

UDC: 327.39:338.124.4  
Biblid 0543-3657, 63 (2012)  
Vol. LXIII, No. 1145, pp. 80–96  
Original Scientific Paper  
January 2012

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## The Idea of a European Identity as an Escape Forward: A Historical Perspective on the Present Euro Crisis

### ABSTRACT

The idea of a European identity was launched as an attempt to hide the failure to link the social and the economic in the Werner Plan. It was an escape from political action and responsibility in a situation of economic and political crisis in the 1970s. In the 1990s, the identity concept was linked to the economistic internal market language. The European identity and the subsequent European demos would emerge through European citizens performing on and driven by the market. The emerging identity through the market would provide the preconditions of a European demos and a European democracy. Today the concept of a European identity has lost meaning due to the neglect of the social.

*Key words:* European identity, democratic EU, euro crises, Werner Plan.

The intensified discussion about Europe over the last 30 years has, to a large extent, been organised around the concept of identity. As such it is a debate about a concept charged with a highly ideological content. European identity is usually seen in relation to national identity, either in tension-filled opposition to it, that is, as an alternative which might replace the nation, or in a relationship where it overlaps and supplements the nation. The structure of national identity is 'projected' onto the European identity, and this projection has an ideological underpinning, for no projection is ever non-interested/non-ideological.<sup>2</sup>

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<sup>2</sup> This article is mainly based on two monographs: Bo Stråth (ed), *Europe and the Other and Europe as the Other*, PIE-Peter Lang, Brussels, 4<sup>th</sup> ed, 2010 [2000], and Hagen Schulz-Forberg and Bo Stråth, *The Political History of European Integration: The Hypocrisy of Democracy-through-Market*, Routledge, London, 2010.

The formal definition of identity is the state of being equal or identical. Identity means sameness. This can only make sense as a belief, a myth, or an identification with something, that is, as a projection of the ego onto something else and the symbolic representation of this 'something else'. European identity is not a phenomenon in an essentialist sense, in which the task would be to investigate its content and forms of expression. Rather, European identity was discursively shaped in a specific historical situation, and the task is to investigate under which circumstances this formation took place, and to reflect on the fact that an obsession with 'integration', the buzz word in the 1950s and 60s, was replaced in the 1970s, and increasingly from the 1980s, by the obsession with 'identity'.

Europe is with reference to identity connected to an idea and normative centre rather than a precisely formed territory. Europe is a discourse which is translated into a political and ideological project. Europe does not have an essence beyond one which is shaped by language. If Europe has a meaning, it is as a political programme. In this sense the declaration on a European identity at the European Commission (EC) summit in Copenhagen in 1973 was very successful, although the development of the concept took directions different from those envisaged by its architects. A political programme does not mean *the* political programme. It is, rather, something under continuous negotiation and re-negotiation. Both as politics and ideology, Europe must be seen in the plural, always contested and contradictory.

Luisa Passerini has argued for Europe as a cultural, intellectual, and even emotional programme, as opposed to a political project. Her Europe is an imagined territory, which is the *locus* of shortage, absence, and doubt, critical to pompous and declamatory versions. Europe is also ambivalent in her view. In order to create this Europe considerable intellectual energy of constructive criticism must be invested. In this way the painful historical connections between Europe and violence will not be forgotten but dismantled and uprooted. Luisa Passerini's emphasis is in her approach on Europe as a self-reflecting critical culture of identification and not identity.<sup>3</sup>

Identity is a problematic and fuzzy concept. If taken literally, it means equality, sameness, the quality of being identical. It is a concept used to construct community and feelings of cohesion and holism, a concept to convey the impression that all individuals are equal in the imagined community. The launching of the idea of a European identity occurred in a situation of an experienced lack of such a phenomenon. Utopian dreams of community, cohesion and holism which are all contained in the concept of a European identity were mobilised precisely in a situation where there was a lack of such feelings. Identity thus becomes a problem when there is *no* feeling of cohesion and community, and

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<sup>3</sup> Luisa Passerini, *Identità culturale Europea. Idee, sentimenti, relazioni*, La nuova Italia, Firenze, 1998.

this is particularly the case in situations of crisis and turbulence when established ties of social cohesion are eroded or broken down. Political management of economies ('political economy') went unquestioned during the first decade of European integration, and the idea of a European identity no more came to mind than the idea of unemployment. At that time, European integration in political practice was understood in terms of the political co-ordination of national economies rather than as an identity project. The EC did not stand for the European Community but for 'Communities' in the plural. Integration was the concept of the 1950s and 60s which was used in the Cold War context to conjure up images of European unity. At that time, integration was the key concept for translating Europe into a political project. It was when integration failed as an instrument of mobilisation that identity came to be promoted.

In what precise situation then, did the idea of a European identity become politically mobilised? In 1970, with the experience of the previous European deadlock in the 1960s through de Gaulle's obstruction politics and veto against British membership to the EEC, and against the backdrop of growing tensions to the USA after 1965 in financial and security political terms, the second generation of European leaders rose to the occasion when de Gaulle had been forced to step down in 1969. They saw the possibility to once more raise the horizon of expectations through decisive institutional steps towards a federal Europe. The federalist language became more concrete with a clear institutional design. As soon as de Gaulle had been forced to step down, the decision was taken at the summit in The Hague in December 1969 to both intensify (tighten, deepen) the co-operation in the fields of security politics and economic and monetary politics, and to enlarge the membership from six to nine.

Deepening implied the drawing of outlines of an economic and monetary union, based on both economic and monetary politics as the basis of a shared currency, and a security and political union: the Werner and Davignon Plans. The Werner Plan was brave in its architecture since it attempted to merge the economic and the social. It was a clear step in a federal direction. The Werner Plan was ambiguous in seeing the economic and monetary controls given wholly over to the aegis of Community-level government.

A major problem was that a federal budget and financial capacity besides the monetary dimension of the European economic and monetary union, outlined in the Werner Plan, necessarily brought the question of a European democracy to the fore. Initially, the European integration project, as it was designed in the Paris Treaty in 1951 on a European Coal and Steel Community and in the Rome Treaty in 1957 on a European Economic Community was not thought of in terms of a European democracy. On the contrary, the experience that marked the European leaders after 1945 was the fact that democracy could be dangerous. Nazism had seized power within a democratic order. The aim of

Konrad Adenauer, Robert Schuman, Alcide de Gasperi, Jean Monnet and the governments of the Benelux countries was to create an organisation that kept them safe from excesses in the name of democracy. What later became the Commission was in the Paris Treaty called the High Authority and had a capacity to impose its will on the member states of the community. The High Authority was a supranational body standing above the member state governments rather than the sum of these. European integration was meant to place constraints on nation-state democracy, in order to keep them democratic, through unelected European institutions.<sup>4</sup>

The European integration on the basis of the Paris and Rome treaties functioned as a distribution of labour between the European and the national levels. Brussels was the guardian of the market order based on free trade within a customs union which would provide economic wealth for the member states to distribute in order to buy allegiance and legitimacy in the electorates. The Community level was responsible for the economic integration and the member state level for the social issue and the distribution of the yields from the growing economy. Integration historian Alan Milward called this distribution of labour the European rescue of the nation state.<sup>5</sup>

The emerging model was the substitute of more ambitious US plans after World War II in order to make the European continent more peaceful. These plans laid out the United States of Europe, USE, as a blueprint of the USA. The European leaders in the late 1940s objected the American intentions vehemently. What emerged from the negotiations were the Treaties of Paris and Rome.

Ideologically the emerging distribution of labour between the European and the national levels was underpinned by two political scientists who had escaped Nazism through emigration to the USA in the 1930s: Karl Deutsch and Ernst Haas. Their neo-functional theory described how the integration, through the spread from the customs union for commodities to ever more areas of cooperation, such as communication and labour markets, would become ever tighter. There was an implicit understanding of a development towards a final federal goal, although the precise way there was not outlined. The imagination of a self-propelling machine towards ever higher levels of European integration was propagated. The Werner and Davignon Plans in 1969 should be seen in this framework.

The Werner Plan for a European Economic and Monetary Union and the Davignon Plan for a European Security and Foreign Political Union were

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<sup>4</sup> Jan-Werner Müller, *Contesting Democracy: Political Ideas in Twentieth Century Europe*, Yale University Press, New Haven, CT, and London, 2011.

<sup>5</sup> Alan Milward, *The Rescue of the European Nation State*, London, Routledge, 1992.

launched in December 1969 as a response to De Gaulle's blockade of the European integration under the label of *l'Europe des patries*. However, they were also in a sense a fulfilment of De Gaulle's politics, more precisely his politics versus the USA. In the 1960s he had built up a growing tension to the USA in the area of monetary and security politics. The US Dollar hegemony was challenged and the doubts became ever stronger that the USA would be prepared to protect Europe under its nuclear weapon umbrella in the case of a war with the Soviet Union. De Gaulle's solution to this situation was a strong Europe dominated by France. The solution by the European leaders after De Gaulle was a strong Europe through new steps of integration.

In August 1971 the Dollar collapsed and the international order established at the end of World War II at Bretton Woods broke down. The US American financial burdens against the backdrop of the Vietnam War made the commitments about the stability of the Dollar and the guarantee of its value in relation to gold impossible. The oil price shock in October 1973 emphasised the continued break down of the international order. This could have been a European moment where the tension-ridden relationships to the USA since the 1960s could have been transformed into a more independently performing Europe with the Werner and the Davignon Plans as instrument.

The declaration on European identity looks at first glance like a brave new step in a federal direction after the Werner and Davignon Plans, but the framework of the statement hinted rather on the limits of the federal step. Caught between the Yom Kippur War and the oil price shock, the initiatives from December 1969 began to lose momentum. Already in April 1973, the Commission warned that the dynamics were evaporating from the two plans. This was before the oil price shock. The determined commitment to establish a European alternative to the US American global hegemony in financial and military political terms was easier in argument than in action.

Jean Monnet, now 85 years old, felt that the principle of delegation of national competences to the supranational institutions was fast approaching its limits. In the summer of 1973 he proposed to Edward Heath and Willy Brandt, his old companions, and to Georges Pompidou that the chiefs of government and state of the Nine form a provisional European government committed to implement the Paris declaration from 1972 with the aim of establishing a European Union with a European government and a directly elected Parliament. Heath and Brandt supported Monnet's idea, but Pompidou only in part. In particular, the French President was against a European government. Under the impression of the oil price shock, Monnet increased his pressure on the three leaders and proposed a small meeting between them and their six colleagues of the EC 9 before the end of the year. Monnet thought of an informal meeting without a formal agenda at which all questions could be brainstormed without protocol, prestige and final

communiqué. The Commission and the prime ministers of the smaller member states as well as the foreign ministers feared being sidestepped and Monnet's idea was transformed into a big formal summit meeting.

Monnet's plan for a very small inner circle of leaders to take decisive steps failed. The summit in Copenhagen in December 1973 failed to agree on anything — including the periodicity of the summits. In this situation the idea of a European identity came in as a face-saving tool. The declaration on a European identity was an escape route — nothing more and nothing less.<sup>6</sup>

The idea of a European identity was introduced as an instrument to stabilise the situation after the break down of the international order and to support the Werner and Davignon Plans. The idea of identity was based on the principle of the unity of the Nine — this was just after the first enlargement — on their responsibility towards the rest of the World, and on the dynamic nature of the European construction. The meaning of “responsibility towards the rest of the World” was expressed in a hierarchical way. First, it meant responsibility towards the other nations of Europe with whom friendly relations and co-operation already existed. Secondly, it meant responsibility towards the countries of the Mediterranean, Africa and the Middle East. Thirdly, it referred to relations with the USA, based on the restricted foundations of equality and the spirit of friendship. Next in the hierarchy was the narrow co-operation and constructive dialogue with Japan and Canada. Then came *détente* towards the Soviet Union and the countries of Eastern Europe. At the bottom of the list came China, Latin America, and, finally, a reference was made to the importance of the struggle against underdevelopment in general.<sup>7</sup> The fact that the USA was mentioned after the Middle East must be understood in the framework of the prevailing oil price shock and the fact that President Nixon since 1971 refused to let the Dollar guarantee the Bretton Woods order. Refused is perhaps not the right word. He could not. The Vietnam War had overstretched the Dollar to the edge of collapse, but already de Gaulle had begun to undermine the confidence in the American substitute for the gold standard by his repeated threats to change his Dollar reserves for gold.

The identity concept was, despite its nine tiers, vague and full of diverging interpretations. It was not quite new at the time of the Copenhagen summit in December 1973 and had been discussed for some time. The Paris summit in October 1972 had agreed that Europe must be able to make its voice heard in

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<sup>6</sup> Franz Knipping, *Rom, 25. März 1957. Die Einigung Europas*, DTV, Munich, 2004, pp. 204–205.

<sup>7</sup> Luisa Passerini, “The Last Identification: Why Some of Us Would Like to Call Ourselves Europeans and What We Mean by This,” in Bo Stråth (ed), *Europe and the Other and Europe as the Other*, PIE-Peter Lang, Brüssel, 2000, pp. 45–65.

world affairs and affirm its own views in international relations. François-Xavier Ortoli, the newly appointed President of the Commission, argued in a statement to the European Parliament in February 1973 that the Paris agreement meant a decision to establish a European identity, which needed to be comprised of “a heartfelt desire, shared by all our peoples, to differentiate ourselves from the rest of the world.” A few weeks later Ortoli gave a speech in London entitled “Towards a European Identity” where he defined the concept: Europeans are a people [sic! In the singular. BS] who have a common cultural background, a history often divided, who react more or less the same way before events, who have more or less the same mode of life, the same level of development.<sup>8</sup>

The outline of the identity concept referred, by implication, to Western Europe. It was made in a time which did still not know the European motto of unity in diversity. In April 1973, Henry Kissinger, the US Secretary of State, suggested a Year of Europe in a speech in which he lamented the perceived European practice of how each country asserts its autonomy whenever it is to its benefit and invokes unity to curtail the independence of others. He argued for a new balance between self-interest and common interest. The Nine had not been consulted by the Americans before the Year of Europe was launched and the European leaders did not conceal that they would have preferred an American approach that was less precipitate, dramatic and demanding. The EEC foreign ministers met in July in an effort to establish a common European approach and a common identity when dealing with the USA. In September three draft papers by the British, Irish and French governments were discussed at a committee meeting in Copenhagen.

The British Paper was entitled “The Identity of the Nine *vis-à-vis* the United States.” The paper discerned two alternative approaches. One would be to identify the common values and historical heritage of European civilisation and distinguish those which are shared with the Americans. The second approach would consider the identity of the Nine in terms of the specific issues likely to be foremost in the discussion with the USA during the coming months. The paper emphasised the second more pragmatic approach and found it difficult to distinguish between European and American identities apart from the fact that historical associations linking Europe with the Middle East, Africa and other overseas territories and Europe’s lack of raw materials would require her to seek special relations with these countries.

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<sup>8</sup> Address by President Ortoli to the European Parliament, Strasbourg 13 February 1973. EU Commission Historical Archives, Brussels and “Towards a European Identity,” speech delivered by President Ortoli at Chatham House, London, 23 February 1973. Both sources quoted in Irial Glynn, “The Origin, Formation and Consequences of the 1973 Declaration on European Identity” (forthcoming article).

The Irish paper emphasised the difference between a European identity and a Community Identity. The latter was only part of the wider European identity. Like in the British paper the main reason for attributing attention to a European Community identity was linked to the American Year of Europe initiative and the anticipated visit to Europe by President Richard Nixon towards the end of 1973 (which never occurred, however). The Irish paper concluded that the Community should adhere to the present dimension of its identity, i.e. its competences under the treaty and its progress so far in political cooperation. To go further would be an error.

The French paper went exactly in the direction that the Irish memorandum warned against striving to direct the European identity to the rest of the world and not just the USA. As opposed to the British and Irish papers, the French paper had no difficulty in describing Europe's differences with the US. The Nine were the inheritors of a common civilisation that expressed itself in a rich variety of national cultures. They were aware of sharing in common a certain number of legal, political and moral values that they wanted to preserve. As in the British paper, emphasis was placed on the role of Europe's natural resources. Europe had interests that derived from its history, its geographic position, its state of natural resources and its exchanges with the rest of the world. The French paper did not place the USA but the African and Mediterranean peoples first in its discussion of the identity in terms of external relations.

The attempted leap ahead in Copenhagen in December 1973 developed the neo-functionalist understanding of Europe as a self-propelling machine in new directions towards a federation based on a European demos rather than economic and political integration. Neo-functionalism had lost credibility under De Gaulle at the cost of new theoretical understandings of the European integration under the term intergovernmental. Through the identity concept, neo-functionalist thoughts about a final federal goal came back.

The identity language underpinned a mythical imagination of a European progressive teleology. The idea of a European identity and a European demos lead to the question of a European democracy. The question emerged as to how democratic power could be transferred from the member states to the European level. This was the question about the democratic deficit. Such a transfer would mean a clash with the ideas of the founding moment of the European post-1945 project, ideas which had received intentional expression in the High Authority.

The European Parliament got a new setting in 1979 when it for the first time was elected directly by the national electorates. However, this innovation was not the solution to the problem of the European democratic deficit that it might have pretended to be. In its self-understanding, the directly elected Parliament was the expression of the will of a European people that did not, however, exist. The

problem was not the way in which it was elected but its role in the institutional framework in Brussels. The enactment of a people's will in democratic societies emerges not in terms of consensus, as is so often erroneously argued, but through contention, debate and compromise. (Compromise is enforced rather than voluntary consensus). Since the French Revolution political conflict has been measured along a right-left scale. The social issue is thereby a key dimension. This right-left dimension is the core axis that has been institutionalised in national parliamentary democracies. In the European Parliament, however, it is much less developed. The institutional setting from the early 1950s is, in this respect, still in operation. National sovereignty was not transferred to the European Parliament but to the High Authority/the Commission. The years since the introduction of direct elections to the European Parliament in 1979 have certainly meant an expansion of its prerogatives under growing contention with the Council.<sup>9</sup> However, the point of departure has been a kind of consensus in the European Parliament in an institutional confrontation with the Council and the Commission much more than a legitimating political confrontation about various alternatives *within* the Parliament. Therefore, the European Parliament is different from the national parliaments of the member states.

Instead of a politicisation of the European Parliament, a step was taken in the opposite direction when a government conference was called to prepare a new integrative step under the presidency of Jacques Delors. The deeper integration meant the expansion of the customs union for commodities to an internal market with free movements also for capital, services and persons. The intergovernmental conference ended up in the Single European Act about the internal market in 1987. The idea formulated in Milward's expression "the European rescue of the nation state" was reinforced. The European politics was about the economic integration whereas the social problems in the wake of economic integration were referred to as issues within the member states.

Instead of a linkage of the idea of a European democracy to social achievements and guarantees of certain social standards, as in the national democracies, the idea of a European democracy implicit in the identity language was connected to the European market with individual European citizens as the intermediaries. From now on, the identity discourse shifted meaning from more homogenous understandings of a European demos through a European identity. The free and sovereign European citizens with driving licences, a European anthem and other symbols would reinforce the internal market and through feed-back be reinforced as citizens. The market was made compatible with a European people. It was not as in the member states wherein the state that

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<sup>9</sup> Johannes Pollak, *Repräsentation ohne Demokratie: kollidierende Systeme der Repräsentation in der Europäischen Union*, Springer, Vienna, 2007, pp. 159–164.

provided the framework of democracy and citizenship and the core of the European democracy was not about guaranteeing social standards. The market would solve the problem of the democratic deficit and provide the European institutions with the missing European people. In retrospect this was a bypass operation around the real problems, those about the connections between the economic and the social, but the effects of this circumvention were only fully visible twenty years later.

The collapse of the Soviet empire and the end of the Cold War 1989-91 provided incitements for new integrative steps. Already before the fall of the wall in November 1989, plans for an economic and monetary union were elaborated as an extension of the internal market. These plans gained momentum when the question of a German reunification emerged on the political agenda. President Mitterand was frightened by the reunification perspective, and he had good historical reasons to be so. However, his resistance could not break the US American and British preparedness to accept the *Wiedervereinigung*. In that situation he saw a common European currency as a guarantee. In a similar vein to the way in which Jean Monnet and Robert Schuman, in the Paris Treaty of 1951 on the European Coal and Steel Community, had used coal and steel as the instrument to reinforce Western Germany, and at the same time control its strength, Mitterand used the German D-Mark by transforming it into the euro.

A common currency was an integrative dimension which also had a clear link to the identity language. The Maastricht Treaty was about a monetary union, among other things, and the name shift from the European Communities to the European Union, signed in December 1991, again conjured up imaginations of a European federation. However, due to in particular British resistance the treaty did not contain a strong social dimension as Jacques Delors wanted, and as to the monetary dimension, which the UK refused to enter, it did not want the Werner Plan 20 years earlier to contain a fiscal dimension. Instead of strong institutional instruments for common financial politics, the Growth and Stability Pact with a lower legal status was signed. The lack of a financial capacity to match the monetary focus and the big productivity differences between North and South in the euro area has today become an existential problem that threatens the whole integration project. At the beginning, the problem was ignored in the general market euphoria and the new globalization and end of history language that followed on the collapse of the Soviet system. The market would, in the long run, provide the European federation and the European identity that the name shift from community to union suggested. The market became the motor of the self-propelling European machine. The European democracy would emerge through the market. The problem of social disintegration in the wake of economic integration, which had been the major

issue and bone of contention in nineteenth century nation state building, and which had erupted in the Great Depression of the 1930s under the name of national socialism, was played down or ignored.

However, instead of a European people unified in a supranational EU managed by a strong Commission, as the Maastricht Treaty and the shift of name from European Economic Community to European Union indicated, the European political practice, as it developed after Jacques Delors' powerful leadership with the aim to establish the internal market, meant a migration of power from the centralised level of the Commission to the member state governments assembled in the Council. The enlargement from EU 12 to EU 15 in 1995, with Austria, Finland and Sweden inaugurated as new members, hardly increased the commitment for a deeper integration of Europe. Two kinds of accelerating tensions reinforced one another: between federal European Monetary Union and European Political Union rhetoric in the wake of Maastricht and the institutional cover of this rhetoric, and between deepening and enlargement. Here, quite obviously, was a parallel to the 1970s. The regulative framework since the 1950s based on compelling directives, with the pretension of a supranational law *sui generis*, was gradually being transformed into intergovernmental agreements in the so-called open method of co-ordination process. Instead of a tighter political union and a higher level of integration, in comparison to the economic free trade unification, the trend since the 1990s is towards a looser kind of intergovernmental co-operation and co-ordination, from hard law to soft law and from harmonisation to co-ordination. The European summits in Luxembourg 1997 and Lisbon 2000 outlined this transformation from the image of a Europe beyond the nations to a Europe of the nations. High politics in Europe had to recognise that the nation had returned on the European scene and had to find political responses to this fact. Not even modest claims and expectations to intergovernmental coordination of the responses to the collapse of the financial markets in 2008 were redeemed.

Against the backdrop of the breakout of the general market euphoria initiated by the fall of the Soviet system, the concept of European identity no longer serves a purpose. The image of a European people, as it was designed in the framework of the Cold War and as it was re-designed through the market linkage after the end of the Cold War, seems to be more distant than ever. The political agenda today deals with national identity, nationalism and populism. The present state of the common currency, which potentially could have been a strong identification instrument, underpins this disintegrative development. Germany and Greece have become the symbols in the growing nationalistic language used to refer to the euro crisis. Mitterand's euro strategy of controlling the strong German economy through a common currency seems to have failed.

The problem with the identity concept, however, began before the 2008 financial collapse. The distribution of European labour between the economic and the social, between the European centre in Brussels and the member states got new problematic preconditions in 2004. The non-binding identity language was against the backdrop of the enlargement from EU 15 to EU 25 and was a language transformed by a new key concept: the constitution. The insight grew that the enlargement required an institutional consolidation and a stronger legal framework which would set the rules for majority decisions in a number of policy areas. The quadrature of the circle in the political implementation of the growing insight dealt with the small state claim that all member states were equal and the big state claim that the size of the population must be considered. For example, Luxemburg and Cyprus could not have the same vote weighting as Germany. It was easy to agree on the principle justification of these two claims but much more difficult to translate them into figures and degrees of influence. Owing to this, the Nice summit in December 2000 ended in a fiasco. The intergovernmental constitutional convent for a constitution decided in Laeken one year later nevertheless managed to find a formula that solved this and other problems. This was elaborated on to become a constitution which was signed in Rome in October 2004 and in the following ratification process became the subject of referendums in each of the member states. The European Constitution was the tool that would give the identity language legal and institutional coverage and substance.

The signing of the constitution and the referendums occurred just after the big enlargement to EU 25 on 1 May, 2004, which provoked strong feelings about dramatically growing social inequalities between the old and the new member states. Here is not the place to discuss the material substance of such feelings. The mechanism that worked was the *perceptions* of growing inequalities and of threats of social dumping when cheap labour flooded the labour markets in the West and the industry moved to the East. The Polish plumber who took the jobs from the domestic workers played an important role as a symbol that personified these perceptions in the French referendum campaign. The no votes by the French and the Dutch electorates in May and June of 2005 shook Europe. The European left had failed to imagine and build up a European solidarity, but continued to think and act in national terms when it came to social politics and welfare arrangements. This failure brought the market escapism and the dreams of an identity without a social dimension to an abrupt end.

The financial crisis in 2008 and the euro crisis in 2011, which quite obviously are connected into one major global crisis with an epicentre in Europe, have triggered debates in two different directions: more nationalism and populism versus a stronger European capacity to react politically to what is argued to be the dictates of the market forces. Here there must be an

appreciation of the fact that the view on the market forces as a dictator reduces the perceived scope for political action.

The idea of a European identity has disappeared in these processes and the same is true for the dreams of a European constitution. The present more narrow debate deals with the question whether and how the complex Lisbon Treaty, decided in December 2007 and rejected by the Irish voters in a referendum in 2008, thought of as a substitute of the failed constitution, can be amended. This debate is closely connected to the question whether the EU will split between its euro core and the rest. In substantial terms there seem at the end of 2011 to be two alternative solutions to the economic problem: first, to let the European Central Bank act as a lender of last resort and issue Eurobonds (favoured by most countries but opposed by Germany) and, second, to impose discipline in order to avoid inflation and to prevent the imposition of South European economic politics in the euro area.

In the wake of the search for a viable political strategy in response to the ongoing financial crisis since 2008 the democracy question has replaced the identity question. What does democracy mean when the financial authority of the nation parliaments is undercut repeatedly and systematically? Is it possible to imagine a European democracy as a compensation for the national democratic deficit? Would a European democracy based on the power of coordinated financial politics require a federal solution? What would the implications for the question of a European identity be?

The prevailing economic crisis is as much a political crisis. The arguments for a political union with a fiscal capacity have grown, but the question that remains unanswered so far is how a political union can get democratic legitimacy. The conventional view since the 1990s is that the Commission in Brussels must be controlled by the national governments and parliaments as the only way to reconcile the requirements of European integration with democratic legitimacy. The current crisis is likely either to stretch such understandings of democracy or to over-stretch the euro. However, the German drive for a stronger fiscal rigidity aims at discipline with automatic sanctions of infringements which does not provide a scope for politics. If this solution is passed then there is a high probability that the euro will face the same destiny as once the gold standard in the 1930s when the social protests overruled the political attempts to maintain monetary rigidity. Only with a considerable scope for European fiscal politics, legitimacy and popular support can be expected.

The stretch of the prevailing understandings of democratic legitimacy means that Europe is in a situation where what Joseph Weiler has called “constitutional tolerance” has become problematic. The term refers to a broad European culture of compromise where member states voluntarily have submitted to and expanded

EU law and at the same time been tolerant for exception clauses or even vetoes when some members have felt that vital national interests or even identities have been at stake.<sup>10</sup> The financial crisis requires concerted action in more determined forms by all members of the euro zone.

The problem here is that this approach probably will split Europe, between the actual and the candidate member states with euro and those who prefer to remain outside the common currency, in a complex mix of European law and conventional international law. On the other side, the crisis might provide the European constitutional moment, which quite obviously was not there in 2005, although it might be a constitutional moment for only a limited number of EU member states.

Jürgen Habermas poses the idea of trans-nationalization of popular sovereignty against the backdrop of the massive resistance against a European federal super state. Individual European citizens and member states would divide constituent power equally and should understand themselves as co-authors of a new European constitution.<sup>11</sup> Habermas understands democratic sovereignty in Europe as being located in two interdependent and asymmetric fields of sovereignty: the individual sovereignty of each citizen and the collective relations between the citizens in a nation state. The two fields check and delimit one another. This kind of curtailing self-restriction is inherent in democratic constitutions but has a much longer history that goes back to political theories by Jean Bodin, Thomas Hobbes and others. The point that Habermas is making is that these two fields can expand separately institutionally as well as politically, and that this is what is happening within the EU. In the EU the citizens of Europe are unified in two different participating roles, as individual union citizens and as national members of the member states. As individual EU-citizens they elect directly the European Parliament, as citizens of the member states they control indirectly the “executive federalism” of the EU located in the Council rather than the Commission. On this basis the democratic division of sovereignty is also true of the EU. The dual sovereignty constitutes not only the member states but also the EU. The EU is the ideal typical continuity of the national democracies with other means in the view of Habermas. However, this continuity is so far an ideal type when the question of how far this from the constitutional reality of the union is legitimately posed.

The conclusion of Habermas, on this ideal typical ground, is that the solution must not necessarily be perceived in terms of a federal United States of Europe, but that the member states can remain as democratic nation states. The

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<sup>10</sup> Joseph H. H. Weiler, *The Constitution of Europe. “Do the New Cloths Have an Emperor?” and Other Essays on European Integration*, Cambridge University Press, Cambridge, 1999.

<sup>11</sup> Jürgen Habermas, *Zur Verfassung Europas. Ein Essay*, Suhrkamp, Frankfurt/Main, 2011.

interplay of the two citizen roles, the individual European and the collective national, provides the transnational equilibrium between the asymmetric sovereignty parts.

The planned fiscal pact no doubt encroaches upon the European sovereignty concept, but not because it can enforce the rigid budget rules against the national parliaments, but because the coercive measures are not covered by a real fiscal union. Only if the tax, social and economic politics were sufficiently coordinated at the EU level, like in the never realised Werner Plan, would fiscal interventions into the member states be legitimate. Integration rather than disciplining is the key to the democracy question in the framework of the euro crisis.

This does not mean that other answers to the crisis could not be conceived from the viewpoint of democracy. Influential voices argue for reinforcing nation-state-based legitimacy while at the same time restricting the freedom of nation-states. By contrast, political theorist Jan-Werner Müller argues that a grand constitutional bargain, with meaningful participation from European publics, seems preferable. However, much will depend on the details, and the smaller member states are unlikely to be happy with an even more democratic Europe, which they equate with being outvoted by the more populous countries. What might look like a real continent-wide democracy on paper, as in the theory of Habermas, could exacerbate the democratic disconnect within Europe: people might accept supranational democracy in theory, but cannot see it as part of their lives, and particularly not when it comes to the democratic substance of hard fiscal realities. Alternatively, for Müller, Europeans might come to see the crisis as the moment when they were forced to realize what has been true for some time: they really share each other's fate. The special nature of the EU could well remain political union without overarching statehood. But Europeans might ultimately push harder for true fiscal integration, which could include a genuine European treasury.<sup>12</sup>

The idea of a European identity was launched as an attempt to hide the failure to link the social and the economic in the Werner Plan. It was an escape from political action and responsibility in a situation of economic and political crisis in the 1970s. The escape meant an investment of hopes and expectations in the European project as a self-propelling machine towards a distant federal goal circumventing the question of political management for reconciling the tension between economic integration and social disintegration. The European teleology continued in new forms in the 1990s when the identity concept was, in a biased way, linked to the economistic internal market language. The

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<sup>12</sup> Jan-Werner Müller, "A Shared Fate: The Political Implications of the Eurozone," *Boston Review*, Internet: [http://www.bostonreview.net/BR36.6/janwerner\\_mueller\\_european\\_union\\_crisis.php](http://www.bostonreview.net/BR36.6/janwerner_mueller_european_union_crisis.php), 21/12/2011.

European identity and the subsequent European demos would emerge through European citizens performing on and driven by the market. Social cohesion would occur automatically through the new market economy. The emerging identity through the market would provide the preconditions of a European demos and a European democracy. Historically, in the nineteenth century construction of national identities, the social as much as the economic integration constituted the core dimension of the identity concept, but economic integration did not automatically mean social integration. Often the relationship was the opposite. The omission of the social became a major problem with the big EU enlargement in 2004. Today the concept of a European identity has lost meaning due to the neglect of the social.

One potential solution for the future, which ever more stands out in bold relief against the solution of the 1970s, would be immediate political action for a democratic response to the market terror, where the issue of identity is seen in a more relaxed way and its importance is played down. The insight is getting widespread and escapism today as in the 1970s, by means of the identity concept, would be an existential threat to the European integration. The escapism with the identity language today occurs in the member states, where nationalism grows. This nationalist escapism is a serious threat to the European integration. Democracy and political management of the economy, the economy as a polity, is the issue at stake, not identity. There certainly exists a connection between politics and identity, but this time the sequence must be the opposite and therefore more realistic, political action first and then *possibly* an emerging European identity. This is an optimistic scenario. The pessimistic version of collapse is not less realistic.

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