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**The Relationship between the Euro
Zone's Crisis and the EU Integration
—From the Perspective of European
Identity**

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The Relationship between the Euro Zone's Crisis and the EU Integration¹ - From the Perspective of European Identity

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Abstract

This paper tends to examine to what extent Euro zone's crisis will consolidate European identity. Firstly, this essay will give a brief look at the establishment of European Union (EU) and the invention of Euro. Secondly, how do different parties think of the euro crisis will be shortly discussed from the perspective of 'a lack of European identity'. Then, the essay will look at advices to consolidate European identity.

Keywords: Euro zone's crisis; EU integration; European identity; opportunity

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Introduction

The Euro Zone's debt crisis is an ongoing crisis which has been continuously upgrading since it was occurred in 2009. It is an issue under fierce discussion all over the world especially in Europe. EU countries are in different situations, while countries such as Germany, Finland and Holland are keeping a steady economic development, countries such as Greece, Spain and Italy are suffering from Euro Crisis¹. When the wealthier countries such as Germany decided to hold its relief measures, both Europe and the rest part of the world are considering: will EU really act like a 'state'? Will there be a common European Identity ever? Euro zone is identified as a monetary union with economic commitment; however, it is the fact that this monetary union is weak since there is no such a responding regime supporting its running. Giving a look at currencies of different countries, it is easy to notice that what has been printed on the currency is the symbol of that nation, for example, George. Washington is on the currency of 1 dollar and Bolshoi theatre is on the currency of 100 ruble, however, there is no any authentic character or place that can arouse identity commitment of the whole Europe. Consequently, there are some imaginary objects on the currency of Euro. The 'nation state'—European Union, which was created by Europe, is facing with challenge for the sake of an elusive United States of Europe. Some scholars on European Studies believe that the euro crisis broke out on 2009 is an opportunity to consolidate European identity, since they believe that the official institutions will take measures to reinforce cooperation between countries.² Moreover, a more powerful central government might be built up with this opportunity.

Reasons why there is Lack of European Identity

It was in 1974, the American historian McNeil pointed out that a new power center might be created with the growing solidity of transnational structures in Western Europe. The new power center is able to comprise big European countries such as France, Germany, England, and Italy³. At the meantime, other European countries will be absorbed too, and the strength of this new power will be a proper competitor with that of any in the world⁴. It was at about the same time that McNeil published his book *The Shape of European History and European Economic Community* conducted its enlargement for the first time. From then on, the EC (the predecessor of EU)

¹Juergen, Harbemas. Only Deeper European Unification Can Save The Euro Zone. *The Guardian*. August 9th 2012.

²Partric Cox. A Crisis Within A Crisis, *PRI*, <http://pri.org/stories/2012-06-19/crisis-within-crisis-europes-identity-crisis> (June 19th 2012)

³Rethinking European Integration After The Debt Crisis. Working Paper of The European Institute.(2012):1

⁴Rethinking European Integration After The Debt Crisis. Working Paper of The European Institute.(2012):1

has almost trebled its membership, and its power has expanded to influence almost every aspect of the European continent, especially in economics and politics. On the other hand, some believe that the concept of 'supranational structures' has been established, and it will parallel the institutional development of a modern nation. Now, it was 40 years after McNeil's announcement and the first enlargement of the EC, situation seems not that optimistic. As point out by a working paper from The European Institute¹, the EU is now far from a new power center in terms of world scale. Moreover, the working paper also claims that Europe is now facing with a steady decline of the international status instead of a strong transnational structure. Something worse is that there is also a decreasing of 'European identity' commitment among many Europeans who are supposed to attach affection to this supranational polity. According to the research from Pew Research Center, 59% of German agrees that their country has benefited from the integration of Europe, and that all other member countries have less than half of people are holding a positive attitude that their countries have benefited from the integration of Europe. The most negative results is from Greece, in which 70 per cent saying that European integration has hurt them, followed by the French with 63 per cent².

Besides, most Europeans believe that the countries such as Greece is to blame for the euro crisis since they borrow money from other EU countries without regard on the new European fiscal policies. Euro, as a single currency, provided an umbrella for them to act on old national impulses³. However, not everyone in EU will like to save others from financial crisis unless they identify themselves as a family, while the situation in EU is to the opposite now. IFOP has conducted a survey about whether France, Germany, Italy, England and Spain give financial support to Greece in 2010 March in these five countries. The results showed that 58% of respondents disapproved giving financial support to Greece in name of maintaining the European solidarity. There are statistics showing attitudes of respondents from each of the five countries. We can see that respondents from English and Germany showed the least support, just 22% and 24%, the number were really low. And about half of the respondents from the other three countries were willing to support Greece, 53%, 55%, 67%, which were much higher than that of English and Germany, however, were still not enough to Greece.⁴ It is true that European identity is a type of collective identity, however, when citizens of the EU can not see the same interests and values, the meaning of 'collective identity' will shad to a large extent. As believed by some politicians and scholars, the EU should have taken measures in the early phase of euro crisis, and it might prevent the

¹Rethinking European Integration After The Debt Crisis. Working Paper of The European Institute.(2012):1-2

²Gerry Hadden. The Euro Crisis and European Identity, PRI, 6th Nov 2011

³Monitor's Editory Board. Euro Crisis Can Build European Identity. The Christian Science Monitory, 5th June 2012

⁴Hou H. J. European Identity in European Sovereign Debt Crisis: Actualities and Prospects, Journal of Nanjing Institute of Technology (Social Science Edition), March 2012

situation to worsen, nonetheless, it failed to do so due to the lack of common commitment.

Dating back to the establishment of the EU, the lack of commitment to 'European identity' among the people of its member countries has always been an obstacle for its further development. European countries do not share the same language, and there is no common media. Even the very traditional and sanity glue of Christianity has faded in the modern times. The EU is attempting to set up bonding in different member countries by empowering economic benefits such as freer transferring, easier trade and immigration¹. Besides, deploying subsidies from wealthier countries to the relatively poorer countries is also a point being considered, although, it is always the Germany who is helping the others. For the past decades, that was enough.

Nonetheless, now, with a serious debt crisis and a growing unemployment, people value much less of some benefits, and, there are even Europeans believe that some benefits are disappearing. It is the fact that euro crisis lead to the exposure of a more deep-rooted problem that the EU is grappling with 'European identity'. It is an urgent task for EU leaders to come up with some other reasons for Europeans to call themselves 'European' rather than retain individual national identities when economic benefits have shaded. Both politicians of the Europe and outside the Europe have noticed the negative effects of the lack of commitment to 'European identity'. Tim Geithner, The Minister of Finance of the U.S. has shown inevitable impatience, and he said that from the perspective of American people, Europe is lack of leadership in dealing with vital issues such as debt crisis². However, the fundamental problem does not lie in leadership but more deep-rooted, people are much loyal to their own national identity than to the 'European identity'. Consequently, there are limited solutions that are doable for each government leader.

How do Different Parties Treat the Crisis

Most EU countries including Germany did not receive a unanimous agreement of all voters. Policy makers firmly believe that people will accept the new currency when they see a more prosperous and united Europe brought by euro. However, euro is now attached with pain, fiscal retrenchment, and debt; inevitably, the solidarity of Europe became much far away from the initial expectation³. Besides, Germany Chancellor Angela Merkel has rejected the idea of distributing Eurobonds (the bond supported by all euro countries). She is aware that the Germany will not agree to provide debt guarantee to all EU countries, especially to the South Europe, moreover, there is no clear end of bearing this risk. In North Europe, Finland and Holland (other two creditor

¹Rethinking European Integration After The Debt Crisis. Working Paper of The European Institute.(2012):2

²Wu Wei. The Fatal Wound of The Euro. Financial Times. 8th Nov 2011

³Monitor's Editory Board. Euro Crisis Can Build European Identity. The Christian Science Monitory.5th June 2012

countries) rejected the idea of Eurobonds more resolutely. Nonetheless, other countries who are suffering from financial retrenchment such as Greece, Spain and Italy feel angry about the indifference of those creditor countries¹. For example, the EU planned to provide Greece with 130 trillion euros but Greece has to accept the intervention of national budget, nonetheless, the premier of Greece rejected the offer and said that Greece will not accept any help sacrificing national reputation, and, he said that Greece is object to this kind of insulation.

In fact, the present difficult situation of euro has been predicted by the euro skeptics. They argue that it is impossible, or very difficult to support a new monetary union without a responding political union. Some euro pro person denied the importance of political union to a responding monetary union, while other euro pro person believes that a monetary union will accelerate the process of formulating a political union. While euro skeptics argued that the lack of identity commitment will be highlighted when economic crisis occurs, the present situation is verifying their opinion². Therefore, one of the coherent strategies for dealing with the current crisis is to take measures to consolidate European identity among EU countries, thus, formulating a firm political union.

Measures to be taken

A more democratic and transparent ruling institutions will reinforce European identity among EU countries. Some scholars claim that the only way to prevent returning to monetary nationalism or a permanent euro crisis is to start the process of moving towards a political union, and the first phase begins from the core Europe of the 17 EMU member countries. A nation is an imagined community where people identify themselves as a unity sharing the same interests and values. It is usually accompanied by a convincing regime, however, for EU, an invented 'state' without powerful regime it is more difficult and also more important to construct a commonly committed identity. Setting the right position between a European identity and a national identity is not impossible. As pointed out by a historian Lana Colley, 'identities are not like hats. Human beings can and do put on several at a time.' And, something more crucial to consolidating European identity is that most Europeans, even the Greeks want to stick with the euro. One of the major problems of a democratic ruling is that Europeans do not see their votes and their ideas valued. According to the Christian Science Monitor, voter turnout for the election of the European Parliament was declining dramatically year by year, which means Europeans do not really see common interests and values with the others.

¹Gerry Hadden The Euro Crisis and European Identity, PRI, 6th Nov 2011

²Wu Wei. The Fatal Wound of The Euro. Financial Times. 8th Nov 2011

However, a European identity will not be constructed artificially. It is a long way to cover and it needs participation. From the perspective of institution it is essential to share more democratic power with the people and distribute more power to the European Parliament¹. There are some people criticizing that the executive has gained too much power while the Council and the Commission were not compensated by parliamentary scrutiny. There will not be many details regarding conducting democratic process within EMU in this essay, nevertheless, it is vital to grant authority to ordinary people and make them feel respected, only in this way will they devote part of their identity to European Union. And, in some circumstance such as the ongoing euro crisis, they will then like to sacrifice part of their interests to rescue other parts of the EU.

Apart from accelerating a more democratic and transparent institution within the EU, Media is playing an important role in constructing European identity, and it is supposed to reinforce the democratic process within the EU. Media provide information about EU to Europeans, and to be informed is the essences of democracy. The framework of current European news and media presentation is thought of being based on national interests, or one news source will be broadcasted by different genres of media. Consequently, it seems that the Europe has only one voice, and, the broad public does not perceive that information². Many audiences commented the news as being boring, while many audiences have shown their willingness of getting more information and expressing their own ideas simultaneously, and on the other hand, they are expecting more evolvement and interact too. Therefore, a diversified news report regarding the content and the genre seems to be crucial.

At the meantime, authentic negative reports should not be eliminated since coverage of non-positive news will not necessarily cause demobilization of EU citizens, to the contrary, a certain number of negative news coverage will prompt the interests and citizenry engagement, and that one is more likely to vote when he or she feels self-engaged, according to Semetiko³. Then it is natural that one will identify his or himself as part of a community when he or she wants to make a difference to this community.

Conclusion

In summary, Euro Crisis is the representation of the fiscal problem of the Europe. It is true that single currency has provided an umbrella to some countries so that their financial problems remain to be unnoticed at the beginning phase. At the meantime, countries which are in good economic condition such as Germany has paid for the other countries. However, it cannot be denied that a more deep-rooted problem been exposed by euro crisis is the commitment to 'European identity'. There is no precedent for a currency to

¹Laura Hinder.European Identity and Political Participating. University of Utrecht 2007

²Laura Hinder.European Identity and Political Participating. University of Utrecht 2007

³Laura Hinder.European Identity and Political Participating. University of Utrecht 2007

hold strong without the support of a regime, and European Union is not yet a United State. According to the official data, most Europeans tend to identify themselves with national identity rather than 'European'. However, it is clear that only when people identify themselves as part of a community will they be willing to devote to this community and sacrifice their own interests when necessary. Currently, leaders from European countries have noticed the importance of constructing a European identity. For example, Angela Merkel claims that there must be a strong central government of the EU, and she has proposed several advices for the implementation. Meanwhile, as discussed above, a more democratic and transparent ruling institution will reinforce European identity. Secondly, the importance of media should not be ignored since being informed of what is going on is also vital for people to be engaged. These measures are supposed to reinforce the European identity. Therefore, although a lack of commitment to European identity is a major cause of euro crisis, nevertheless, it could be a good opportunity to construct and reinforce a European identity if government leaders and the Europeans realized the essence of a common commitment.

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