitions to enter into the German political scene. Named Alternative für Deutschland (Alternative for Germany), it is driven to achieve a singular purpose: "the dissolution of the euro in favour of national currencies or smaller currency unions." The party also demands an end to aid payments and the dismantling of the European Stability Mechanism bailout fund⁸³. The Party was founded by Bernd Lucke, a well-known German economics professor, who argues that the single currency is "far from being the "peace project" that was intended, [and instead] nowadays causes strife among Europeans"⁸⁴. It remains to be seen just how much support this party can achieve in an election, or even if the party can achieve the number of signatures required to successfully become a political party at all; however, its formation is significant for a country where "any form of Euroscepticism remains taboo [and] the German media [are] ever vigilant against creeping populism or right-wing extremism"⁸⁵. Thus even in the economically strong Germany, there is a growing sense that the Euro has lost its way and no longer provides benefits to the country.

⁸² Hawley, Charles. "Germany's New Anti-Euro Party", *Der Spiegel* (March 8, 2013).

⁸³ Quoted from Hawley, (2013), *ibid.* NP

⁸⁴ "Euroscepticism in Germany: Silent No More", *The Economist* (March 23, 2013).

⁸⁵ *ibid.*

The Euro as a Means of German Domination

In addition to the conflicts associated with Euro zone membership and austerity measures, the single currency has also contributed to the perception that it inherently favours certain countries more than others, which has given rise to friction between states within the Euro zone. Undoubtedly, Germany has become the strongest economy in Europe, and it derives a great deal of influence over Euro zone institutions from its economic performance. However, some have come to view Germany's economic resurgence as stemming directly from the advantages it garners from membership in the EMU at the expense of other countries. Since the Euro has fixed the exchange rates between European countries, it has provided "disproportionate support" for German exports "by making its industrial sales extremely competitive both within and outside Europe, increasing Germany's export surplus to record levels"⁸⁶. In other words, the inability of peripheral Eurozone states to devalue in order to match German levels of output provides a clear advantage to German exports. This is a point of view espoused by many within the French elite, including former French Prime Minister, Laurent Fabius, who said "the Germans do not suffer as much from the expensive Euro because they have industrial specializations and products in areas like engineering that are less sensitive to price. And if you look at the areas where they have taken market share, it has often been to the detriment of France, Italy, and Spain"⁸⁷. To make matters worse, high-level German attitudes toward their economic success also reveal an uncompromising approach to dealing with matters within the EMU. In 2007, former German Chancellor Gerhard Schroder expressed the view that Germany has "lowered its costs and has

⁸⁶ Marsh, (2011), *op .cit*, pg. 12.

⁸⁷ Taken from Marsh, (2011), *ibid*, pg. 279.

recovered competitiveness, the other countries have to do the same. There is no way that Germany is going to produce significantly more inflation to help out others"⁸⁸. This viewpoint has proven true given the manner in which Merkel's government has vehemently insisted on austerity as opposed to making any efforts of devaluing the Euro in order to address the debt crisis. Germany's disproportionate levels of success within the framework of the EMU has thus given rise to the belief that the Euro has resulted in little more than the reinforcement of a "European Germany"⁸⁹.

German influence over the EU's response to the crisis is certainly an important factor in how its power is believed to be overly exerted, but what is just as important is the fact that other countries have failed to either stand with or against Germany in exerting influence over process. As one author has put it, "the most remarkable feature of the crisis is the almost complete absence of a powerful French voice at the table"⁹⁰. Throughout much of the history of the EU, *both* France and Germany together have been the primary facilitators of the progression of European integration. However, France has been decidedly quiet and ineffectual over the crisis, especially since the accession of the anti-austerity Presidency of Francois Hollande. Despite being against the strict austerity measures espoused by the Germans, Hollande has "not proposed a coherent alternative" and has effectively stepped aside during the crisis⁹¹. This means that Germany stands almost entirely alone as the primary leader in resolving the crisis and therefore, it creates

⁸⁸ Taken from Marsh, (2011), *ibid*, pg. 280.

⁸⁹ Taken from Marsh, (2011), *ibid*, pg. 291.

⁹⁰ Rachman, Gideon. "The Making of a German Europe" *The Financial Times* (March 25, 2013) accessed on April 29th at <http://www.ft.com/intl/cms/s/0/d7b06c70-953f-11e2-a4fa-00144feabdc0.html#axzz2S6tB5mzJ>

⁹¹ Rachman, *ibid*.

the perception that Germany has come to dominate the EU and dictate European policy with impunity and in its own interests.

To add to the perception of German domination over the Eurozone, is the fact that the German leadership has appeared to revel in the new power afforded to them by the void of France's involvement in the crisis resolution. This is an idea supported by German sociologist Ulrich Beck, who argues that German economic success has given Germans a renewed sense of national identity and morality without the guilt associated with its fascist past, and as such they have come to use the crisis as a means of asserting German values on other states, moving from "eager pupil to that of schoolmaster of Europe"⁹². The end result, according to Beck, is that the imposition of national sentiment within the context of economic austerity will contribute to a divisive atmosphere within the EU framework. He argued that "in the countries most harshly affected by the crisis, many people think they are losers because the austerity policy pursued jointly by Berlin and Brussels deprives them of their means of livelihood – and also of their human dignity"⁹³. Thus, alienated members of these societies will be driven away from European integration. This point of view is evidenced by the attitudes of many anti-austerity protesters during Angela Merkel's tour of GIIPS countries in the fall of 2012. During her tour, Merkel was greeted on several occasions with raucous protests often depicting her as a Nazi, or waving signs that read: "Out with the Fourth Reich"⁹⁴. In Portugal, protesters insisted "Portugal is not Merkel's Country", called her an "assassin" and

⁹² Beck, Ulrich. *German Europe* (Cambridge, Polity Press, 2013). pg. 3.

⁹³ Quoted from interview with Stuart Jefferies in "Is Germany too Powerful for Europe?", *The Guardian* (March 31, 2012)

⁹⁴ McElroy, Damian. "Angela Merkel's Greece visit provokes clashes in Athens", *The Telegraph* (October 9, 2012).

"mourned" for the loss of Portuguese sovereignty by releasing black balloons⁹⁵. These demonstrations reveal the underlying belief that Germany is using the Euro and the crisis as a means of ensuring German economic interests and spreading its dominance across Europe. As one Greek protester stated it "there is no United Europe; there is the Europe of Germany"⁹⁶. These actions reflect the perception that involvement within the Eurozone is not based upon the spirit of collaboration and mutual self-interest, but instead has become little more than a Trojan horse for German economic dominance.

As has been shown, the sovereign debt crisis within the Eurozone has contributed to the rejection of the economic identity in two ways. First, the Troika's strict adherence to austerity has made it so that many within Europe (and within the GIIPS countries especially) perceive that short-term costs associated with remaining in the Eurozone far exceed the benefits of remaining. This has led to the rise of political parties who have come to reject the policies imposed upon them by the Eurozone institutions, or even to reject EMU outright. Second, the nature of EMU itself, has contributed to the perception that Germany has been able to use the union as a means of ensuring its own benefits and exerting its desire to dominate the continent. This level of identity conflict threatens to split the Euro zone and effectively ruin the notion that the Euro represents an idealized European economic identity.

⁹⁵"Angela Merkel Praises Portugal's Resolve on Debt Crisis", *BBC Europe* (November 12, 2012), accessed on March 18, 2013 at <http://www.bbc.co.uk/news/world-europe-20300657>

⁹⁶ As quoted from Donadio, Rachel and Nicholas Kulish, "Official Warmth and Public Rage for Merkel in Athens", *The New York Times* (October 9, 2012).

Conclusion:

This paper has argued that the concepts associated with identity are useful in understanding the progression of the European integration process, and many of the conflicts it faces. By drawing on the concepts of identity, we can come to understand how the progression of European economic integration contributed to the development of an organizational identity associated with membership into the EU (and later the Euro zone). This organizational identity carried with it all the criteria associated with acceptable economic activity within the EU: including the embrace of continued free market liberalization, the abolishment of cross-border tariffs and, eventually, the commitment to low-inflation monetary policy and permanently-fixed exchange rates. The specific development of this organizational identity has created some level of conflict, since it is believed by certain members of the EU citizenry that it lacks the appropriate levels of social intervention. The lack of identity congruence that resulted from this conflict led to the popular unrest in the late 1990s and contributed to the defeat of the European Constitution by France and the Netherlands in 2005.

Since the onset of the sovereign debt crisis, the conflict associated with Europe's economic identity has escalated to include the total rejection of its primary symbol, the Euro. Due to the growing belief that membership into the Euro zone carries with it too many costs and the perception that the Euro has created a situation where Germany is the sole benefactor, the political and popular landscape of Europe is now populated with forces that see the identity created by the process of economic integration as being unacceptable. The result is that even though it remains unlikely, the break up of the Euro

zone is a very real possibility. Identity matters and it has very real implications for the way in which people and states interact.

To mitigate the effects of identity incongruence or even rejection, the institutions of the EU need to embrace economic policies and characteristics that address the so-called "asymmetric governance" of the EU, where social policy takes secondary importance to market deregulation and trade liberalization. This means taking serious steps toward the development of EU-level social programming, which can work in tandem with national social policies (if necessary) to provide minimum conditions and guarantees to European citizens, especially within the labour market. This is undoubtedly an immensely difficult task, but it not only provides an avenue for further and deeper integration, but it also reinforces the sense of a common purpose in the formation of the EU as a representative of Europe and its collective citizens. It is an effort that can contribute to the development of an enriched European Union, which a greater majority of European citizens can identify with. As this paper has demonstrated, a great deal of European identity incongruence stems from the belief that the current regime of economic integration has ignored or inadequately addressed the prospect of developing a Social Europe. Making the effort to develop such an aspect within the EU would go a long way to settle the concerns of many European citizens.

Truly, perfect identity congruence is impossible for such a large organization of states, especially with differing cultures and historical experiences; however, EU decision makers choose to ignore identity concerns at their own peril. The project of European integration is more than simply a political or economic endeavour, it is also a process of creating a European identity that Europeans are satisfied with. Thus, whenever there is an

occasion where political discourse within Europe becomes potentially divisive or reverts to national sentiment, as is presently the case with the debt crisis, the EU must engage with the divisive parties fairly and impartially. The progression of events regarding the debt crisis has created a situation within the monetary union that has driven several member states into an "Us vs. Them" attitude that marginalizes the prospect of shared identity. One of the ways that this dynamic can be averted is for France to take a greater role in the crisis resolution process. A combined Franco-German initiative can increase the legitimacy of the institutions as a whole. France's current non-involvement in the process has undermined the spirit of the EU and left Germany to bare the lion's share of the responsibility, which in turn makes it a primary target for dissenters. Furthermore, the strict adherence to austerity measures in exchange for bailout funds is the greatest source of this internal identity struggle within Europe. As such, the EU and IMF should seriously evaluate how Draconian austerity measures are likely to drive individual member states away from the yoke of EU institutions and legitimacy. It is through the nurturing of a shared identity that the EU and its institutions strengthen their legitimacy among the citizens of Europe. Without a broadly applicable identity, it is likely to get left in the dust.

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