

## **The Euro and Identity Politics in Europe**

by  
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## **Introduction**

“By using euros instead of national currencies, we feel a bit more European than before.” Between November 2001 and January 2002, the number of those in Euroland who agreed with this statement, jumped up from 51% to 64%, a quite dramatic increase over a short period of time (Gallup Europe 2002b, table 26). Europeans, it seems, are quite aware of the fact that money is not only about economics and finance, but also about nation-building and state identity (Helleiner 1997, 1998). In fact, money is among the most important identity markers in people’s daily lives. The European Union (EU) lacks the symbols and identity markers which are quite common in our nation states – apart from the European flag (but who knows in Europe that Beethoven’s “ode of joy” is the European anthem?). As a result, the euro is probably the most important symbolic reminder of a common European fate at this point in time.

This paper argues that the euro is as much about collective identity pertaining to Europeanization, as it is about economic and monetary issues. The euro has already left its mark on people’s attitudes and feelings toward Europe and the EU. At the same time, various national attitudes toward the euro have to be understood in the framework of identity politics and the social construction of Europe in this regard. I proceed in the following steps. I start with a short survey about what we currently know about the subject matter of European identity. I then discuss some recent opinion poll data on attitudes toward the euro and European identity. The paper proceeds by demonstrating with regard to the Italian happiness with the euro, the continuing German uneasiness, and the British undecidedness whether or not to join Euroland that the various national discourses have to be interpreted in the framework of identity politics.

## **What Do We Know About European Identity And What Does It Mean?<sup>1</sup>**

A lively political and academic debate has emerged about the normative viability and the empirical possibility of a collective European identity and how it relates to national identities (see e.g. Kielmansegg 1996; Duchesne and Frogner 1995; Delanty 1995; Giesen 1999; Jenkins and Sofos 1996; Laffan forthcoming; Smith 1992). The debate is directly linked to the controversy about the

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<sup>1</sup> This part of the paper summarizes findings from an interdisciplinary project on European identity and from a thematic network on “Europeanization, Collective Identities, and Public Discourses” (IDNET), funded by the European Commission’s Fifth Framework Program on Socio-Economic Research. See also Herrmann, Brewer, and Risse forthcoming.

democratic or legitimacy deficit of the European Union (EU). There is general agreement that modern democracies rely upon the diffuse support of their citizens in order to gain legitimacy, which is necessary to ensure compliance with inconvenient and costly norms and rules. Collective identification with a polity provides one source of diffuse support for political systems. The EU is no exception.

Yet, the debate overlooks that we actually know quite a lot about European identity. To begin with, it is no longer controversial among scholars and policy-makers alike that individuals hold multiple identities. It is wrong to conceptualize European identity in zero-sum terms, as if an increase in European identity necessarily decreases one's loyalty to national or other communities. Europe and the nation are both "imagined communities" (Anderson 1991) and people can feel as part of both communities without having to choose some primary identification. Survey data suggest and social psychological experiments confirm that many people, who strongly identify with their nation-state, also feel a sense of belonging to Europe (Duchesne and Frogner 1995). Analyses from Eurobarometer data and other sources show that "country first, but Europe, too" is the dominant outlook in most EU countries and that people do not perceive this as contradictory (Citrin and Sides forthcoming). The real cleavage in mass opinion is between those who *only* identify with their nation and those perceiving themselves as attached to both their nation and Europe. The number of those Europeans identifying with both their nation-state and with Europe has steadily increased during the 1990s and continues to do so in 2002 (spring 2002: 55%), while the percentage of those feeling only attached to their nation-state has decreased to 38% in early 2002 (European Commission 2002, 60). While the absolute numbers of identification with Europe vary drastically among EU member states, the overall trend toward increased feelings of attachment to Europe can be observed in all countries.

Moreover, the individual willingness to support further European integration increases quite dramatically from those who exclusively identify with their nation-state, to those feeling a second attachment to Europe. Thus, willingness to grant the EU authority does *not* require an identification that actually prioritizes Europe over the nation. The European polity does not need a "demos" that replaces a national with a European identity, but one in which national and European identities co-exist and complement each other.

Moreover, it makes a difference whether Europe is defined in civic or cultural terms (Bruter forthcoming). 'Culture' in this understanding encompasses everything from history, ethnicity, civiliza-

tion, and heritage to other social similarities. People by and large identify ‘Europe’ as a historical, political, and cultural space rather than a territorial entity. ‘Civic identity’ instead is much more circumscribed and refers to identification of citizens with a particular political structure such as the EU or the political institutions of the nation-state. The distinction allows differentiating between identification with the EU as a distinct civic and political entity, on the one hand, and a larger Europe as a cultural and historically defined social space, on the other. Survey and other data suggest that Europe as a political space is identified with the EU. In this sense, the EU has achieved “identity hegemony” in that it defines Europe in political terms (see also Laffan forthcoming).

The EU is an elite-driven project – similar to other nation-building projects. No wonder that identification with and support for Europe and its institutions is highest among political and social elites. Eurobarometer data demonstrate an enormous gap between elite support (in fact, elite *consensus*) for the EU, on the one hand, and widespread skepticism among the larger public, on the other (e.g. Spence 1998). The difference between elite and citizen identification with Europe can be largely explained by how “real” Europe is for people. Social psychologists refer to the concept of “entitativity” (Castano forthcoming). An imagined community becomes real in people’s lives when they increasingly share cultural values, a perceived common fate, increased salience, and boundedness. The EU is certainly very *real* for Europe’s political, economic, and social elites. For the citizens, the EU is still a more distant community than the nation-state, despite the fact that EU rules and regulations cover almost every political issue-area by now. As I will discuss later in this paper, the concept of entitativity is particularly relevant with regard to the euro as an identity marker.

Social identities not only describe who we are as members of a community, they also connote the boundaries of a group, who is “in” and who is “out.” But neither Europe in general nor the EU in particular have clear boundaries (compare “Euroland” with “Schengenland” and with the EU) and the Eastern enlargement will not make things easier. Moreover, Europe’s “others” are usually invoked dependent on the political context. We routinely pitch the “European welfare state” against “American laissez-faire capitalism”. In a different context, Europe’s other is the continent’s own past of militarism and nationalism. Finally, in the context of the “Haider debate” regarding the new Austrian government and the European reaction to it, Europe’s other was the “enemy within”, e.g. xenophobia.

Most people assume that the more citizens identify with Europe, the more they will be tolerant and sympathetic to fellow Europeans. Survey data seem to confirm this (Citrin and Sides forthcoming).

But social psychology argues that increased tolerance toward fellow Europeans is highly conditional on the complexity with which Europe is presented. Individuals who simply project their own values on Europe and then identify with their ‘national’ Europe tend to be less tolerant with fellow Europeans. This is called the “in-group projection model” (Mummendey and Wenzel 1999; Mummendey and Waldzus forthcoming). If German identification with ‘Europe’ and the EU largely conforms to visions of *German* social and political order, this might lower rather than increase German tolerance for Italians. The German discourse on the Euro and the convergence criteria was a case in point (see below)

In sum, there is good news and bad news concerning European identity based on various empirical findings. The good news is that the main cleavage in identity terms is no longer between those who feel loyalty to their nation against those who identify with Europe. Rather, most people identify with their national or regional communities *and* with Europe. They also distinguish between Europe as a cultural and historical space and the EU as *the* dominant political space in Europe. The bad news is that identification with Europe and the EU still suffers from the lack of “realness” of Europe in people’s daily lives and from its fuzzy boundaries. Finally, it is not clear that increased identification with Europe also increases people’s tolerance for each other in a cosmopolitan democracy.

The empirical findings confirm the truism that people hold multiple identities and that Europe and the EU can be easily incorporated in people’s sense of community. However, it is less clear what “multiple identity” actually means. There are at least three ways in which we can think of multiple identities. First, identities can be *nested*, conceived of as concentric circles or Russian Matruska dolls, one inside the next. My identity as Rhinelander is nested in my German identity, which is again nested in my Europeanness. We find the “Russian Matruska doll” model of European and other identities on both the levels of elites and of ordinary people. This model suggests some hierarchy between people’s sense of belonging and loyalties. European and other identities pertaining to territorially defined entities can be nested into each other so that “Europe” forms the outer boundary, while one’s region or nation-state constitute the core. The survey data that mass publics in most countries hold national and regional identities as their primary sense of belonging, while Europe runs a distinct second, are consistent with such a concept of how multiple identities relate.

Second, identities can be *crosscutting*. In this configuration, some, but not all, members of one identity group are also members of another identity group. I can feel a strong gender identity *and* a

strong European identity, but not all members of my gender feel the same way about Europe. Elite surveys show, for example, that member of the European Parliament or of the Council of Permanent Representatives (Coreper) hold such overlapping identities by feeling a sense of belonging to Europe as well as to their party groups and their nation-states respectively (Laffan forthcoming; also Lewis 1998). This sometimes leads to “double hating” and a sometimes conflictual relationship between European and other identities among officials working in Brussels.

There is a third way of conceptualizing the relationship between European and other identities which people might hold. One could call it the “marble cake” model of multiple identities. Accordingly, the various components of an individual’s identity cannot be neatly separated on different levels as both concepts of nestedness and of cross-cutting identities imply. What if identity components influence each other, mesh and blend into each other? What if my self-understanding as German inherently contains aspects of Europeanness? Can we really separate a Catalan from a European identity? Or take the major European party families. From the 1950s on, Christian Democratic parties in Continental Europe were at the forefront of European integration. Europeanness has always been a constitutive component of post-World War II Christian Democratic ideology originating from the inter-war period. The same holds true for modern Social Democrats in Europe.

Most empirical work on European identity does not explicitly deal with such “marble cake” concept. Yet, most of the evidence is actually consistent with it, starting with the “nation first, Europe second” identification found in the Eurobarometer data. One corollary of the “marble cake” model is that European identity might mean different things for different people. EU membership, for example, might lead to an identity change, which impacts upon the previous national identity. Since EU membership identity then interacts with rather different national identity constructions, the overall effect will not be homogenous leading to a generalized EU identity. Rather, Europe and the EU become enmeshed with given national identities leading to rather diverging identity outcomes. This concerns, above all, the content and substance of what it means to identify with Europe. Indeed, a longitudinal study of political discourses about Europe among the major parties in France, Germany, and Great Britain revealed that the meaning of Europe varied considerably (Risse 2001; Marcussen et al. 1999). For the German political elites, “Europe” and the European integration meant overcoming one’s own nationalist and militarist past (Risse and Engelmann-Martin 2002; Engelmann-Martin 2002). The French elites, in contrast, constructed Europe as the externalization of distinct French values of Republicanism, enlightenment and the *mission civilisatrice*. While French and German political elites managed to embed Europe into their understandings of national

identity, the British elites constructed Europe *in contrast* to their understandings of the nation, particularly the English nation (Knopf 2002). I will elaborate on this point later in this paper.

The “marble cake” model whereby our identity as Europeans blends into our national, regional, or other identities implies, on the one hand, that there might be much more Europeanness in our national identities than is usually assumed. E.g., if I cannot even describe my Germanness without reference to Europe, survey instruments pitching a German national identity against a European one might actually miss the mark. On the other hand, if Europe and the EU mean different things to different people, stronger identification with Europe and EU does not get us very far concerning a European polity.

In sum, the available evidence shows that there is an increasing sense of community among the European citizens, among elites and ordinary people alike. The EU clearly represents a genuine community for the political, economic, and social elites in Europe and it essentially defines modern statehood in Europe for them. Among the citizens, identification with and attachment to Europe (in conjunction with the nation-state) has also grown in recent years, while exclusive loyalties to the nation-state are in decline. Moreover, the EU is understood as a civic community as distinct from cultural understandings of Europe in general. As a result, there is more to an emerging European demos than many seem to realize. In particular, the European polity does not require a “demos” that replaces a national with a European identity, but one in which national and European identities co-exist. Europeanization, European integration, and European identities seem to co-evolve over time, both at the elite and the mass levels. The causal arrows between European integration and institution building, on the one hand, and the evolution of European identities, on the other, seem to run both ways. The increasing ‘realness’ of the EU in people’s daily lives seems to affect their identification with Europe as a political community. At the same time, support for European integration and attachment to Europe appear to be closely related motivating European elites toward continuing on the path of institution building.

It follows that building a European identity has little to do with information campaigns about the EU. Rather, the key toward increased identification with Europe and the EU is increasing the reality of the community in the daily lives of the citizens. This is where the euro comes in.

## Attitudes Toward the Euro and European Identity: Evidence From Public Opinion Data

In the following, I discuss most recent Eurobarometer data concerning the relationship between the introduction of the euro, on the one hand, and the evolution of a European identity, on the other. I concentrate on the EU and Euroland in general and on Italy, Germany, and the United Kingdom in particular. This analysis is “rough and dirty,” i.e., it is not based on a sophisticated statistical analysis, but simply on reading the data provided by Eurobarometer reports. Of course, less than a year after the introduction of euro coins and bills it is still too early to reach firm conclusions. Nevertheless, these data show across the board that the euro has already left its mark on the construction of European identity among the population of the member states. The key reason for this is what social psychologists call “entitativity,” i.e., the “realness” and reification of an imagined political community in people’s daily lives (see above).

In general, people in Euroland are still quite happy that the euro arrived, even though the percentage of those expressing “happiness” with the euro dropped from 68% in January 2002 to 53% in September 2002 (Gallup Europe 2002c, 28-29). Yet, German citizens appear to be mostly unhappy with the euro with 57% expressing some degree of dissatisfaction with the new currency (the highest degree of unhappiness in the Eurozone), while Italians are still overwhelmingly satisfied with the euro in September 2002 (Gallup Europe 2002b, 52-53). (Un) happiness with the euro also seems closely connected to people’s propensity to spend more or less money since the introduction of the new currency. 52% of the Germans indicated that they were buying less since the euro was introduced, while almost the same number of Italians (49%) say that are buying more (in the Eurozone average, one third each claims to have spent more, less, or neither more nor less money since the introduction of the euro, Gallup Europe 2002b, 6). Of course, the overall economic situation has to be taken in consideration when interpreting these results.

Moving toward the euro as identity marker, the following points can be made with regard to public opinion data. First, the mental map of most people in the Eurozone is still attached toward their old national currencies when calculating prices. In September 2002, only 19% claimed to calculate most often in euro, while 47% still calculated in their past national currencies and roughly one third claimed to be calculating in both currencies. Both Germans and Italians lag behind the Eurozone average with more than 50% in both countries still calculating exclusively in *Deutsche Mark* or *Lira*, respectively (Gallup Europe 2002b, 20). The reason for this might simply be that re-calculat-

ing prices in past national currencies is made easy in both countries given that one euro equals roughly two *Deutsche Marks* or 2000 *Lire* (see Isengard and Schneider 2002, 1).

Second, however, support for the euro has increased quite substantially since it entered people's pocket. According to the spring 2002 Eurobarometer survey, 75% of the inhabitants of Euroland expressed support for the single currency, while 53% felt the euro to be a "good thing."<sup>2</sup> Italians top the list of euro supporters next to citizens of Luxembourg (87% in favor of euro, 70% euro "good thing"), while German attitudes rank quite below the Euroland average (67% in favor, only 43% "good thing"). Yet, the attitudinal difference between Euroland inhabitants and the citizens of the three non-euro countries is remarkable: Only 30% of the Danes, Swedes, and British consider the euro a "good thing" (47% a "bad thing") and only 35% express support for the single currency (50% against). British citizens are at the very bottom of the list, even though their opposition continues to decrease over time. 52% continue to be opposed, while 50% consider it a "bad thing" (data according to European Commission 2002, 75-79).

Third, the euro has very quickly become a symbolic marker which citizens identify with the European Union. The spring 2002 Eurobarometer introduced a new question asking people what the EU means personally for them. This is the closest the Eurobarometer ever got to directly measuring the concept of entitativity. The answers are quite remarkable: At the top of the list are the freedom of movement and travel (50%) and the euro (49%), while the third item – "peace" – was only chosen by 32% of the respondents. This is a strong indicator that the euro has quickly become a very important symbol of European integration. It tops the list in eight of the twelve countries of the Eurozone (among them Germany: 54%), while it reaches second place in Italy (55%). The euro is still the second most mentioned item in Britain, but at much lower levels (24%; followed by "waste of money"! data according to European Commission 2002, 53-54).

Fourth, as mentioned in the introduction of this paper, a large majority of Eurozone citizens agree that using the euro makes them feel more European than before. The percentage quite drastically increased between November 2001 and January 2002, but has decreased a bit in the fall of 2002 (from 64% in January to 58% in September; according to Gallup Europe 2002c, 26). Italians remain the most enthusiastic in this regard (69%), next to the Irish, while Germans feel more European to a

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<sup>2</sup> The difference in numbers appears to result from the wording of the questions. Support for the euro had to be expressed in terms of being either in favor or opposed, while respondents could choose "neither good nor bad" in response to the second question. Accordingly, the numbers dropped substantially.

slightly lesser degree (55%; cf. Gallup Europe 2002b, 46). Interestingly enough, British citizens are even more convinced that the euro makes inhabitants of Euroland feel more European (66%), even though 61% disagreed with the statement that the introduction of the euro in Euroland makes them feel “a bit less European than before” (Gallup Europe 2002a, 42-44).

Note, however, that the relatively high number of people feeling an increased attachment to Europe due to the euro decreases substantially when respondents are given the option of answering that using the euro has nothing to do with their European identity. In this case, only 48% feel more European than before, while 20% reply that the euro is irrelevant for their feelings toward Europe. Still, Italians remain the most Euro(pe)-enthusiasts with 63% feeling more European than before, but German citizens drop to the very bottom of the list in Euroland. Only 37% agree that they feel more European, while another 30% considers the introduction of the euro irrelevant for their European identity. The difference between East Germans and West Germans is striking, confirming other data that East Germans are still very critical toward the euro (data according to European Commission 2002, 81, B. 71).

Eurobarometer also asked whether people in Euroland feel attached to the euro and/or attached to their old national currencies. In spring 2002, only 40% of the respondents felt some attachment to the euro, while 59% still expressed affection for their past national currencies. It is unclear, though, whether answers to these questions are related. 71% of the Italians, for example, still felt attached to the *Lira*, while 52% already expressed affection for the euro. German citizens, once again, rank at the bottom of the Euroland list when it comes to attachment to the euro (only 27%), but 48% still held the *Deutsche Mark* in high regard (European Commission 2002, 83). The German ambivalence toward the euro has to be explained in light of *Deutsche Mark* patriotism which had become a strong symbol of post-World War II German identity. Germans had been particularly proud of their currency as a symbol of post-World War II recovery, on the one hand, and low inflation, on the other. According to opinion poll data, Germans held their *Deutsche Mark* in even higher esteem than the British their beloved pound (Isengard and Schneider 2002, 2; Müller-Peters 2001).

Yet, there is quasi unanimous agreement among Europeans – inside and outside Euroland – that the introduction of the euro constitutes one of the major events in the EU’s history. 72% of the respondents in the Eurozone agree (76% of the Italians, 67% of the Germans) and 83% of the British share this view.

These findings can be summarized in the following two points:

1. Less than a year after the introduction of euro coins and bills, the single currency has already left its mark on the identity map of European citizens inside and outside Euroland. Within a very short period of time, the euro has become one of the most important symbols of European integration in the daily lives of the citizens. The euro has already contributed to a growing identification with Europe among the citizens and has increased the entitativity of the European Union.
2. The variation among countries inside and outside of Euroland remains substantial. Among the three countries investigated here in more detail, Italy remains the most enthusiastic about the euro. Italians also see the single currency more as a symbol of European identity than others. In contrast, German public acceptance of the euro has increased, but there is little enthusiasm observable concerning the new currency which is widely considered as a weaker currency than the *Deutsche Mark*, particularly with regard to inflationary tendencies (the euro as *Teuro*). In this particular case, subjective perceptions of price increases have little in common with reality. British citizens remain the odd ones out, both in terms of their scepticism toward the euro, but also in terms of their lack of identification with Europe (62% still identify with their nation-state only, only 32% hold a secondary identification with Europe European Commission 2002, 60).

In the following, I try to explain the differences in attitudes toward the euro and toward European identity in the three countries.

### **National Discourses, Identity Politics, and the Euro**

#### *Entrare l'Europa: Italy and the Euro*

As shown above, Italians are among the most enthusiastic supporters of the euro and of European integration in general. Italians also top the list of EU citizens in term of identification with Europe. In the spring of 2002, 78% expressed at least some degree of attachment to Europe, roughly 20% above the EU average (European Commission 2002, 60). Italy is actually among the very few EU member states where elite level support for European integration and mass public opinion reach similarly high levels. The usual gap between elite consensus for and identification with the EU, on the one hand, and mass scepticism of the union, on the other, which we encounter in most member states (most notably Germany, see below), is almost non-existing in the Italian case. Moreover, the Italian support for and identification with the EU seems to be inversely proportionate to the coun-

try's low level of trust in its own national institutions. Only 29% of the Italians trust their own political institutions, the lowest rank among the EU 15 (European Commission 2002, 7). Italians are also the only Europeans who are more satisfied with the state of the European democracy than with their own.

Thus, using the "marble cake" model of European identity described above, Italian citizens seem to identify with Europe as something to aspire to and to escape one's own political problems at home. The prevailing identity construction concerning Europe and the EU is one whereby Brussels appears to be a cure to Rome's problems. Again, this is very different to many member states where the "Brussels" invokes the imagery of faceless bureaucrats interfering in one's home affairs. Yet, the dominant Italian way of thinking about Europe appears to invoke the European future as a means of overcoming the Italian presence. Europe is constructed as "good governance," while Europe's "other" becomes one's own "bad governance" in Rome. One is almost tempted to invoke the famous painting in Siena to make the point.

However, if Europe resembles the future to overcome one's own political problems at home, then missing the European train constitutes the worst nightmare of Italian policy-makers and the public alike. One can only reform oneself if one remains in the game: "Belonging to the project of European integration is so fundamental to the way the Italian political class (including the trade union elite) views itself and the world it inhabits that a fundamental challenge to 'Europe' as such is nearly impossible to mount" (Sbragia 2001, 94).

How does the euro fit in here? As Sbragia showed (Sbragia 2001), three factors explain why the Italian political elites shouldered the enormous task of reforming the country's rotten public finances in order to make sure that Italy would be part of Euroland from the beginning. First, the Spanish decision to enter the eurozone early on seems to have been crucial. If your most important Mediterranean "significant other" decides to fulfill the Maastricht criteria, how can you stay outside? Here, the nightmare of missing the European train hit hard. Accordingly, giving up the *Lira* and accepting the euro was sold to the Italian public as "entering Europe" (*entrare l'Europa*) – as if Italy, one of the founding members of the union, had ever left Europe. Second, a core elite group in the Italian finance ministry and the Bank of Italy had been convinced for a long time that the country's public finances were in desperate need of reform (see figures in Sbragia 2001, 84). When the Maastricht convergence criteria and the single currency came along, this provided a golden opportunity for the reformers and for then Prime Minister Romano Prodi to overcome the considerable

domestic opposition, particularly among the trade unions. *Entrare l'Europa* served as a silencing mechanism to keep domestic resistance at bay. The third factor is the elite and public consensus on and identification with European integration mentioned above. This worked as a permissive consensus which was crucial for the successful fulfillment of the Maastricht convergence criteria as the entry ticket into Euroland.

As a result, the Italian European identity as an aspiration to reform one's own political institution proved crucial in enabling the country's political elites during the 1990s to make Italy fit for Euroland – much to the surprise of the Germans who had originally constructed the single currency in such a way as to keep Italy and the *Lira* out. Given the particular Italian identity construction, “Europe” served as a silencing mechanism to cut off any serious public debate concerning the necessity of the reforms. These identity constructions explain why Italians enthusiastically gave up the *Lira* in 2002. At the same time, the euro was constructed from the beginning as part of the European project by which to reform Italy and, therefore, reinforced and strengthened the prevailing identity constructions. The opinion poll data reported above can be interpreted in this context.

### Torn between Europe and the *Deutsche Mark*: Germany<sup>3</sup>

The German case shows some similarities with the Italian one, but there are also crucial differences which ultimately explain the ambivalence with which German public opinion has accepted the euro. The main similarity between the Federal Republic of Germany and Italy concerns the thorough reconstruction of both countries' collective identities after World War II and the incorporation of ‘Europe’ into their self-descriptions: “We do not want a German Europe, but a European Germany.” This famous quote by Thomas Mann has remained the mantra of the German political elites ever since the catastrophe of World War II. To be a “good German” meant to be a “good European” and to wholeheartedly support European integration efforts. To be a “good European German” also meant to have finally overcome the country's militarist and nationalist past and to have learned the right lessons from history. In other words, Europe's “other” was Germany's own past.

The political elites of the Federal Republic of Germany thoroughly Europeanized German national identity since the 1950s. This explains to a large degree why all German governments since Chan-

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<sup>3</sup> This part draws upon Risse and Engelmann-Martin 2002; Risse et al. 1999; and Engelmann-Martin 2002.

cellor Adenauer have embraced European integration. Since the late 1950s, there has been an elite consensus in support of European integration based on a federalist model - the "United States of Europe" - which has remained largely stable despite drastic changes in the German power status in Europe and the world (see also Jachtenfuchs, Diez, and Jung 1998). This federalist consensus was strongly linked to a Europeanized national identity. It accounts for German continued support for European integration, even though the end of the Cold War and German unification could have challenged the elite consensus. After all, Germany was now free to choose its foreign policy orientation for the first time since 1945. Instead, the country opted for continuity.

German elite attitudes toward monetary union have to be understood in the framework of identity politics. Policy-makers, in particularly then Chancellor Helmut Kohl, framed the issue in terms of roughly the following equation: *Support for the Euro = support for European integration = "good Europeanness" = "good Germanness" = overcoming the German militarist and nationalist past.* In other words, Kohl managed to frame the euro question in terms of the specific post-World War II German nation-state identity. This equation was extremely powerful, since it forced opponents of a single currency to frame their position in interest- rather than identity-based terms and to make sure that they could not be regarded as "bad Germans", i.e., proponents of German nationalism.

Given the elite consensus, the euro was viewed as a cornerstone of European political integration and was supported by all major parties, despite a legitimacy crisis of a single currency in German public opinion. Since the Euro was regarded as part and parcel of this *political project*, the political elite identified the Euro with European integration. The vast majority shared Chancellor Kohl's belief that only deeper political and economic union - symbolized by a single currency - could anchor Germany firmly in the West and strengthen European institutions to ensure peace in the years ahead. Chancellor Kohl in particular wanted to be remembered as the one who pushed through the single currency and hence made a closer European Union inevitable, thus preventing a return to nationalism in Europe. Kohl framed the single currency as *the* symbol of European integration and he identified his political fate with the realization of the euro. He even argued that the success of euro was a "question of war and peace."<sup>4</sup>

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<sup>4</sup> "Kohl: Bei der europäischen Wahrung ist Stabilitat wichtiger als der Kalender," *Frankfurter Allgemeine Zeitung*, May 28, 1994.

But the thorough identification with the European integration project among the German elites explains only part of the euro story in the Federal Republic. The other part has to do with the large gap between elite consensus on European integration, on the one hand, and increasing mass scepticism about it which became particularly widespread during the 1990s. This is the main difference between the Italian and German cases. German politicians could not rely on a permissive public consensus for the euro as their Italian counterparts could.

Another component of German post-World War II nation-state identity contrasted directly with German Europeanness in the case of the euro. *Deutsche Mark* patriotism explains to a large degree the enduring scepticism of the German public toward the euro. It reflects a particular reading of German pre-World War II history and the collective memories of rising inflation and the World economic crisis with its consequences for the Nazis coming into power. Again, the “other” in this part of German collective identity was the country's own past. Overcoming the German past not only meant to support European integration, but also to institute sound economic policies of low inflation and controlled budget deficits so as to never again being tempted to solve economic problems by “printing money.” The *Deutsche Mark* became the symbolic embodiment of this economic policy. Over the years, the *Deutsche Mark* acquired a highly identity-inducing value as a powerful national symbol of Germany's prosperity and its economic miracle after the second World War. Important components of the mythical story of the *Wirtschaftswunder* at the beginning of the new Federal Republic are “social market economy,” “monetary reform,” and ultimately the *Deutsche Mark* (Haselbach 1994). The 1948 monetary reform with the introduction of the *Deutsche Mark* and the immediately following change from shortage of goods to consumer paradise has become a national myth linked to the particular German understandings of a “social market economy” (*soziale Marktwirtschaft*) which contributed much to West Germany's self-confidence. The *Deutsche Mark* therefore symbolized the “rise from the ruins” of World War II.

The rigid insistence of German government officials on the strict fulfillment of the Maastricht convergence criteria was not only motivated by economic policy concerns, but also by the need to cater to German public opinion and to *Deutsche Mark* patriotism. The idea was to make the euro “as strong as the *Deutsche Mark*.” It is no wonder, therefore, that German elite supporters of the single currency worked hard to insure that the institutional setup of the Economic and Monetary Union (EMU) looked extremely similar to German monetary institutions.

To the extent that there *was* a German debate on the single currency, it was largely framed in terms of German Europeanness versus *Deutsche Mark* patriotism. Supporters of the Euro emphasized that the single currency would be “as strong and stable” as the *Deutsche Mark* and that there would be virtually no difference between the two - except for the name. Critics of EMU tried to capitalize on *Deutsche Mark* patriotism suggesting that the euro would never reach the stability of the German currency. The proxy for this identity-related debate was the controversy surrounding the strictness with which the convergence criteria should be applied. Rigid adherence to the convergence criteria before and after EMU became the symbolic causal mechanism by which the “strong *Deutsche Mark*” was going to be converted into an equally “strong euro” and the stability pact was meant to ensure that the euro remained “strong.” Of course, the irony is that Germany is now the first big Euro-land country to violate the budget deficit criteria and to face an investigation by the European Commission.

Thus, the German case is one of identity constestation, namely German Europeanness versus *Deutsche Mark* patriotism (see Engelman-Martin 2002). Ultimately, German Europeanness carried the day, but it came at a price. Since the political elites were extremely reluctant to openly discuss the merits of the single currency in the public and to allow for a serious public debate, they left public opinion behind. Policy-makers in Berlin apparently believed that the citizens will get used to the euro in due time and that the scepticism toward the new currency would subside. Yet, the three years between the launching of the euro as a currency in 1999 and the introduction of the coins and bills in 2002 proved disastrous in terms of public relations for the euro. While citizens did not see the euro in their pockets, they watched in the nightly news on TV how the euro’s value against the U.S. dollar dropped and dropped and dropped ... While this has little to do with the strength or weakness of a currency in terms of ensuring price stability, it nevertheless portrayed the euro as a “weak currency” against the dollar. No wonder, that a large majority of Eurozone citizens worried about the value of the euro against the dollar throughout 2000 and 2001. Only very recently did the number of those not worrying exceed those expressing concern (Gallup Europe 2002c, 22-23).

This resulted in the current ambivalence of German public opinion toward the euro. While most people see the single currency as an identity marker for the EU, they are not happy with it so far. In particular, the euro has given rise to widespread fears of inflation (despite the facts), the country’s collective trauma since the inter-war period, which exacerbates the current slump in consumer confidence due to the economic crisis.

### Missing the Euro Train: Great Britain

As demonstrated above, British public opinion is the odd one out in almost all attitudinal categories concerning European integration. Support levels for European integration remain comparatively low, the same holds true for perceived benefits from the EU. While British public opinion shares the general trend among the member states toward greater identification with Europe over time, two thirds of the citizens still identify exclusively with the nation-state. Devolution and the empowerment of the Scottish and Welsh regions have not substantially changed these attitudes. It is no surprise that public attitudes toward the euro remain fairly critical and that a large majority of public opinion opposes giving up the beloved Pound Sterling, even though 73% are now convinced that the euro will be introduced anyway (Gallup Europe 2002a, 46).

These attitudes are not too surprising given the elite discourse in Great Britain on European integration. A longitudinal study of British party political discourses on the subject matter from the 1950s to the 1990s which specifically investigated references to collective identities, shows very little change in basic identity constructions (see Knopf 2002 for the following; Risse 2002; for a different interpretation see Diez 1999). The probably most remarkable feature of British elite attitudes toward European integration is their stability – despite profound policy changes (refusal to join the Community in the 1950s; decision to join in the 1960s and 1970s; etc.). The fundamental orientations toward the European Community have remained essentially the same since the end of World War II and have survived the ups and downs in British policies toward the EC/EU. More than twenty years after entry into the European Community, Britain is still regarded as “of rather than in” Europe; it remains the “awkward partner” and “semi-detached” from Europe (Bailey 1983; George 1994). This general attitude has not changed since the 1950s: “Where do we stand? We are not members of the European Defence Community, nor do we intend to be merged in a Federal European system. We feel we have a special relation to both. This can be expressed by prepositions, by the preposition ‘with’ but not ‘of’ – we are with them, but not of them. We have our own Commonwealth and Empire” (Churchill 1953).

British attitudes toward the European project reflect collectively held beliefs about British, particularly English identity, since “Britishness” has been identified with “Englishness” throughout most of the post-World War II era. This connection between Britishness and Englishness has only recently become contested with the rise of strong regional identities in Scotland and Wales. However,

there is still a feeling of “them” vs. “us” between Britain and the continent which is reflected in the public opinion polls quoted above. “Europe” continues to be identified with the continent and perceived as „the other“ in contrast to Englishness. Only British policy-makers can talk innocently about Europe and mean *continental* Europe: “... because one of the things that those of us who have *gone to Europe* have learnt is that there is also a change of opinion in Europe. As it happens, when I first *went to Europe*, the first European politician I met was Lionel Jospin.”<sup>5</sup>

The social construction of „Englishness“ as the core of British nation-state identity comprises meanings attached to institutions, historical memory, and symbols. Each of these components are hard to reconcile with a vision of European political order beyond intergovernmentalism. It is not surprising that parts of English nation-state identity are often viewed as potentially threatened by European integration. Institutions such as the Parliament and the Crown form important elements of a collective nation-state identity. The identity-related meanings attached to these institutions center around a peculiar understanding of national sovereignty. The Crown symbolizes „external sovereignty“ in terms of independence from Rome and the Pope as well as from the European continent since 1066. Parliamentary or „internal“ sovereignty represents a most important constitutional principle relating to a 700 year old parliamentary tradition and hard-fought victories over the King. English sovereignty is, thus, directly linked to myths about a continuous history of liberal and democratic evolution and „free-born Englishmen.“ British objections against transferring sovereignty to European supranational institutions are usually justified on grounds of lacking democratic – meaning parliamentary – accountability. Identity-related understandings of Parliamentary sovereignty are directly linked to the prevailing visions of a European order comprising independent nation-states. Statements show a remarkable continuity of British attitudes toward the European Union and related identity constructions from the 1950s (and earlier) until today.

In sum, British nation-state identity seems to be hardly affected by European integration and „Europe“ is still largely constructed as the, albeit friendly, „other.“ While post-World War II Italy and Germany have thoroughly reconstructed their collective identities pertaining to the nation-state and have incorporated Europe into what it means to be Italian or German today (albeit with different connotations, see above), British elites have continued to celebrate English distinctiveness as opposed to Europeanness. While we find frequent references to a common European cultural and historical heritage, Europe is rarely constructed as a political community of fate in the British politi-

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<sup>5</sup> Then Foreign Secretary Robin Cook, speech in the House of Commons, June 9, 1997, <http://www.parliament.the-stationery-office.co.uk/pa/cm199798/cmhansrd/cm970609/debtext/70609-08.html> (my emphasis).

cal discourse. The dominant political visions of European order still refer to market integration and to an intergovernmental order where sovereignty continues to reside in the nation-state.

The British dominant identity discourse makes it very hard to accept the euro in its symbolic quality as an identity marker. British parliamentary debates about the euro are full of references to nation-state identity (for evidence see Risse et al. 1999; Knopf 2002, ch.6). Yet, in sharp contrast to the German and Italian debates where identity-related arguments can be easily used *in support of* the euro, British opponents of EMU dominate the identity discourse in this regard. It is interesting to note in this context that Prime Minister Tony Blair who gradually attempts to prepare British public opinion towards joining Euroland, very rarely uses identity-related arguments. Rather, British supporters of the euro usually refer to British economic interests (e.g., Gordon Brown's five criteria). As a result, identity-related propaganda with anti-European connotations is left to the British tabloids. If my claim is correct that money is about identity, the Labour party probably needs to face the identity issue head-on in order to make the euro acceptable to the British public.

## Conclusions

The central claim of this paper is that we miss the significance of the advent of the euro for European political, economic, and social order if we ignore its identity dimension. Money has always been a symbolic marker in nation-building efforts and is strongly related to collective identities pertaining to the nation-state. The euro is no exception and, thus, needs to be discussed in the larger framework of European order.

My paper has made two interrelated causal claims. On the one hand, there is strong evidence that the introduction of euro bills and coins has already begun to affect Euroland citizens' identification with the EU and Europe in general. The key category here is the social psychological notion of "entitativity." The euro makes Europe real and reifies it as a political order, since it provides a visible link from Brussels to the daily lives of the citizens. On the other hand, existing collective identities pertaining to the nation-state explain to a large degree how comfortable people feel using and dealing with the euro. The key category is what I called the "marble cake" model of multiple identities pertaining to the degree to which Europe meshes and blends into collective understandings of one's own nation-state as an imagined community (Anderson 1991). The variation in attitudes between the continued Italian enthusiasm for the euro, the German ambivalence between Europeanness and

the remnants of *Deutsche Mark* patriotism, and, finally, the continued British rejection of the euro can be largely accounted for by the differences in collective understandings and identification patterns with the nation-state and Europe. In sum, the causal arrows from the euro to collective identities run both ways.

Where does this leave us concerning the future of the euro and of European order? If the arguments put forward in this paper are correct, the euro will continue to constitute a huge step toward the symbolic creation of European political, economic, and social order. Right now and apart from the European flag, it seems to be the only symbolic marker clearly identified with the EU as a political community. The more national currencies leave the mental maps of Euroland citizens, the more current ambivalences in popular attitudes will recede in the background. This pertains to Germany in particular. However, joining the Euroland train is an altogether different question. I expect, therefore, that British elites will continue to face enormous difficulties in convincing a sceptical public that giving up the pound is the right thing to do – unless they start facing the identity constructions head-on.

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